

SOUTH AUSTRALIA

Report
of the
Auditor-General

Annual Report
for the
year ended 30 June 2009

Tabled in the House of Assembly and ordered to be published, 13 October 2009

Third Session, Fifty-First Parliament

Part B: Agency Audit Reports

Volume I

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2009

**Report of the Auditor-General
Annual Report for the year ended 30 June 2009**

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REFERENCES TO MATTERS OF SIGNIFICANCE

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

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

Reference should also be made to Part A — Audit Overview and Part C — State Finances and Related Matters which also contain comments on specific matters of importance and interest.

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VOLUMES I, II, III, IV and V

ACCOUNTS OF PUBLIC AUTHORITIES

INTRODUCTION

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

The Australian Accounting Standards Board (AASB) periodically issues new and revised accounting standards that impact financial reporting in the public sector. The AASB issued a revised version of AASB 101 to align the Australian Accounting Standards with International Accounting Standards. The Department of Treasury and Finance has mandated that public sector agencies early adopt the revised accounting standard for financial reporting periods beginning 1 July 2008.

The revised accounting standard changes the terminology previously used in financial reporting namely:

- a 'financial report' is now a 'complete set of financial statements' or 'financial statements'
- a 'general purpose financial report' is now 'general purpose financial statements'
- the 'Income Statement' is now the 'Statement of Comprehensive Income'
- the 'Balance Sheet' is now the 'Statement of Financial Position'
- the 'Cash Flow Statement' is now the 'Statement of Cash Flows'

In addition the Statement of Comprehensive Income is now required to disclose adjustments to equity which do not form part of the net result/profit or loss.

Further where comparatives are required to be restated, the Statement of Financial Position includes an additional year's comparative data.

AGENCIES NOT INCLUDED IN THIS REPORT

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

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

- Materiality of financial operations.
- Materiality of any impact on the public finances.
- Consolidation of the financial operations in the parent entity's financial statements included in this Report.
- Timeliness of information.
- Materiality of issues arising from the audit.
- Public interest.

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

SUPPLEMENTARY REPORT

There are also agencies whose financial statements had not been finalised and the audits were continuing at the time of preparing this Report. The financial statements for and commentary on the operations of The Legislature will be included in a Supplementary Report to be presented to Parliament.

AUDIT OF THE AUDITOR-GENERAL'S DEPARTMENT

The PFAA requires that the accounts of the Auditor-General's Department be audited by an auditor appointed by the Governor. The audit for the financial year ended 30 June 2009 was conducted by Edwards Marshall, Chartered Accountants, who have issued an unmodified Independent Auditor's Report on the Department's financial statements.

MODIFIED INDEPENDENT AUDITOR'S REPORTS

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

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

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

For the financial year ended 30 June 2009 qualified opinions were expressed on the financial statements of the following agencies:

- Department for Environment and Heritage
- Local Government Finance Authority of South Australia
- South Australian Motor Sport Board
- Department for Transport, Energy and Infrastructure
- University of South Australia.

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

CONTROLS OPINION

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

A Controls Opinion has been expressed for each agency included in Part B of this Report.

REFERENCES TO MATTERS OF SIGNIFICANCE

Matters which have arisen from the audit of agencies during this financial year are commented on in Volumes I, II, III, IV and V of Part B of this Report. Those issues that are regarded as either serious in nature or of public interest importance are listed separately under the heading 'References to Matters of Significance' immediately after the Table of Contents in each Volume.

ADELAIDE CONVENTION CENTRE CORPORATION

FUNCTIONAL RESPONSIBILITY

Establishment

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

Functions

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

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

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

Assessment of controls

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

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

Scope of audit

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

During 2008-09, specific areas of audit attention included:

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

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Adelaide Convention Centre Corporation as at 30 June 2009, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Adelaide Convention Centre Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Adelaide Convention Centre Corporation have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Chief Executive Officer of the Corporation recommending improvements to some control processes. These included processing of updated prices and discounts for venue hire and catering, and processing of amendments to booked services requested by clients during events. Responses to the management letter were considered to be satisfactory.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Statement of Comprehensive Income

Expenses

The Corporation's expenses from trading activities fell by \$158 000. This resulted from a \$338 000 increase in employee expenses offset by a \$503 000 decrease in other expenses from less expenditure on contract staff, travel, laundry, paper goods and promotional brochures.

Income

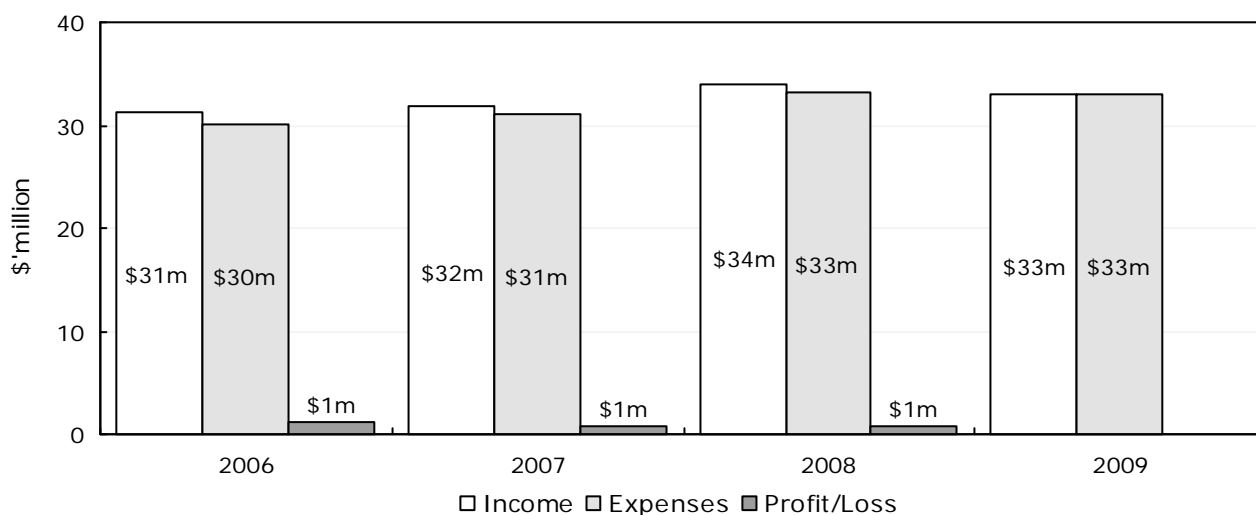
The Corporation's income from trading activities fell by \$620 000 to \$27.9 million due mainly to a fall in income from catering activities and interest.

Net result

The Corporation achieved a profit of \$3.8 million (\$4.3 million) from trading activities while property management activities realised a loss of \$3.9 million (\$3.3 million).

The Corporation reported a net loss on overall operations of \$69 000 (\$732 000 profit).

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



Statement of Financial Position

The Corporation's net assets of \$156 million include \$131 million of buildings, plant and equipment.

Receivables increased by \$1 million due mainly to an increase in events held in the few months before the end of the financial year compared to the same time last year.

Security deposits increased by \$1.2 million due to more deposits being paid by clients for events to be held after the end of the financial year compared to the same time last year.

Statement of Cash Flows

Cash held by the Corporation was \$31.3 million (\$27.8 million) and includes \$17.6 million (\$15.4 million) in specific purpose deposits of which \$15.5 million (\$13.4 million) is earmarked for future assets replacement.

Statement of Comprehensive Income for the year ended 30 June 2009

		2009	2008
	Note	\$'000	\$'000
EXPENSES FROM TRADING ACTIVITIES:			
Employee expenses	5	14 314	13 976
Supplies and services	8	7 585	8 240
Depreciation and amortisation	10	2 120	1 952
Net loss from the disposal of non-currents assets	11	4	13
Total expenses from trading activities		24 023	24 181
INCOME FROM TRADING ACTIVITIES:			
Facility charges	4	27 035	27 358
Interest		667	952
Other income		167	179
Total income from trading activities		27 869	28 489
PROFIT FROM TRADING ACTIVITIES		3 846	4 308
EXPENSES FROM PROPERTY MANAGEMENT ACTIVITIES:			
Employee expenses	5	2 233	1 956
Supplies and services	8	3 871	3 719
Depreciation and amortisation	10	3 098	3 069
Total expenses from property management activities		9 202	8 744
INCOME FROM PROPERTY MANAGEMENT ACTIVITIES:			
Interest		798	993
Contribution from SA Government		4 489	4 489
Total income from property management activities		5 287	5 482
LOSS FROM PROPERTY MANAGEMENT ACTIVITIES		(3 915)	(3 262)
(LOSS) PROFIT BEFORE INCOME TAX EQUIVALENTS		(69)	1 046
Income tax equivalent expense		-	314
NET (LOSS) PROFIT AFTER INCOME TAX EQUIVALENTS		(69)	732
TOTAL COMPREHENSIVE RESULT		(69)	732

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

Statement of Financial Position as at 30 June 2009

		2009	2008
	Note	\$'000	\$'000
CURRENT ASSETS:			
Cash on deposit, at bank and on hand	21	13 703	12 395
Receivables	12	2 836	1 819
Inventories		290	336
Prepayments		364	170
Total current assets		17 193	14 720
NON-CURRENT ASSETS:			
Specific purpose deposits	13,21	17 643	15 399
Buildings, plant and equipment	14	130 516	133 613
Total non-current assets		148 159	149 012
Total assets		165 352	163 732
CURRENT LIABILITIES:			
Payables	15	3 166	2 893
Security deposits	16	4 532	3 334
Employee benefits	17(a)	1 164	975
Total current liabilities		8 862	7 202
NON-CURRENT LIABILITIES:			
Payables	15	42	53
Employee benefits	17(a)	946	906
Total non-current liabilities		988	959
Total liabilities		9 850	8 161
NET ASSETS		155 502	155 571
EQUITY:			
Contributed capital		77 804	77 804
Retained earnings		77 698	77 767
TOTAL EQUITY		155 502	155 571
Total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	18		
Contingent assets and liabilities	19		

Statement of Changes in Equity for the year ended 30 June 2009

		Contributed capital \$'000	Retained earnings \$'000	Total \$'000
	Note			
Balance at 30 June 2007		77 804	77 506	155 310
Net profit after income tax equivalents for 2007-08		-	732	732
Total comprehensive result for 2007-08		-	732	732
Transactions with SA Government as owner:				
Dividend paid	3.6	-	(471)	(471)
Balance at 30 June 2008		77 804	77 767	155 571
Net loss after income tax equivalents for 2008-09		-	(69)	(69)
Total comprehensive result for 2008-09		-	(69)	(69)
Transactions with SA Government as owner:				
Dividend paid	3.6	-	-	-
Balance at 30 June 2009		77 804	77 698	155 502

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

Statement of Cash Flows for the year ended 30 June 2009

		2009 Inflows (Outflows) \$'000	2008 Inflows (Outflows) \$'000
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Payments to employees		(16 312)	(15 809)
Payments to suppliers		(11 616)	(12 865)
GST payments on purchases		(1 046)	(1 133)
GST payments to taxation authority		(1 536)	(1 690)
Cash used in operating activities		(30 510)	(31 497)
CASH INFLOWS:			
Facility charges		27 087	27 101
Interest received		1 556	1 905
GST receipts on facility charges		2 888	2 812
Other receipts		167	179
Cash generated from operating activities		31 698	31 997
CASH FLOWS FROM SA GOVERNMENT:			
Contribution from SA Government		4 489	4 489
Cash generated from SA Government		4 489	4 489
Net cash provided by operating activities	21	5 677	4 989
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the sale of plant and equipment		70	39
Payments for property, plant and equipment		(2 195)	(2 256)
Net cash used in investing activities		(2 125)	(2 217)
NET INCREASE IN CASH HELD		3 552	2 772
CASH AT 1 JULY		27 794	25 022
CASH AT 30 JUNE	21	31 346	27 794

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Establishment and functions of the Adelaide Convention Centre Corporation

1.1 Establishment

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

1.2 Functions

The functions of the Corporation are to:

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

2. Funding

2.1 Funding

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

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

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

3. Summary of significant accounting policies

3.1 Statement of compliance

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

Except for the amendments to AASB 101 including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), which the Corporation has adopted early, AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Corporation for the reporting period ending 30 June 2009.

3.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable Notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following Note disclosures, which have been included in these financial statements:
 - (a) Revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies.
 - (b) Expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income).
 - (c) Employees whose normal remuneration is \$100 000 or more (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees.
 - (d) Board/Committee member and remuneration information, where a Board/Committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

3.2 Basis of preparation (continued)

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2009 and the comparative information presented for the year ended 30 June 2008.

3.3 Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where adjusted to reflect the early adoption of AASB 101 and specific revised accounting standards and APSS.

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required, eg preparation of a single Statement of Comprehensive Income.

3.4 Rounding

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

3.5 Taxation

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

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

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

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

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

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

No income tax equivalent will be payable for 2008-09 (\$314 000 for 2007-08) due to the loss from property management activities being greater than the profit from trading activities.

3.6 Dividend policy

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

No dividend has been provided for 2008-09 (\$471 000 for 2007-08) due to the loss from property management activities being greater than the profit from trading activities.

3.7 Income and expenses

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

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

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

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

3.7 Income and expenses (continued)

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

Interest income is recognised as it is accrued.

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

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

3.8 Current and non-current items

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

3.9 Cash

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

3.10 Receivables

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

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

3.11 Inventories

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

3.12 Non-current asset acquisition and recognition

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

The Corporation capitalises costs associated with projects to work in progress. On completion of a project the capitalised costs are transferred to the relevant non-current asset account. The balance of work in progress reflects costs for projects which are at various stages of completion as at 30 June 2009.

3.13 Revaluation of non-current assets

In accordance with APF III all non-current physical assets are revalued every five years, with the last revaluation being undertaken as at 31 May 2005 by Rushton (Australia) Pty Ltd with the fair value methodology of replacement cost less depreciation being adopted as the valuation basis.

Notwithstanding the above, all non-current assets are reviewed annually to ensure there are no material differences from their carrying amounts. Non-current physical assets that are acquired between revaluations are held at cost until the next valuation, where they are re-valued to fair value.

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

3.14 Depreciation and amortisation of non-current assets

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

The useful lives of all major assets held by the Corporation are reassessed on an annual basis.

The value of leasehold improvements is amortised over the unexpired period of the relevant lease.

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

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

3.15 Payables

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

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

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

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

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

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

3.16 Security deposits

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

3.17 Employee benefits

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

Employer superannuation

The Corporation made contributions of \$1.3 million (\$1.2 million) in respect of its employees for the financial year to several superannuation schemes operated by the SA Government.

Sick leave

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

Workers compensation

The Corporation is deemed to be an exempt employer by virtue of the WRCA and as such is liable for all medical, income and other day to day type expenses associated with a claim. The Corporation is also liable for any lump sum, redemption or permanent disability type payments for claims occurring post 1 July 2006. Any claims originating prior to 1 July 2006 are funded through a central government fund. Given the immaterial nature of the claims existing as at 30 June 2009, no provision has been recognised in the Statement of Financial Position.

Accrued salaries and wages

Liability for salaries and wages are measured as the amount unpaid at 30 June 2009 at current remuneration rates.

Annual leave

Provision has been made for the unused component of annual leave as at 30 June 2009. The liability is calculated at nominal amounts based on the 2009-10 pay rates and is expected to be paid during the next financial year.

Long service leave

A liability for long service leave is recognised and is measured as the current value of entitlements in respect of employees with six and a half or more year's service as advised by the Department of Treasury and Finance. This base provides a reasonable approximate of the present value of the estimated future cash outflows to be made for these entitlements. On-costs have been included in the provision and calculated in accordance with APF IV. The superannuation on-cost has been calculated on that component of long service leave that is expected to be taken as leave (45 percent of the liability at June 2009). This calculation is based upon an average percentage supplied by the Department of Treasury and Finance for long service leave that will be taken as a lump sum (55 percent). A weighted average superannuation contribution rate covering employees of various schemes of 10.5 percent was used as advised by the Department of Treasury and Finance.

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

3.18 Equity contributed by the SA Government

Contributions made by the SA Government through its role as owner of the Corporation, which increase the net assets of the entity, are treated as contributions of equity. There was no additional capital contributed during 2008-09.

3.19 Leases

Finance leases

The Corporation has no finance leases.

Operating leases

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

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

3.20 Financial instruments

The Corporation's accounting policies, including the terms and conditions of each class of financial asset and financial liability recognised as at 30 June 2009 are as follows:

Financial assets

The Corporation has interest bearing cash assets with the SA Government. Cash on deposit and at bank comprises deposits at call with the Westpac Banking Corporation and is recorded at cost. Interest income is recognised as it is accrued. For the deposit with the Westpac Banking Corporation, the interest rate ranged from 2.99 percent to 7.10 percent (6.17 percent to 7.09 percent).

Specific purpose deposits comprise the Future Asset Replacement Deposit Account with the Department of Treasury and Finance and the Adelaide Railway Station Area Service Facilities maintenance monies at the South Australian Government Financing Authority. Both Deposits and interest income are recorded at cost and are recognised as they accrue. The interest rate on the deposit account with the Department of Treasury and Finance ranged from 2.99 percent to 7.10 percent (6.17 percent to 7.09 percent) and the average interest rate on the monies at the South Australian Government Financing Authority ranged from 3.11 percent to 7.72 percent (6.40 percent to 7.67 percent).

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

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

Financial liabilities

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

Security deposits held are recorded at cost.

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

3.21 Government/non-government disclosures

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

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

3.22 Program information

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

4. Facility charges		
	2009	2008
Facility charges received/receivable from entities external to the SA Government:	\$'000	\$'000
Catering	14 331	13 624
Room hire	3 595	3 372
Technical services	4 241	4 234
Car park	4 331	4 135
Total facility charges - non-SA Government entities	26 498	25 365

4. Facility charges (continued)	2009	2008
Facility charges received/receivable from entities within the SA Government:	\$'000	\$'000
Catering	372	1 513
Room hire	85	125
Technical services	43	313
Car park	37	42
Total facility charges - SA Government entities	537	1 993
Total facility charges	27 035	27 358
5. Employee expenses		
Employee expenses comprise:		
Trading activities:		
Salaries and wages	11 591	11 243
Long service leave	195	302
Annual leave	583	563
Superannuation	1 132	1 060
Employment on-costs - other	750	759
Board fees	63	49
Total employee expenses - trading activities	14 314	13 976
Property management activities:		
Salaries and wages	1 789	1 576
Long service leave	120	48
Annual leave	35	89
Superannuation	186	153
Employment on-costs - other	103	90
Total employee expenses - property management activities	2 233	1 956
Total employee expenses	16 547	15 932
6. Remuneration of employees	2009	2008
The number of employees whose remuneration received falls within the following bands:	Number	Number
\$100 000 - \$109 999	2	1
\$110 000 - \$119 999	-	1
\$120 000 - \$129 999	2	2
\$130 000 - \$139 999	1	1
\$160 000 - \$169 999	-	1
\$200 000 - \$209 999	1	-
\$270 000 - \$279 999	-	1
\$300 000 - \$309 999	1	-
Total number of employees	7	7
Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits and associated FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$1.1 million (\$1 million).		
7. Remuneration of Board members	2009	2008
The number of Board members whose remuneration received falls within the following bands:	Number	Number
\$0 (SA Government employee)	1	1
\$1 - \$9 999	2	1
\$10 000 - \$19 999	3	4
\$20 000 - \$29 999	1	-
Total number of Board members	7	6
Remuneration of Board members reflects all costs of service including, Board fees and superannuation.		
The total remuneration received by these employees for the year was \$69 000 (\$53 000).		
8. Supplies and services	2009	2008
Supplies and services comprises:	\$'000	\$'000
Supplies and services - trading activities	7 585	8 240
Supplies and services - property management activities	3 871	3 719
Total supplies and services	11 456	11 959
Supplies and services provided by entities external to the SA Government:		
Administration expenses and sundries	2 320	2 550
Direct materials	4 353	4 764
Building service costs	2 319	2 123
Maintenance	959	763
Marketing and promotions	574	648
Total supplies and services - non-SA Government entities	10 525	10 848

8. Supplies and services (continued)	2009	2008
Supplies and services provided by entities within the SA Government:	\$'000	\$'000
Administration expenses and sundries	43	43
Building service costs	888	1 068
Total supplies and services - SA Government entities	931	1 111
Total supplies and services	11 456	11 959

The number and dollar amount of consultancies paid/payable that fell within the following bands:	2009		2008	
Below \$10 000	Number	\$'000	Number	\$'000
	3	15	1	9
Total paid/payable to the consultants engaged	3	15	1	9

9. Auditor's remuneration	2009	2008
	\$'000	\$'000
Audit Fees paid/payable to the Auditor-General's Department	36	37
Total audit fees - SA Government entities	36	37

10. Depreciation and amortisation		
Depreciation and amortisation comprises:		
Depreciation and amortisation - trading activities	2 120	1 952
Depreciation and amortisation - property management activities	3 098	3 069
Total depreciation and amortisation	5 218	5 021

Depreciation:		
Plant and equipment	2 103	1 935
Buildings	3 098	3 069
Total depreciation	5 201	5 004

Amortisation:		
Leasehold improvements	17	17
Total amortisation	17	17
Total depreciation and amortisation	5 218	5 021

11. Net loss from disposal of non-current assets		
Building, plant and equipment		
Proceeds from disposal	70	39
Net book value of assets disposed	74	52
Total net loss from disposal of non-current assets	(4)	(13)

12. Receivables		
Receivables	1 872	1 468
Accrued income	964	313
GST receivable	-	38
Total receivables	2 836	1 819

Receivables attributable to entities external to the SA Government:		
Receivables	1 770	1 427
Accrued income	888	146
GST receivable	-	38
Total receivables - non-SA Government entities	2 658	1 611

Receivables attributable to entities within the SA Government:		
Receivables	102	41
Accrued income	76	167
Total receivables - SA Government entities	178	208
Total receivables	2 836	1 819

Interest rate and credit risk

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

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

13. Specific purpose deposits	2009	2008
Specific purpose deposits with SA Government entities:	\$'000	\$'000
Investments with South Australian Government Financing Authority	2 102	1 986
Future assets replacement deposit account	15 541	13 413
Total specific purpose deposits	17 643	15 399
14. Building, plant and equipment		
Building:		
Building	135 557	134 907
Accumulated depreciation	(12 434)	(9 336)
Total building	123 123	125 571
Leasehold improvements:		
Leasehold improvements	170	170
Accumulated amortisation	(69)	(52)
Total leasehold improvements	101	118
Plant and equipment:		
Plant and equipment	14 582	12 659
Accumulated depreciation	(7 358)	(5 254)
Total plant and equipment	7 224	7 405
Work in progress:		
Work in progress	68	519
Total work in progress	68	519
Total building, plant and equipment	130 516	133 613

Valuation of non-current assets

Valuation of building, plant and equipment was performed by Rushton (Australia) Pty Ltd as at 31 May 2005.

Reconciliation of building, plant and equipment

The following table shows the movement of building, plant and equipment during 2008-09.

	Building	Leasehold improve- ments	Plant and equipment	Work in progress	2009 Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	125 571	118	7 405	519	133 613
Additions	45	-	1 492	658	2 195
Disposals	-	-	(74)	-	(74)
Depreciation and amortisation	(3 098)	(17)	(2 103)	-	(5 218)
Acquisition from transfer	605	-	504	(1 109)	-
Carrying amount at 30 June	123 123	101	7 224	68	130 516

15. Payables	2009	2008
Current:	\$'000	\$'000
Creditors	405	935
Accrued expenses	646	128
Employment on-costs	152	135
GST payable	268	-
Income tax equivalent payable	678	678
Dividend payable	1 017	1 017
Total current payables	3 166	2 893
Non-current:		
Employment on-costs	42	53
Total non-current payables	42	53
Total payables	3 208	2 946
Government/non-government payables:		
Payables to non-SA Government entities:		
Creditors	405	935
Accrued expenses	646	128
GST payable	268	-
Total payables to non-SA Government entities	1 319	1 063
Payables to SA Government entities:		
Employment on-costs	194	188
Income tax equivalent payable	678	678
Dividend payable	1 017	1 017
Total payables to SA Government entities	1 889	1 883
Total payables	3 208	2 946

Interest rate and credit risk

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

16. Security deposits			2009	2008
Security deposits from entities external to the SA Government:	Note		\$'000	\$'000
Security deposits			4 424	2 974
Total security deposits external to the SA Government			4 424	2 974
Security deposits from entities within the SA Government				
Security deposits			108	360
Total security deposits from entities within the SA Government			108	360
Total security deposits			4 532	3 334
17. (a) Employee benefits				
Current:				
Accrued salaries and wages			369	238
Annual leave			560	483
Long service leave			235	254
Total current employee benefits			1 164	975
Non-current:				
Long service leave			946	906
Total non-current employee benefits			946	906
Total employee benefits			2 110	1 881
(b) Employee benefits and related on-costs				
Accrued salaries and wages:				
On-costs included in payables - current	15		49	39
Employee benefits - current	17(a)		369	238
			418	277
Annual leave:				
On-costs included in payables - current	15		93	81
Employee benefits - current	17(a)		560	483
			653	564
Long service leave:				
On-costs included in payables - current	15		10	15
Employee benefits - current	17(a)		235	254
			245	269
On-costs included in payables - non-current	15		42	53
Employee benefits - non-current	17(a)		946	906
			988	959
Total employee benefits and related on-costs			2 304	2 069
18. Unrecognised contractual commitments				
Operating leases commitments:				
Within one year			509	488
Later than one year but not longer than five years			1 486	1 573
Later than five years			24 784	24 222
Total operating leases commitments			26 779	26 283
19. Contingent assets and liabilities				
The Corporation has no contingent assets or liabilities as at 30 June 2009.				
20. Related party				
The names of each person holding the position as Board member of the Corporation during the financial year was as follows:				
Ms J Jeffreys - Chairman			Ms K Gramp - appointed 6 March 2009	
Mr J Ellison			Ms M Hender	
Ms D Von Wald			Mr A Brideson	
Ms J Jose - resigned 30 September 2008				

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

21. Cash flow reconciliation**Reconciliation of cash**

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

	Note	2009 \$'000	2008 \$'000
Current:			
Cash on deposit and at bank		13 652	12 336
Cash on hand		51	59
		13 703	12 395
Non-current:			
Specific purpose deposits	13	17 643	15 399
Cash as recorded in the Statement of Financial Position		31 346	27 794
Reconciliation of net cash provided by operating activities to net (loss) profit after income tax equivalents:			
Net cash provided by operating activities		5 677	4 989
Non-cash items:			
Depreciation and amortisation		(5 218)	(5 021)
Net loss from disposal of non-current assets		(4)	(13)
Changes in assets/liabilities:			
Increase in receivables		1 017	625
(Decrease) Increase in inventories		(46)	99
Increase in prepayments		194	26
(Increase) Decrease in payables		(262)	464
Increase in security deposits held		(1 198)	(317)
Increase in employee benefits		(229)	(120)
Net (loss) profit after income tax equivalents		(69)	732

22. Subsequent Events

The dividend provided for of \$1 million was paid to the Department of Treasury and Finance on 17 August 2009. Refer Note 15.

ADELAIDE ENTERTAINMENTS CORPORATION

FUNCTIONAL RESPONSIBILITY

Establishment

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

Functions

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

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

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

Assessment of controls

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

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

Scope of audit

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

During 2008-09, specific areas of audit attention included:

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

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

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Adelaide Entertainments Corporation as at 30 June 2009, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Adelaide Entertainments Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Adelaide Entertainments Corporation have been conducted properly and in accordance with the law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Chief Executive Officer of the Corporation.

The audit identified the need to improve control processes over leave taken and recorded for employees; changes to supplier details held on computer file to ensure payments are made to authorised suppliers of goods and services; and the need to regularly verify the existence of plant and equipment assets.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS**Highlights of the financial statements**

	2009 \$'million	2008 \$'million
INCOME		
Revenues from provision of services	6	7
Revenue from sales	4	4
Interest revenues	3	1
Other revenues	2	2
Revenues from SA Government	-	51
Total income	15	65
EXPENSES		
Employee benefits expenses	5	5
Other expenses	9	9
Total expenses	14	14
Net profit	1	51
OTHER COMPREHENSIVE INCOME	-	(3)
Total comprehensive result	1	48
NET CASH PROVIDED BY OPERATING ACTIVITIES	4	54
ASSETS		
Current assets	59	63
Non-current assets	75	64
Total assets	134	127
LIABILITIES		
Current liabilities	9	3
Non-current liabilities	6	6
Total liabilities	15	9
EQUITY	119	118

Statement of Comprehensive Income

The Corporation recorded a net profit of \$1.5 million for 2009 compared to \$51 million in 2008. The 2008 result included a grant of \$50 million to fund the redevelopment of the Centre. The redevelopment is expected to be completed in June 2010.

The following table shows the income, expenses and profits/losses for the four years to 2009.

	2009 \$'million	2008 \$'million	2007 \$'million	2006 \$'million
Income	15	65	15	9
Expenses	14	14	13	11
Net profit (loss)	1	51	2	(2)

Excluding the effect of the Revenues from SA Government received during 2008 of \$51 million, the Corporation's income has increased by \$1.7 million. This is principally due to increased interest income from the increased cash holdings offset by a decrease in Revenue from Sales due to the demolition of the Rubikon Function Room as part of the Centre redevelopment.

Expenses have decreased by \$400 000 primarily as a result of decreased supplies and services (\$900 000), employee benefits costs (\$400 000) and raw materials and consumables (\$300 000) offset by a loss on disposal of non-current assets of \$1.4 million.

The Corporation recorded a profit of \$6 million from trading activities.

Statement of Financial Position

At 30 June the Corporation's property, plant and equipment was valued at \$75 million (\$64 million). The increase of \$11 million relates principally to an increase in the value of work in progress associated with the redevelopment of the Centre.

Payables have increased by \$6 million due to amounts payable to the Department for Transport, Energy and Infrastructure for work on redeveloping the Centre.

Statement of Cash Flows

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	4	54	4	1
Investing	(9)	-	1	(2)
Change in cash	(5)	54	5	(1)
Cash at 30 June	56	61	7	2

The analysis of cash flows shows that the Corporation's cash holdings have decreased from \$61 million in 2008 to \$56 million in 2009. The decrease reflects increased cash outflows principally related to the redevelopment of the Centre.

FURTHER COMMENTARY ON OPERATIONS

The Corporation is currently redeveloping the Centre to provide a new live performance venue, a new entry and improved patron service areas. The project is being managed through the Department for Transport, Energy and Infrastructure and is due to become operational in March 2010.

In October 2008 Cabinet approved capital expenditure of \$52 million for the project and a grant of \$50 million was received in June 2008 from the State Government to fund the redevelopment. The Corporation has incurred expenditure of \$13 million during the current year for the facility enhancement which is recognised as work in progress at 30 June 2009.

Statement of Comprehensive Income for the year ended 30 June 2009

		2009	2008
	Note	\$'000	\$'000
INCOME FROM TRADING ACTIVITIES:			
Revenues from fees and charges	6	299	382
Revenues from the provision of services	7	6 446	6 530
Revenues from sales	8	3 841	4 503
Interest revenues	9	3 354	927
Revenues from government	10	38	51 193
Net (loss) gain from the disposal of assets	11	(1)	9
Other revenues	12	1 127	1 118
Total income		15 104	64 662
EXPENSES FROM TRADING ACTIVITIES:			
Employee benefits expenses	13	4 852	5 248
Raw materials and consumables used	22	1 174	1 474
Sales and marketing		948	1 169
Ticketing		582	530
Supplies and services	16	657	802
Depreciation and amortisation expense	17	400	313
Other expenses	18	603	507
Total expenses		9 216	10 043
PROFIT FROM TRADING ACTIVITIES		5 888	54 619
INCOME FROM PROPERTY MANAGEMENT ACTIVITIES:			
Other revenues	12	217	199
Total income		217	199
EXPENSES FROM PROPERTY MANAGEMENT ACTIVITIES:			
Employee benefits expenses	13	260	239
Supplies and services	16	921	1 669
Depreciation and amortisation expense	17	1 944	2 068
Net loss from the disposal of assets	11	1 425	-
Other expenses	18	87	139
Total expenses		4 637	4 115
LOSS FROM PROPERTY MANAGEMENT ACTIVITIES		(4 420)	(3 916)
NET PROFIT		1 468	50 703
OTHER COMPREHENSIVE INCOME:			
Change in asset revaluation reserve		-	(3 111)
TOTAL COMPREHENSIVE RESULT		1 468	47 592

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

Statement of Financial Position as at 30 June 2009

		2009	2008
	Note	\$'000	\$'000
CURRENT ASSETS:			
Cash and cash equivalents	20,32	56 179	61 451
Receivables	21	2 418	1 019
Inventories	22	139	105
Total current assets		58 736	62 575
NON-CURRENT ASSETS:			
Property, plant and equipment	23	74 897	63 890
Total non-current assets		74 897	63 890
Total assets		133 633	126 465
CURRENT LIABILITIES:			
Payables	24	8 298	2 694
Short-term employee benefits	25	510	394
Other liabilities	27	58	58
Total current liabilities		8 866	3 146
NON-CURRENT LIABILITIES:			
Payables	24	25	19
Long-term employee benefits	25	147	115
Other liabilities	27	5 475	5 533
Total non-current liabilities		5 647	5 667
Total liabilities		14 513	8 813
NET ASSETS		119 120	117 652
EQUITY:			
Contributed capital	28	55 536	55 536
Asset revaluation reserve	28	26 810	26 810
Accumulated surplus	28	36 774	35 306
TOTAL EQUITY		119 120	117 652
Total equity is attributable to the SA Government as owner			
Commitments	29		
Contingent assets and liabilities	31		

Statement of Changes in Equity for the year ended 30 June 2009

	Contributed capital \$'000	Asset revaluation reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2007	55 536	29 921	(15 397)	70 060
Net profit for 2007-08	-	-	50 703	50 703
Reversal of previous revaluation caused from derecognition of building during 2007-08	-	(3 111)	-	(3 111)
Total comprehensive result for 2007-08	-	(3 111)	50 703	47 592
Balance at 30 June 2008	55 536	26 810	35 306	117 652
Net Profit for 2008-09	-	-	1 468	1 468
Total comprehensive result for 2008-09	-	-	1 468	1 468
Balance at 30 June 2009	55 536	26 810	36 774	119 120

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

Statement of Cash Flows for the year ended 30 June 2009

		2009 Inflows (Outflows) \$'000	2008 Inflows (Outflows) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:	Note		
CASH INFLOWS:			
Receipts from the sale of goods and services		12 173	14 208
Interest received		3 414	927
Receipts from SA Government		38	50 788
GST received from ATO		442	-
Cash generated from operations		16 067	65 923
CASH OUTFLOWS:			
Employee benefit payments		(4 964)	(5 447)
Supplies and services		(7 299)	(6 119)
GST remitted to the ATO		(291)	(523)
Cash used in operations		(12 554)	(12 089)
Net cash provided by operating activities	32	3 513	53 834
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from the lease of land		-	3 725
Proceeds from the sale of property, plant and equipment		7	9
Cash generated from investing activities		7	3 734
CASH OUTFLOWS:			
Purchase of property, plant and equipment		(8 792)	(3 473)
Cash used in investing activities		(8 792)	(3 473)
Net cash (used in) provided by investing activities		(8 785)	261
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(5 272)	54 095
CASH AND CASH EQUIVALENTS AT 1 JULY		61 451	7 356
CASH AND CASH EQUIVALENTS AT 30 JUNE	32	56 179	61 451

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Adelaide Entertainments Corporation

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

The functions of the Corporation are to:

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

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

2. Summary of significant accounting policies

(a) Statement of compliance

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

Except for amendments to AASB (September 2007 version) including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), which the Corporation has early-adopted, AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Corporation for the reporting period ending 30 June 2009.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, are outlined in the applicable Notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following Note disclosures, that have been included in these financial statements:
 - (a) Revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature.
 - (b) Expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income).
 - (c) Employees whose normal remuneration is \$100 000 or more (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or other wise made available, directly or indirectly by the entity to those employees.
 - (d) Board member and remuneration information, where a board member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

The financial statement has 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 2009 and the comparative information presented for the year ended 30 June 2008.

(c) Reporting entity

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

(d) Comparative information

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

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

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

(e) Rounding

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

(f) Taxation

The Corporation is not subject to income tax.

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

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

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

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

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

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

(g) Events after balance date

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

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

(h) Income and expenses

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

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

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

Income

The following are specific recognition criteria:

Revenues from fees and charges and from the provision of services

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

Revenues from sales

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

Interest income

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

Revenues from the SA Government

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

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

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

Other contributions

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

Resources received/provided free of charge

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

Disposal of non-current assets

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

Expenses

The following are specific recognition criteria:

Employee benefits

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

Superannuation

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

(i) Current and non-current classification

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

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

(j) Cash and cash equivalents

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

Cash is measured at nominal value.

(k) Receivables

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

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

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

(l) Inventories

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

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

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

Inventories include food and beverage stock held for resale.

(m) Non-current asset acquisition and recognition

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

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

(n) Revaluation of non-current assets

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

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

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

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

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

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

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

(o) Impairment

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

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

(p) Depreciation and amortisation of non-current assets

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

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

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

(p) Depreciation and amortisation of non-current assets (continued)

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

<i>Class of assets</i>	<i>Depreciation method</i>	<i>Useful life (years)</i>
Buildings and improvements	Straight-line and diminishing value	24-140
Building improvements and fitouts	Straight-line	10-15
Plant and equipment	Straight-line	2-10
Furniture and fittings	Straight-line	3-10

(q) Payables

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

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

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

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

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

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

(r) Employee benefits

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

Wages, salaries, annual leave and time off in lieu

Liability for salary and wages, annual leave and time off in lieu are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

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

Sick leave

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

Long service leave

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

In the 2009 financial year, the long service leave benchmark contained in the APF IV remained at 6.5 years. The Corporation has adopted five years as the benchmark for the measurement of the long service leave liability as of 2006, as this better reflects the Corporation's past experience of employee retention and the taking of leave.

The current component of long service leave is determined on what was taken during the current financial year and based on estimates of long service leave due to be taken during the 12 months ended 30 June 2010.

(s) Administered items

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

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

(t) Leases

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

Operating leases

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

(u) Insurance

Adelaide Entertainments Corporation has arranged, through South Australian Government Financing Authority, SAICORP Division, to insure all major risk of the Corporation. The excess payable under this arrangement is \$5000 per claim made.

(v) Workers compensation

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

3. Financial risk management

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

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

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

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

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

4. Changes in accounting policies

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

5. Activities of the Corporation

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

6. Revenues from fees and charges

Fees and charges received/receivable from entities external to the SA Government:

Merchandise revenues

Total fees and charges - non-SA Government entities

2009 2008
\$'000 \$'000

299 382

299 382

7. Revenues from the provision of services

Services provided to entities external to the SA Government:

Corporate revenue

Equipment hire

Recoveries

Venue hire

Total revenues from the provision of services - non-SA Government entities

1 878 1 866

199 240

1 600 1 558

2 677 2 612

6 354 6 276

Services provided to entities within SA Government:

Corporate revenue

Equipment hire

Recoveries

Venue hire

Total revenues from the provision of services - SA Government entities

62 -

- 21

1 103

29 130

92 254

Total revenues from the provision of services

6 446 6 530

8. Revenues from sales

Sales from entities external to the SA Government:

Beverage sales

Food sales

Total revenues from sales - non-SA Government entities

1 237 1 626

2 570 2 767

3 807 4 393

8. Revenues from sales (continued)	2009	2008
Sales from entities within SA Government:	\$'000	\$'000
Beverage sales	4	17
Food sales	30	93
Total revenues from sales - SA Government entities	34	110
Total revenues from sales	3 841	4 503
9. Interest revenues		
Interest from entities external to the SA Government	95	247
Interest from entities within the SA Government	3 259	680
Total interest revenues	3 354	927
10. Revenues from SA Government		
Revenues from SA Government:		
Appropriations for emergency services levy	38	38
Appropriations for seating upgrade	-	750
Appropriations for facility enhancement	-	50 000
Other appropriations	-	405
Total revenues from SA Government	38	51 193
During 2007-08 a \$50 million appropriation was received from SA Government for the construction of the Adelaide Entertainment Centre Facility Enhancement.		
11. Net (loss) gain from disposal of assets		
Plant and equipment:		
Proceeds from disposal	7	9
Net book value of assets disposed	(8)	-
Net (loss) gain from disposal of plant and equipment	(1)	9
Land and buildings:		
Proceeds from disposal	-	-
Net book value of assets disposed	(1 425)	-
Total net (loss) gain from disposal of land and buildings	(1 425)	-
Total assets:		
Total proceeds from disposal	7	9
Total value of assets disposed	(1 433)	-
Total net (loss) gain from disposal of assets	(1 426)	9
During the year the Corporation disposed of the Rubikon Room to make way for the Adelaide Entertainment Centre Facility Enhancement Project and corporate suite joinery due to corporate level refurbishment. These assets had revalued written down values of \$1.008 million and \$417 000 respectively. The at cost written down value of these assets was \$567 000.		
12. Other revenues	2009	2008
Other revenue:	\$'000	\$'000
Trading activities:		
Car park	245	228
Ticketing charges	466	489
Other revenue	416	391
Total other revenues - non-SA Government entities	1 127	1 108
Other revenue from entities within SA Government:		
Other revenue	-	10
Total other revenues - SA Government entities	-	10
Total other revenues from trading activities	1 127	1 118
Property management activities:		
Property lease revenue	175	184
Other revenue	42	15
Total other revenues from property management activities	217	199
Total other revenues - non-SA Government entities	1 344	1 317
13. Employee benefits expenses		
Trading activities:		
Salaries and wages	3 648	3 900
Long service leave	112	99
Annual leave	228	265
Employment on-costs - superannuation	361	384
Employment on-costs - other	333	382
Board fees	101	82
Other employee related expenses	69	136
Total employee benefits expenses from trading activities	4 852	5 248

13. Employee benefits expenses (continued)	2009	2008
Property management activities:	\$'000	\$'000
Salaries and wages	247	216
Long service leave	5	12
Annual leave	8	11
Total employee benefits expenses from property management activities	260	239
Total employee benefits expenses	5 112	5 487

During the year payments made to entities within SA Government include employment on-costs of \$303 000 (\$353 000).

Remuneration of employees	2009	2008
The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
\$100 000 - \$109 999	2	-
\$110 000 - \$119 999	-	2
\$120 000 - \$129 999	2	-
\$130 000 - \$139 999*	-	1
\$200 000 - \$209 999	-	1
\$220 000 - \$229 999	1	-
Total number of employees	5	4

* Includes a separation payment to a former employee whose normal remuneration did not exceed \$100 000.

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 \$676 000 (\$567 000).

14. Key management personnel

(a) Board members

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

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

(b) Other key management personnel

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

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

(c) Remuneration of governing Board members

The number of governing Board members whose remuneration received or receivable falls within the following bands:	2009	2008
\$10 000 - \$19 999	7	7
Total number of governing board members	7	7

Remuneration of Board members reflects all costs of performing their duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$101 000 (\$82 000).

Amounts paid to a superannuation plan for Board members was \$8000 (\$6000).

In accordance with the Department of the Premier and Cabinet Circular 16, government employees did not receive any remuneration for Board duties during the financial year.

15. Related party

Related parties include parties that control or have an interest in the entity that gives it significant influence over the Corporation.

Adelaide Entertainments Corporation is controlled by the SA Government. Transactions and balances between Adelaide Entertainments Corporation and related parties (other SA Government controlled entities) are disclosed in the Notes accompanying the financial statements where appropriate.

16.	Supplies and services	2009	2008
	Supplies and services	\$'000	\$'000
	Trading activities:		
	Supplies and services provided by entities external to the SA Government:		
	Contractors	129	188
	Equipment hire	74	76
	Legal	-	8
	Linen and laundry	83	85
	Printing and stationery	44	86
	Repairs and maintenance	49	113
	Utilities	120	134
	Total supplies and services - non-SA Government entities	499	690
	Supplies and services provided by entities within the SA Government:		
	Insurance	111	112
	Contractor	47	-
	Total supplies and services - SA Government entities	158	112
	Total supplies and services from trading activities	657	802
	Property management activities:		
	Supplies and services provided by entities external to the SA Government:		
	Contractors	-	7
	Repairs and maintenance	470	578
	Utilities	280	239
	Total supplies and services - non-SA Government entities	750	824
	Supplies and services provided by entities within the SA Government:		
	Contractors	-	695
	Utilities	171	150
	Total supplies and services - SA Government entities	171	845
	Total supplies and services from property management activities	921	1 669
	Total supplies and services	1 578	2 471
The total supplies and services amount disclosed include GST amounts non-recoverable from the ATO due to the Corporation not holding a valid tax invoice or payments relating to third party arrangements.			
	The number and dollar amount of consultancies paid/ payable (included in supplies and services expense) that fell within the following bands:	2009	2008
		Number	\$'000
		Number	\$'000
	Below \$10 000	5	24
	Between \$10 000 and \$50 000	-	117
	Total paid/payable to the consultants engaged	5	141
17.	Depreciation and amortisation	2009	2008
	Depreciation:	\$'000	\$'000
	Trading activities:		
	Plant and equipment	400	313
	Total depreciation for trading activities	400	313
	Property management activities:		
	Buildings	1 944	2 068
	Total depreciation for property management	1 944	2 068
	Total depreciation	2 344	2 381
18.	Other expenses	2009	2008
	Trading activities:	\$'000	\$'000
	Other expenses paid/payable to entities external to the SA Government:		
	Other	267	479
	Total other expenses - non-SA Government entities	267	479
	Other expenses paid/payable to entities within the SA Government:		
	Other	336	28
	Total other expenses - SA Government entities	336	28
	Total other expenses from trading activities	603	507
	Property management activities:		
	Other expenses paid/payable to entities external to the SA Government:		
	Other	87	139
	Total other expenses - non-SA Government entities from property management activities	87	139
	Total other expenses	690	646

19. Auditor's remuneration

Audit fees of \$31 000 (\$28 000) were paid/payable to the Auditor-General's Department.

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

20. Cash and cash equivalents

	2009 \$'000	2008 \$'000
Cash at bank and cash on hand	1 023	2 419
Short-term deposits with SAFA	55 156	59 032
Total cash and cash equivalents	56 179	61 451

During 2007-08 a \$50 million appropriation was received from the SA Government for the construction of the Adelaide Entertainment Centre Facility Enhancement.

Short-term deposits

The cash deposits are carried at cost in accordance with APF IV, APS 2.1. They are on-call and carry an average variable interest rate of 5.26 percent (7.05 percent). The SAFA Cash Management Fund is a pooled investment portfolio comprising cash and short-term money market securities of high credit quality and marketability. The portfolio return is calculated daily, being the total earnings on the portfolio's investments from the close of business on the previous day. Interest is accrued daily and distributed monthly.

Interest rate risk

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

21. Receivables

	2009 \$'000	2008 \$'000
Current:		
Receivables	1 571	630
Provision for doubtful debts	(8)	(8)
Accrued revenues	180	237
Prepayments	51	67
GST receivable	624	93
Total current receivables	2 418	1 019

Government/non-government receivables:

Receivables from non-SA Government entities:

Receivables	1 552	604
Provision for doubtful debts	(8)	(8)
Accrued revenues	35	32
Prepayments	51	67
GST receivable	624	93
Total receivables from non-SA Government entities	2 254	788

Receivables from SA Government entities:

Receivables	19	26
Accrued revenues	145	205
Total receivables from SA Government entities	164	231
Total receivables	2 418	1 019

Provision for doubtful debts

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

Movements in the provision for doubtful debts (impairment loss)

	2009 \$'000	2008 \$'000
Carrying amount at 1 July	(8)	(8)
Increase in the provision	-	-
Amounts written off	-	-
Carrying amount at 30 June	(8)	(8)

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than recognised in the provision for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. In addition, there is no concentration of credit risk.

Bad and doubtful debts

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

22. Inventories

	2009 \$'000	2008 \$'000
Current - inventories held for resale:		
Beverages	121	91
Food	18	14
Total inventories held for resale	139	105

Inventory wastage

The Corporation has recognised an inventory wastage expense of \$31 000 (\$20 000) in the Statement of Comprehensive Income.

Raw materials and consumables

The Corporation recognised an expense for raw materials and consumables of \$1.174 million (\$1.474 million).

23. Property, plant and equipment	2009	2008
Land and buildings:	\$'000	\$'000
Land at fair value	18 320	18 320
Buildings at fair value - net method	40 939	42 477
Accumulated depreciation	(3 457)	(1 830)
Total land and buildings	55 802	58 967
Building improvements:		
Building improvements at cost	2 727	2 032
Accumulated depreciation	(268)	(64)
Total building improvements	2 459	1 968
Work in progress	15 035	1 076
Total work in progress	15 035	1 076
Plant and equipment:		
Plant and equipment at cost	4 450	4 382
Accumulated depreciation	(2 849)	(2 503)
Total plant and equipment	1 601	1 879
Total property, plant and equipment	74 897	63 890

Valuation of land and buildings

The valuation of land and buildings was performed by Martin Burns, an independent valuer from Liquid Pacific as at 30 June 2007. The valuer arrived at fair value based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

Impairment

There were no indications of impairment of property, plant and equipment, infrastructure and intangible assets at 30 June 2009.

Reconciliation of non-current assets

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

						Non-current assets
2009	Land	Buildings	Building imprvmnts	Plant and equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	18 320	40 647	1 968	1 879	1 076	63 890
Additions	-	-	-	-	14 784	14 784
Transfers in (out)	-	-	695	130	(825)	-
Disposals eg sales, write-off	-	(1 425)	-	(8)	-	(1 433)
Depreciation and amortisation	-	(1 740)	(204)	(400)	-	(2 344)
Carrying Amount at 30 June	18 320	37 482	2 459	1 601	15 035	74 897

During the year payments made to entities within SA Government include capital additions of \$13.3 million (\$nil).

24. Payables	2009	2008
Current:	\$'000	\$'000
Creditors	6 530	1 194
Accrued expenses	1 120	968
Income received in advance	565	468
Employment on-costs	83	64
Total current payables	8 298	2 694
Non-current:		
Employee on-costs	25	19
Total non-current payables	25	19
Total payables	8 323	2 713
Government/non-government payables:		
Payables to non-SA Government entities:		
Creditors	653	1 167
Accrued expenses	1 056	933
Income received in advance	549	435
Employment on-costs	108	83
Total payables to non-SA Government entities	2 366	2 618

24. Payables (continued)	2009	2008
Payables to SA Government entities:	\$'000	\$'000
Creditors	5 877	27
Accrued expenses	64	35
Income received in advance	16	33
Total payables to SA Government entities	5 957	95
Total payables	8 323	2 713

Interest rate and credit risk

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

25. Employee benefits	2009	2008
Current:	\$'000	\$'000
Annual leave	192	204
Long service leave	150	120
Accrued salaries and wages	168	70
Total current employee benefits	510	394
Non-current:		
Long-term long service leave	147	115
Total non-current employee benefits	147	115
Total employee benefits	657	509

The total current and non-current employee benefits (ie aggregate employee benefit plus related on-costs) for 2008-09 is \$593 000 and \$172 000 respectively.

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

27. Other liabilities		
Current:		
Unearned lease revenue	58	58
Total current other liabilities	58	58
Non-current:		
Unearned lease revenue	5 475	5 533
Total non-current other liabilities	5 475	5 533
Total other liabilities	5 533	5 591

28. Equity		
Contributed capital	55 536	55 536
Asset revaluation reserve	26 810	26 810
Accumulated surplus	36 774	35 306
Total equity	119 120	117 652

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

29. Commitments	
Capital commitments	
Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:	

	2009	2008
	\$'000	\$'000
Within one year	39 582	-
Total capital commitments	39 582	-

The capital commitment contracts entered into as at 30 June 2009 relate to the Adelaide Entertainment Centre Facility Enhancement Project. The project is due for completion in June 2010.

Remuneration commitments

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

	2009	2008
	\$'000	\$'000
Within one year	424	406
Later than one year but not longer than five years	365	419
Total remuneration commitments	789	825

Remuneration commitments (continued)

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

Operating lease commitments receivable	2009	2008
Future minimum lease payments receivable under non-cancellable operating leases contracted for at reporting date but not recognised as receivables are:	\$'000	\$'000
Within one year	114	122
Later than one year but not longer than five years	58	110
Total operating lease revenue commitments	172	232

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

30. Administered items event funds	2009	2008
Administered revenues:	\$'000	\$'000
Net box office receipts	29 672	17 277
Interest earned on event funds	409	323
Other receipts	300	-
Total administered revenues	30 381	17 600
Administered expenses:		
Settlements paid	19 656	21 397
Total administered expenses	19 656	21 397
Movement in administered items during the year	10 725	(3 797)

Administered assets:		
Cash at bank	11 490	794
Accrued interest	29	-
Total administered assets	11 519	794

Administered liabilities:		
Funds held in trust	11 519	794
Total administered liabilities	11 519	794

Movement in administered items during the year	10 725	(3 797)
Total administered assets held at 1 July	794	4 591
Total administered assets held at 30 June	11 519	794

- 31. Contingent assets and liabilities**
The Corporation is not aware of any contingent assets.
The Corporation is not aware of any contingent liabilities.
The Corporation has issued no guarantees.

32. Cash flow reconciliation		
Reconciliation of cash and cash equivalents:		
Statement of Cash Flows	56 179	61 451
Statement of Financial Position	56 179	61 451
Reconciliation of profit to net cash provided by operating activities:		
Net profit for the year	1 468	50 703
Add (Less): Non-cash items:		
Depreciation and amortisation expense	2 344	2 381
Leased land income	(57)	(57)
Loss (profit) on disposal of assets	1 426	(9)
Changes in assets/liabilities:		
(Increase) Decrease in receivables	(1 399)	155
(Increase) Decrease in inventories	(34)	1
(Decrease) Increase in payables	(383)	620
Increase in employee benefits	148	40
Net cash provided by operating activities	3 513	53 834

- 33. Events after balance date**
There have been no after balance date events.

ADELAIDE FESTIVAL CENTRE TRUST

FUNCTIONAL RESPONSIBILITY

Establishment

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

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

Functions

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

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

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

Assessment of controls

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

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

Scope of audit

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

During 2008-09, specific areas of audit attention included:

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

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Adelaide Festival Centre Trust as at 30 June 2009, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Adelaide Festival Centre Trust in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to internal controls and implementation of TIs 2 and 28 as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Adelaide Festival Centre Trust have been conducted properly and in accordance with law.

Communication of audit matters

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

Internal controls

The audit identified some areas where internal controls, documentation of procedures and compliance with existing procedures could be improved. These mainly related to:

- maintaining current policies and procedures for all areas
- controls over vendor masterfile maintenance
- controls for BASS EFT collections from agents and BASS event build changes
- obtaining appropriate payment delegations for large payments such as BASS settlements as required by TI 8
- timely approval of the Trust's Charter, Performance Statement and financial delegations.

The response indicated the Trust had taken or planned action to improve policies and procedures, controls over vendor masterfile maintenance and BASS EFT collections, and timeliness of approvals. The Trust assessed that the risk and cost of implementing additional checks for BASS event build changes outweighs the potential benefit of an additional control.

The Trust advised it would seek the Department of Treasury and Finance guidance on the application of TI 8 to payments for BASS settlements.

Implementation of the revised TIs 2 and 28

Audit requested advice on the Trust's progress in implementing the requirements of the revised TI 2 and new TI 28.

For TI 2 the Trust advised it has in place approved and documented:

- financial management related policies and procedures
- authorisations covering income, expenditure and asset and liability management and TI 8 authorisations for contracts and payments
- risk management and fraud policies
- required registers for unclaimed monies and loss of public monies.

For TI 28 the Trust advised that on 25 June 2009 the Risk and Audit Committee approved the Financial Management Compliance Program (FMCP). In preparing the FMCP the Trust identified policy and procedure gaps. These gaps are planned to be addressed through 2009-10.

The Trust also indicated that the Chief Financial Officer has been assigned responsibility for the development and implementation of the FMCP. All of the Trust's managers have been alerted to their responsibility for the financial, regulatory and business compliance requirements. This includes: promoting a culture of compliance; managing compliance; contributing to compliance reporting; detecting and reporting breaches; assisting with remedies for breaches; ensuring staff understand their obligations.

The Trust advised, in regard to independent review, that:

- in addition to the annual external audit, independent review mechanisms include: quarterly reports to the Minister (via Arts SA); annual reporting against a Performance Statement; and the Treasurer's representative attending all Trust meetings and receiving all Trust reports
- the Risk and Audit Committee is the main review and oversight body for financial management compliance
- some independent review of compliance is planned for 2009-10.

The advice from the Trust indicates that all aspects of the FMCP were not in place for the 2008-09 financial year.

ICT management and control

The audit of the Trust includes a review of aspects of the information and communication technology environments for the Trust and the application systems to support BASS ticketing services and an Event Business Management System.

During 2007, the Trust commissioned a review to evaluate the security and control arrangements for the BASS computer processing environment against the SA Government mandated Information Security Management Framework (ISMF). A follow-up ISMF gap analysis review was completed in mid-2009 by an external security consultant. The consultant identified that the operational practices currently performed met many of the control requirements of the ISMF and that implementing a security policy suite reflecting current practices would close many of the gaps.

A project to replace the current ticketing system with a customer relationship management and ticketing system commenced during 2008. At the time of the Audit review, the evaluation process was underway. The anticipated timeframe for implementation is mid-2010.

Audit review concluded that it was important that the Trust maintain regular risk management assessment and strong project management over the ticketing replacement system to ensure effective implementation within anticipated timeframes. Audit also recommended that the Trust consider scheduling an overall security review of the replacement system, computer processing environment, network and web facility after implementation of the system.

These matters were communicated to the Trust. The Trust indicated in their response that these matters were being addressed.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements

	2009	2008
	\$'million	\$'million
<i>EXPENSES</i>		
Staff benefits expenses	13	15
Depreciation	1	5
Other expenses	18	20
Total expenses	32	40
<i>INCOME</i>		
User charges and interest	18	23
Net cost of providing services	14	17
<i>REVENUES FROM SA GOVERNMENT</i>		
Revenues from SA Government	13	13
Net result before financial restructure	(1)	(4)
<i>FINANCIAL RESTRUCTURE</i>		
Net expense from financial restructure	-	50
Net result after financial restructure	(1)	(54)
<i>OTHER COMPREHENSIVE INCOME</i>	-	5
Total comprehensive result	(1)	(49)
<i>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</i>	(3)	6

	2009 \$'million	2008 \$'million
ASSETS		
Current assets	8	11
Non-current assets	9	10
Total assets	17	21
LIABILITIES		
Current liabilities	8	10
Non-current liabilities	1	2
Total liabilities	9	12
EQUITY	8	9

Statement of Comprehensive Income

Financial restructure

On 30 June 2008, Trust assets with a written down value of \$77.7 million were transferred to the Minister for the Arts. The major components of the transfer were land, buildings and associated fixtures (including some works of art) of the Adelaide Festival Centre and Her Majesty's Theatre. Further, the Treasurer forgave debt of \$28.2 million. These transactions are explained in Notes 1(e) and 22 to the financial statements. The Trust retains responsibility for the management of the assets transferred under a lease arrangement.

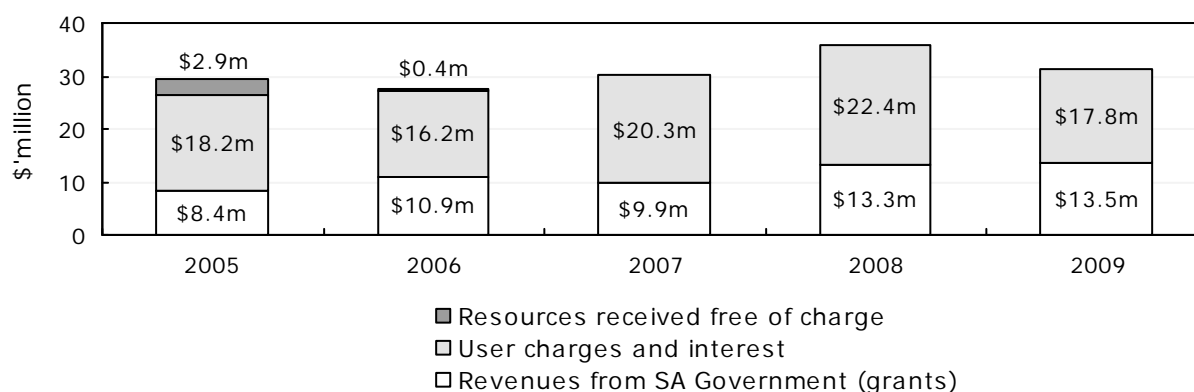
Expenses

Expenses decreased by \$8.2 million to \$31.7 million reflecting mainly:

- decreases in arts activity (refer to comments under 'Income'). The main decreases were for staff benefits expenses, \$1.4 million, supplies, \$1.5 million, artistic production, \$1.1 million; and artists travel and accommodation, \$359 000
- changes resulting from the financial restructure (refer above). These changes contributed to the:
 - decrease in depreciation and amortisation expense of \$5 million
 - decrease in borrowing costs of \$1.7 million
 - increase in accommodation costs of \$4 million for the Trust to rent the Adelaide Festival Centre and Her Majesty's Theatre.

Income

A structural analysis of income for the Trust for the five years to 2009 is presented in the following chart.



User charges include numerous revenue generating activities including: theatre hire; programming activities including box office sales; BASS ticketing sales; scenery building and stage engineering; catering associated with on site cafes, bars and restaurants and car parking charges.

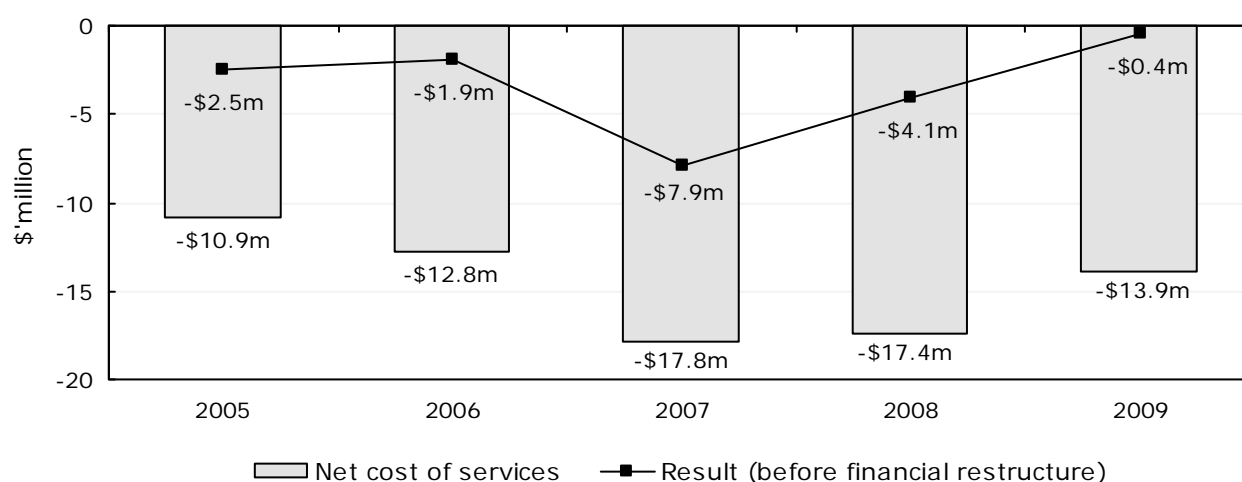
Since 2006 the Trust has been expanding its programming activities, resulting in an increased level of revenue and associated expenditure since that time. However, in 2009 user charges and interest decreased by \$4.6 million to \$17.8 million. The Trust advised that this reduction was due primarily to the impact of the economic downturn on the demand for the Trust's facilities and services. The decrease in income has a corresponding reduction in expenditure. The main decreases in income were for:

- charging for use of Trust personnel, \$1.7 million
- set build income of \$1.4 million
- income from ticketing services of \$1 million
- box office sales of \$742 000.

In 2005 the Trust received a \$2.9 million asset (pedestrian bridge) free of charge as a part of a SA Government works project. This was transferred to the Minister for Arts in 2008 – refer to 'Financial restructure'.

Net cost of services and net result before financial restructure

The following chart shows the net cost of services and net result for the five years to 2009.



The net deficit result for 2007 was made worse by the timing of the payment of the operating grant from SA Government which resulted in \$1.9 million of funding for the 2006-07 financial year being recognised in 2005-06. Had this funding been received in 2006-07, the net result would have been a deficit of \$6 million in 2007 and a deficit of \$3.8 million in 2006.

The net cost of services was significantly higher in 2007 and 2008, due primarily to increased depreciation and amortisation expense as a result of asset revaluations.

Revenues from SA Government have been insufficient to cover the net cost of services in any of the five years resulting in net deficits for all years. The magnitude of the net result loss for 2009 of \$447 000 (\$4.1 million) reflects the depreciation and amortisation expense of \$483 000 (\$5.5 million).

Statement of Financial Position

Current assets and liabilities – solvency

As at 30 June 2008 current assets, \$7.9 million (\$10.7 million) exceeded current liabilities, \$7.7 million (\$10.4 million).

Non-current assets and liabilities

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

Liabilities

Payables of \$5.5 million together with staff entitlements of \$3 million represent 93 percent of the Trust's total liabilities.

Statement of Cash Flows

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	(3.3)	5.8	(1.4)	4.8
Investing	(0.2)	(2.6)	(2.1)	(0.1)
Financing	-	(0.2)	1.2	-
Change in Cash	(3.5)	3.0	(2.3)	4.7
Cash at 30 June	5.8	9.3	6.3	8.6

Cash held at 30 June 2009 includes \$4.2 million (\$4.6 million) held for promoters.

Major factors affecting net cash flows from operations over the period from 2006 were:

- movements in net funds held for promoters, which increased by \$1.5 million in 2008, decreased by \$2 million in 2007 and increased by \$3 million in 2006
- in 2009, \$1.2 million of capital grants received in 2008 were paid back to the SA Government.

Cash flows from SA Government amounted to \$13.5 million (\$14.5 million) and are included in operating activities. The Trust is highly dependent on the SA Government for funding both operating and investing activities.

**Statement of Comprehensive Income
for the year ended 30 June 2009**

		2009	2008
	Note	\$'000	\$'000
EXPENSES:			
Staff benefits expenses	6	13 401	14 829
Supplies and services	7	17 721	17 043
Depreciation and amortisation expense	8	483	5 464
Borrowing costs	9	49	1 755
Net cost from disposal and recognition of non-current assets	8	26	795
Total expenses		31 680	39 886
INCOME:			
User charges		17 427	21 917
Interest	5	330	528
Total income		17 757	22 445
NET COST OF PROVIDING SERVICES	24	13 923	17 441
REVENUES FROM SA GOVERNMENT:			
Revenues from SA Government	4	13 476	13 286
NET RESULT		(447)	(4 155)
Financial restructure	22	(109)	(49 494)
NET RESULT AFTER FINANCIAL RESTRUCTURE		(556)	(53 649)
OTHER COMPREHENSIVE INCOME:			
Changes in asset revaluation reserve	19	(60)	4 945
TOTAL COMPREHENSIVE RESULT		(616)	(48 704)

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

Statement of Financial Position as at 30 June 2009

		2009	2008
	Note	\$'000	\$'000
CURRENT ASSETS:			
Cash and cash equivalents	10	5 834	9 339
Receivables	11	1 698	1 308
Inventories	12	125	85
Other current assets	13	219	2
Total current assets		7 876	10 734
NON-CURRENT ASSETS:			
Property, plant and equipment	14	1 893	2 517
Works of art	14	7 087	7 088
Intangible assets	14	376	192
Total non-current assets		9 356	9 797
Total assets		17 232	20 531
CURRENT LIABILITIES:			
Payables	15	5 383	7 091
Staff benefits	16	1 735	1 691
Provisions	17	23	79
Other current liabilities	18	576	1 573
Total current liabilities		7 717	10 434
NON-CURRENT LIABILITIES:			
Payables	15	128	112
Staff benefits	16	1 294	1 340
Provisions	17	64	-
Total non-current liabilities		1 486	1 452
Total liabilities		9 203	11 886
NET ASSETS		8 029	8 645
EQUITY:			
Asset revaluation reserve	19	10 680	10 740
Accumulated deficits		(2 651)	(2 095)
TOTAL EQUITY		8 029	8 645

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	20
Contingent assets and liabilities	21

Statement of Changes in Equity for the year ended 30 June 2009

		Asset revaluation reserve \$'000	Accumulated deficit \$'000	Total \$'000
Balance at 30 June 2007		66 069	(8 720)	57 349
Net result for 2007-08		-	(53 649)	(53 649)
Gain on revaluation of non-current assets		4 945	-	4 945
Transfer on derecognition of revalued assets		(60 274)	60 274	-
Total comprehensive result for 2007-08		(55 329)	6 625	(48 704)
Balance at 30 June 2008	19	10 740	(2 095)	8 645
Net result for 2008-09		-	(556)	(556)
Loss on revaluation of plant and intangibles	19	(60)	-	(60)
Total comprehensive result for 2008-09		(60)	(556)	(616)
Balance at 30 June 2009	19	10 680	(2 651)	8 029

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

Statement of Cash Flows for the year ended 30 June 2009

		2009	2008
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:	Note	\$'000	\$'000
Staff benefit payments		(13 325)	(14 388)
Supplies and services		(20 996)	(18 896)
Interest paid		(55)	(1 755)
Decrease in funds held on behalf of promoters		(361)	-
GST paid to ATO		(246)	(273)
Cash used in operations		(34 983)	(35 312)
CASH INFLOWS:			
Receipts from patrons/customers		18 535	24 462
Interest received		367	507
Increase in funds held on behalf of promoters		-	1 503
GST received from ATO		550	166
Cash generated from operations		19 452	26 638
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		13 476	14 499
Repayment of capital grant		(1 213)	-
Cash generated from SA Government		12 263	14 499
Net cash (used in) provided by operating activities	24	(3 268)	5 825
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of property, plant and equipment and works of art		(237)	(2 564)
Net cash used in investing activities		(237)	(2 564)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Repayment of borrowings from SA Government		-	(217)
Net cash used in financing activities		-	(217)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(3 505)	3 044
CASH AND CASH EQUIVALENTS AT 1 JULY		9 339	6 295
CASH AND CASH EQUIVALENTS AT 30 JUNE	10	5 834	9 339

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Adelaide Festival Centre Trust objectives

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

- encourage and facilitate artistic, cultural and performing arts activities throughout the State
- be responsible for the care, control, management, maintenance and improvement of the Adelaide Festival Centre and its facilities
- provide expert advisory, consultative, managerial or support services to persons associated with artistic, cultural or performing arts activities
- promote the involvement of young people and their families and extend activities into the school sector.

2. Summary of significant accounting policies

(a) **Statement of compliance**

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

Except for the amendments to AASB 101 (September 2007 version) including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), which the Trust has early-adopted, AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Trust for the reporting period ending 30 June 2009. These are outlined in Note 3.

(b) **Basis of preparation**

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable Notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in these financial statements:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies
 - (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)
 - (c) staff whose normal remuneration is \$100 000 or more (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly, by the entity to those staff
 - (d) board member and remuneration information, where a board member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

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

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

(c) **Reporting entity**

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

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

The financial statements and accompanying notes include the activities of the Trust and the Foundation. The effect of transactions between the Trust and the Foundation are eliminated in full. A summary of the Foundation's activities is given in Note 25.

(d) **Transactions performed on behalf of promoters**

The Trust provides services on behalf of event promoters under exclusive agency arrangements. The Trust charges a fee for these services that is recognised as revenue upon the completion of promoter events. The Trust does not control the revenue generated from promoter events and as such only recognises the changes in cash held in trust on behalf of promoters (refer Note 10) and the requisite amount payable to those promoters (refer Note 15) together with the net change in cash held in the Statement of Cash Flows as at 30 June.

(e) **Financial restructure**

On 26 June 2008, the *Adelaide Festival Centre Trust (Financial Restructure) Amendment Act 2008* came into operation. Pursuant to the Act, the Governor proclaimed that specified land, buildings and fixtures of the Adelaide Festival Centre and Her Majesty's Theatre be transferred to the Minister for the Arts on 30 June 2008. A further fixture, for which the Trust previously received funding, was acquired and paid for by the Trust in this year and transferred to the Minister.

On 25 June 2008 the Treasurer wrote to the Trust forgiving all SA Government debts owed by the Trust.

The financial effects of this financial restructure are shown at Note 22.

The Act amendment has not affected the objectives of the Trust.

(f) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where adjusted to reflect the early adoption of AASB 101 and specific revised accounting standards and APSSs.

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required eg preparation of a single Statement of Comprehensive Income.

(g) Rounding

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

(h) Taxation

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

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

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

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

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

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

(i) Events after the end of the reporting period

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

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

(j) Income

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

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

The following are specific recognition criteria:

Fees and charges

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

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

Income from sponsorships is recognised within the periods to which the sponsorships relate.

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

Revenues from SA Government

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

Net gain/loss on non-current assets

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

(k) Expenses

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

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

The Notes accompanying the financial statements disclose expenses where the counterparty/transaction is with an entity within the SA Government as at the reporting date.

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

The following are specific recognition criteria:

Staff benefits expenses

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

Superannuation

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

Prepaid production expenses

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

Depreciation and amortisation

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

Assets residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

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

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

<i>Class of asset</i>	<i>Useful life (years)</i>
Plant and equipment	10-25
Intangibles	5

Borrowing costs

All borrowing costs are recognised as expenses.

(l) Current and non-current classification

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

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

(m) Assets

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

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

(m) Assets (continued)

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

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

Cash and cash equivalents

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

Receivables

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

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

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

Inventories

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

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

Non-current assets

- *Acquisition and recognition*

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

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

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

- *Revaluation of non-current assets*

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

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

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

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

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

Upon disposal or de-recognition, any revaluation reserve relating to that asset is transferred to retained earnings.

- *Impairment*

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

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

Intangible assets

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

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

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

(n) Liabilities

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

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

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

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

Payables

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

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

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

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

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

The Trust makes contributions to 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 scheme managers.

Leases

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

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

Staff benefits

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

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

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

- *Long service leave*

The liability for long service leave is recognised after staff have completed 6.5 years of service. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Trust's experience of staff retention and leave taken.

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

Provisions

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

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

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

(o) Unrecognised contractual commitments and contingent assets and liabilities

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

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

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

(p) Segment information

Business operations are conducted in the one business and geographical segment.

3. New and revised accounting standards and policies

Details of the accounting policies that the Trust has changed during 2008-09 are detailed below. In addition, details of the impact, where significant, on the Trust's financial statements from new and amended AASs that are applicable for the first time in 2008-09 are also detailed below.

The Trust has early-adopted the September 2007 version of AASB 101 including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101) - this includes the preparation of a single Statement of Comprehensive Income.

As the Trust's only activity is the provision and promotion of the artistic, cultural and performing arts in the State it is not required to provide any additional information in accordance with the new accounting standard AASB 1052.

Issued or amended but not yet effective

Except for the amendments to AASB 101, which the Trust 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 Trust for the period ending 30 June 2009. The Trust has assessed the impact of the new and amended standards and Interpretations and considers there will be no material impact on the accounting policies or the financial statements of the Trust.

4. Revenues from SA Government

	2009	2008
Operating grants received:	\$'000	\$'000
Operating base	13 476	10 164
Debt servicing - interest	-	1 335
Total operating grants received	13 476	11 499
Capital grants received:		
Capital replacement	-	1 787
Total revenues from SA Government	13 476	13 286

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

5. Interest revenue

Interest from entities within the SA Government	330	528
Total interest revenue	330	528

6. Staff benefits expenses

	2009	2008
	\$'000	\$'000
Salaries and wages	10 433	11 605
Long service leave	282	295
Annual leave	696	715
Employment on-costs - superannuation	1 071	1 125
Employment on-costs - other	663	792
Board fees	83	80
Other employment related expenses	173	217
Total staff benefits expenses	13 401	14 829

Remuneration of staff

The number of staff whose remuneration received or receivable falls within the following bands:

	2009	2008
	Number	Number
\$100 000 - \$109 999	1	2
\$110 000 - \$119 999	2	1
\$120 000 - \$129 999	2	1
\$130 000 - \$139 999	2	-
\$140 000 - \$149 999	-	1
\$150 000 - \$159 999	1	-
\$170 000 - \$179 999	-	1
\$190 000 - \$199 999	-	1
\$210 000 - \$219 999	2	1
\$270 000 - \$279 999	-	1
\$280 000 - \$289 999	1	-
Total number of staff	11	9

The table includes all staff who received remuneration of \$100 000 or more during the year. Remuneration of staff reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these staff for the year was \$1.7 million (\$1.5 million).

7. Supplies and services

	2009	2008
	\$'000	\$'000
Accommodation	6 130	2 180
Advertising and marketing	2 550	2 710
Artistic production	3 403	4 527
Communications and IT	1 005	1 363
Finance expenses	307	456
Professional expenses	508	393
Repairs and maintenance	692	787
Sponsorship	162	57
Supplies	1 636	3 207
Travel and entertainment	771	1 130
Other	557	233
Total supplies and services	17 721	17 043

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

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

	2009		2008	
	Number	\$'000	Number	\$'000
Below \$10 000	2	13	-	-
Between \$10 000 and \$50 000	5	85	1	33
Above \$50 000	1	90	-	-
Total paid/payable to the consultants engaged	8	188	1	33

Auditors' remuneration

	2009	2008
	\$'000	\$'000
Auditing the financial statements - Auditor-General's Department	83	77
Auditing the Foundation financial statements - Edwards Marshall	4	3
Other auditing services - Edwards Marshall	-	14
Total auditors' remuneration	87	94

8. Depreciation and amortisation expense

Depreciation:

Buildings	-	4784
Plant and equipment	384	602
Total depreciation	384	5 386

8. Depreciation and amortisation expense (continued)

	2009 \$'000	2008 \$'000
Amortisation:		
Intangibles	99	52
Leasehold improvements	-	26
Total amortisation	99	78
Total depreciation and amortisation expense	483	5 464

Net cost of disposal and recognition of non-current assets

Disposal of assets:

Works of art:

Proceeds from disposal

- -

Net book value of assets disposed

1 37

Net loss on disposal of works of art

1 37

Plant and equipment:

Proceeds of disposal

- -

Net book value of assets disposed

21 463

Net book value of assets written-off

110 295

Net loss on disposal of plant and equipment

131 758

Recognition of assets:

Value of assets not previously recognised

(106) -

Total net cost of disposal and recognition of non-current assets

26 795

A stocktake and valuation of certain classes of the Trust's non-current assets was carried out at 30 June 2009.

As a result assets with values below the capitalisation level of \$10 000 were written off, and assets not previously recognised and valued above \$10 000 were added. The net effect (\$4000) has been recognised in 2009.

9. Borrowing Costs

	2009 \$'000	2008 \$'000
Interest paid to SA Government entities	49	1 755
Total borrowing costs	49	1 755

10. Cash and cash equivalents

Cash at bank and on hand	1 642	4 786
Cash held in trust for promoters	4 192	4 553
Total cash and cash equivalents	5 834	9 339

Interest rate risk

Cash on hand is non-interest bearing.

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

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

11. Receivables

	2009 \$'000	2008 \$'000
Current:		
Receivables	1 692	1 266
Allowance for doubtful debts	(9)	(10)
Accrued revenue	15	52
Total current receivables	1 698	1 308

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

An allowance for impairment loss of \$12 200 has been recognised in 'finance expenses' in supplies and services (Note 7) for specific debtors for which such evidence exists.

Of the total receivables, the amount overdue by less than 30 days is \$302 000 (\$343 000) and overdue by more than 30 days is \$73 000 (\$105 000).

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, 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.

12. Inventories

	2009 \$'000	2008 \$'000
Theatre set construction work in progress at cost	33	-
Materials at cost	92	85
Total inventories	125	85

Cost of inventories

The costs recognised as an expense for raw materials and consumables is \$937 000 (\$1.493 million).

13. Other current assets

Prepaid expenses	29	2
Prepaid production expenses	190	-
Total other current assets	219	2

Prepaid production expenses

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

14. Property, plant and equipment

Plant and equipment:		
Plant and equipment at independent valuation	6 816	7 043
Accumulated depreciation	(5 669)	(6 237)
Plant and equipment at cost (deemed fair value)	881	1 929
Accumulated depreciation	(135)	(433)
	1 893	2 302
Capital works in progress:		
At cost	-	215
Total plant and equipment	1 893	2 517
Works of art:		
At independent valuation 2008	7 087	7 088
Intangibles:		
At cost	564	281
Accumulated amortisation	(188)	(89)
Total intangibles	376	192
Total property, plant and equipment	9 356	9 797

Works of art were valued by Theodore Bruce Auctions Pty Ltd as at 30 June 2008. A valuation of certain plant (including computers, furniture, catering and theatre set construction equipment) was carried out at 30 June 2009 by Valcorp Australia Pty Ltd. Theatre-related plant and equipment was last valued in 2006 and will be revalued in 2009-10.

Reconciliation of non-current assets

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

2009	Plant & Equip \$'000	Works of Art \$'000	Intangibles \$'000	CWIP \$'000	Total \$'000
Carrying amount at 1 July	2 302	7 088	192	215	9 797
Additions	-	-	-	237	237
Disposals	(131)	(1)	-	-	(132)
Transfers	60	-	283	(343)	-
Financial restructure	-	-	-	(109)	(109)
Depreciation and amortisation	(384)	-	(99)	-	(483)
Assets not previously recognised	106	-	-	-	106
Revaluation	(60)	-	-	-	(60)
Carrying amount at 30 June	1 893	7 087	376	-	9 356

The following table shows the movements of non-current assets during 2007-08.

2008	Plant & Equip \$'000	Works of Art \$'000	Intangibles \$'000	CWIP \$'000	Freehold Land \$'000	Buildings \$'000	Lease- hold \$'000	Total \$'000
Carrying amount at 1 July	4 750	6 800	281	157	5 895	67 592	750	86 225
Additions	22	23	-	2 519	-	-	-	2 564
Disposals	(758)	(37)	-	-	-	-	-	(795)
Transfers	396	-	(37)	(2 039)	-	1 680	-	-
Financial restructure	(1 506)	(4 643)	-	(422)	(5 895)	(64 488)	(724)	(77 678)
Depreciation and amortisation	(602)	-	(52)	-	-	(4 784)	(26)	(5 464)
Revaluation	-	4 945	-	-	-	-	-	4 945
Carrying amount at 30 June	2 302	7 088	192	215	-	-	-	9 797

15. Payables	2009	2008
Current:	\$'000	\$'000
Creditors	257	256
Accrued expenses	648	2 058
Amounts payable to promoters	4 192	4 553
Employment on-costs	286	224
Total current payables	5 383	7 091
Non-current:		
Employment on-costs	128	112
Total payables	5 511	7 203

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave has changed from the 2008 rate of 35 percent to 45 percent and the average factor for the calculation of employer superannuation cost on-cost has changed from the 2008 rate of 11 percent to 10.5 percent. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost and therefore in the staff benefit expense of \$14 000. The estimated impact on 2010 and 2011 is minimal.

Interest rate and credit risk

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

16. Staff benefits	2009	2008
Current:	\$'000	\$'000
Annual leave	839	879
Short-term long service leave	266	193
Accrued salaries and wages	630	619
Total current staff benefits	1 735	1 691
Non-current:		
Long-term long service leave	1 294	1 340
Total staff benefits	3 029	3 031

The total current and non-current staff benefits liability (ie aggregate staff benefit plus related on-costs) is \$3.443 million (\$3.367 million). Based on an actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of long service leave liability has not changed from the 2008 benchmark of 6.5 years.

The actuarial assessment performed by the Department of Treasury and Finance also revised the salary inflation rate down by 0.5 percent from the 2008 rate of 4.5 percent. The net financial effect of the changes in the current financial year is a decrease in the annual leave liability and staff benefit expense of \$9000. The estimated impact on 2010 and 2011 is minimal.

17. Provisions	2009	2008
Current:	\$'000	\$'000
Provision for workers compensation	23	79
Non-current:		
Provision for workers compensation	64	-
Total provisions	87	79
Carrying amount at 1 July	79	28
Additional provisions recognised	100	80
Reductions arising from payments	(92)	(29)
Carrying amount at 30 June	87	79

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 the Department of the Premier and Cabinet.

18. Other liabilities	2009	2008
Current:	\$'000	\$'000
Theatre hire deposits	343	141
Income in advance	233	219
Unearned capital funding	-	1 213
Total other liabilities	576	1 573

Income in advance

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

19.

Equity

Asset revaluation reserve:

Plant and equipment
Works of art

Accumulated losses

Total equity

2009	2008
\$'000	\$'000
3 974	4 034
6 706	6 706
10 680	10 740
(2 651)	(2 095)
8 029	8 645

The asset revaluation reserve is used to record increments and decrements in the fair value of property, plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised. As a result of the non-current asset revaluation at 30 June 2009 plant and equipment items previously revalued upwards were subjected to downward revaluation by \$60 000.

20.

Unrecognised contractual commitments**Remuneration commitments**

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

2009	2008
\$'000	\$'000
Within one year	4 146
Later than one year but not longer than five years	2 302
6 951	6 448

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

Other commitments

The Trust's other commitments are for non-cancellable maintenance agreements payable as follows:

2009	2008
\$'000	\$'000
Within one year	474
Later than one year but not longer than five years	30
167	504

Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

2009	2008
\$'000	\$'000
Within one year	4 134
Later than one year but not longer than five years	15 760
Later than five years	57 795
78 946	77 689

The Trust's operating leases include equipment and motor vehicle leases for fixed terms up to three years. The Trust has a 20 year lease agreement with Arts SA, with a right of renewal, to rent Her Majesty's Theatre and the Adelaide Festival Centre.

21.

Contingent assets and liabilities**Contingent asset**

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

Contingent liabilities

A summons has been issued against the Trust claiming damages and costs for an alleged breach of contract. It is not possible at present to assess whether the claim will be successful or to estimate the financial outcome.

The Trust was required to cease its registration as a levy paying employer with WorkCover following enactment of the *Statutes Amendment (Public Sector Employment) Act 2006*. Subsequently, WorkCover has sought to impose a supplementary levy, known as a 'balancing payment' of \$324 905 on the Trust. The Trust is appealing against this claim. It is not possible at this time to determine the likelihood of success of that appeal.

22.

Financial restructure

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

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

2009	2008
\$'000	\$'000
Net book value of assets transferred	77 678
Debt forgiven	(28 184)
109	49 494

Net administrative restructure cost

23. Remuneration of Trustees

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

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

The number of Trustees whose remuneration received or receivable falls within the following bands was:

	2009 Number	2008 Number
\$0 - \$9 999	6	7
\$10 000 - \$19 999	2	2
Total number of Trustees	8	9

Remuneration of members reflects all costs of Trustee duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by Trustees was \$83 000 (\$81 000).

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

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

24. Cash flow reconciliation

Reconciliation of cash and cash equivalents:

	2009 \$'000	2008 \$'000
Statement of Financial Position	5 834	9 339
Statement of Cash Flows	5 834	9 339

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

Net cash (used in) provided by operating activities	(3 268)	5 825
Revenues from SA Government	(13 476)	(13 286)
Non-cash items:		
Depreciation and amortisation expense of non-current assets	(483)	(5 464)
Loss on sale of disposal of non-current assets	(26)	(795)
Movement in assets and liabilities:		
Increase (decrease) in receivables	390	(570)
Increase in inventories	40	20
Increase (decrease) in other assets	217	(11)
Decrease (increase) in payables	1 692	(1 697)
Decrease (increase) in staff benefits	2	(430)
Increase in provisions	(8)	(79)
Decrease (increase) in other liabilities	997	(954)
Net cost of providing services	(13 923)	(17 441)

25. Controlled entity

The consolidated financial statements at 30 June 2009 include the following controlled entity:

<i>Name of controlled entity</i>	<i>Place of incorporation</i>
The Adelaide Festival Centre Foundation Incorporated	Australia

Significant items in the financial report of the Foundation are:

	2009 \$'000	2008 \$'000
Revenue	170	189
Expenses	183	113
(Deficit) surplus	(13)	76
Cash at bank	183	224

26. Government/non-government split

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

	Note	SA Government		Non-SA Government		Total	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenues from user charges		1 700	1 967	15 727	19 950	17 427	21 917
Supplies and services:	7						
Accommodation		4 131	657	1 999	1 523	6 130	2 180
Advertising and marketing		-	-	2 550	2 710	2 550	2 710
Artistic production		-	233	3 403	4 294	3 403	4 527
Communications and IT		-	-	1 005	1 363	1 005	1 363
Finance expenses		-	-	307	456	307	456
Professional expenses		-	234	508	159	508	393
Repairs and maintenance		-	-	692	787	692	787
Sponsorship		-	-	162	57	162	57
Supplies		-	-	1 636	3 207	1 636	3 207
Travel and entertainment		-	-	771	1 130	771	1 130
Other		-	125	557	108	557	233
Total supplies and services		4 131	1 249	13 590	15 794	17 721	17 043
Borrowing costs:	9						
Interest paid to SA Government entities		49	1 755	-	-	49	1 755
Receivables:	11						
Receivables		72	121	1 620	1 145	1 692	1 266
Provision		-	-	(9)	(10)	(9)	(10)
Accrued revenue		15	52	-	-	15	52
Total receivables		87	173	1 611	1 135	1 698	1 308
Payables:	15						
Current:							
Creditors		24	163	233	93	257	256
Accrued expenses		83	1	565	2 057	648	2 058
Secured amounts payable to promoters		1 074	1 428	3 118	3 125	4 192	4 553
Employment on-costs		134	125	152	99	286	224
		1 315	1 717	4 068	5 374	5 383	7 091
Non-current:							
Employment on-costs		67	70	61	42	128	112
Total payables		1 382	1 787	4 129	5 416	5 511	7 203

ADELAIDE FESTIVAL CORPORATION

FUNCTIONAL RESPONSIBILITY

Establishment

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

Functions

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

The Adelaide Festival of Arts is a biennial event with 2009 being a non-Festival year.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

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

Assessment of controls

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

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

Scope of audit

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

During 2008-09, specific areas of audit attention included:

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

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Adelaide Festival Corporation as at 30 June 2009, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provision of the *Public Finance and Audit Act 1987*, and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Adelaide Festival Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Adelaide Festival Corporation have been conducted properly and in accordance with law.

Communication of audit matters

One matter arising from the audit was detailed in a management letter to the General Manager and Associate Artistic Director of the Corporation. The matter related to compliance with the Corporation's policy for requesting and authorising leave. The response to the management letter was satisfactory.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Given the biennial nature of the Adelaide Festival of Arts, the financial results for the event are recorded mainly over a cycle of two financial years. As 2009 is midway through the 2010 Festival Cycle, an analysis and interpretation of the biennial results of the Corporation is not provided.

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

Statement of Comprehensive Income for the year ended 30 June 2009

		2009	2008
	Note	\$'000	\$'000
EXPENSES:			
Staff benefits expenses	3	1 223	2 124
Supplies and services:			
Administration and marketing expenses	4	679	2 498
Programmed events	5	213	6 496
Total supplies and services	6	892	8 994
Total expenses		2 115	11 118
INCOME:			
Grants from non-SA Government	7	103	204
Box office		-	2 548
Interest		67	184
Sponsorship - corporate		454	988
Sponsorship - government		75	885
Other income	8	111	1 450
Total income		810	6 259
Net cost of providing services		(1 305)	(4 859)
Revenues from SA Government	7	1 997	4 036
NET RESULT		692	(823)
TOTAL COMPREHENSIVE RESULT		692	(823)

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

Statement of Financial Position as at 30 June 2009

		2009	2008
	Note	\$'000	\$'000
ASSETS:			
CURRENT ASSETS:			
Cash and cash equivalents	9	1 206	546
Receivables	10	515	346
Total current assets		1 721	892
NON-CURRENT ASSETS:			
Plant and equipment	11	120	146
Total non-current assets		120	146
Total assets		1 841	1 038
LIABILITIES:			
CURRENT LIABILITIES:			
Payables	12	441	327
Short-term staff benefits	13	61	66
Provisions	14	40	40
Total current liabilities		542	433
NON-CURRENT LIABILITIES:			
Payables	12	31	73
Long-term staff benefits	13	118	74
Total non-current liabilities		149	147
Total liabilities		691	580
NET ASSETS		1 150	458
EQUITY:			
Retained earnings		1 150	458
TOTAL EQUITY		1 150	458

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	18
Contingent assets and liabilities	19

Statement of Changes in Equity for the year ended 30 June 2009

	Retained earnings \$'000
Balance at 30 June 2007	1 281
Total comprehensive result for 2007-08	(823)
Balance at 30 June 2008	458
Total comprehensive result for 2008-09	692
Balance at 30 June 2009	1 150

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

Statement of Cash Flows for the year ended 30 June 2009

		2009	2008
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$'000	\$'000
CASH OUTFLOWS:			
Staff payments		(1 178)	(2 132)
Supplies and services		(1 120)	(8 786)
GST paid to ATO		(39)	(16)
Cash used in operations		(2 337)	(10 934)
CASH INFLOWS:			
Receipts from government		1 997	4 036
Receipts from patrons, sponsors, donors and others		590	5 450
Receipts from Commonwealth		292	110
Interest received		67	184
GST recovered from ATO		100	72
Cash generated from operations		3 046	9 852
Net cash provided by (used in) operating activities		709	(1 082)
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of plant and equipment		(49)	-
Cash used in investing activities		(49)	-
Net cash used in investing activities		(49)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS HELD	15	660	(1 082)
CASH AND CASH EQUIVALENTS AT 1 JULY		546	1 628
CASH AND CASH EQUIVALENTS AT 30 JUNE	9	1 206	546

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Functions of the Adelaide Festival Corporation

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

- (a) conduct in Adelaide and other parts of the State the multifaceted arts event that is known as the Adelaide Festival of Arts
- (b) continue and further develop the Adelaide Festival of Arts as an event of international standing and excellence
- (c) conduct or promote other events and activities
- (d) provide advisory, consultative, managerial or support services within areas of the Corporation's expertise
- (e) undertake other activities that promote the arts or public interest in the arts, or that otherwise involve an appropriate use of its resources
- (f) carry out other functions assigned to the Corporation by or under the *Adelaide Festival Corporation Act 1998* or any other Act, or by the Minister.

2. Statement of significant accounting policies

2.1 Basis of accounting

The general purpose financial statements have been prepared in accordance with applicable AASs and TIs and APSs promulgated under the provisions of the PFAA. Except for the amendments to AASB 101 which the Corporation has early adopted, AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Corporation for the reporting period ending 30 June 2009. The Corporation has assessed the impact of the new and amended standards and there will be no impact on the accounting policies of the Corporation.

2.1 **Basis of accounting (continued)**

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

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

2.2 **Foreign exchange**

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

2.3 **Staff benefits**

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

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

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

Salaries and wages

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

Annual leave

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

Sick leave

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

Long service leave

Provision has been made for staff entitlements to long service leave based on a benchmark of 6.5 years service and represents the present value of the estimated future cash flows to be made for those entitlements. This provision has been calculated at nominal amounts based on current salary rates.

Superannuation

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

2.4 **Workers compensation**

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

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

For the period 1 July 2008 to 30 June 2009, the Corporation had not incurred any workers compensation claims. Based on the Corporation's assessment a provision for possible retrospective workers compensation liabilities has been included as at 30 June 2009 (Note 14).

2.5 **Income tax**

The income of the Corporation is exempt from income tax.

2.6 Plant and equipment

Office furniture and equipment is valued at cost.

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

2.7 Leasehold improvements

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

2.8 Deferred rent incentive

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

2.9 Revenue recognition*Operating and performing arts grants*

In accordance with Department of Treasury and Finance APF V, all grants are recognised as revenue when received.

Sponsorship, sundry income and interest

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

Donations

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

2.10 Economic dependency

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

2.11 Comparative figures

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

3.	Staff expenses	Note	2009	2008
			\$'000	\$'000
	Salaries and wages		997	1 737
	Long service leave		44	7
	Annual leave		(10)	29
	Staff on-costs - superannuation		93	167
	Staff on-costs - other		41	137
	Board fees	21	58	47
			1 223	2 124
4. Administration and marketing expenses				
	Marketing		96	1 354
	Property lease	18	119	112
	Development		9	353
	Insurance		4	95
	Communications		33	36
	Depreciation/amortisation	11	75	90
	Operating leases		26	45
	Artistic directorate		201	120
	Other expenses		116	293
			679	2 498
5. Programmed events				
	Festival of Ideas 2009		108	-
	Writers' Week 2010		6	-
	Festival of Arts 2010		99	-
	Festival of Arts 2008		-	5 914
	Writers' Week 2008		-	434
	Festival of Ideas 2007		-	148
			213	6 496
6. Supplies and services				
	Supplies and services provided by entities within the SA Government:			
	Insurance		4	5
	Audit		24	24
	Total supplies and services - SA Government entities		28	29

6. Supplies and services (continued)	2009	2008
Supplies and services provided by entities external to the SA Government:	\$'000	\$'000
Administration and marketing	651	2 469
Programmed events	213	6 496
Total supplies and services - non-SA Government entities	864	8 965
Total supplies and services	892	8 994
7. Grants from government		
Grants from SA Government	1 997	4 036
Commonwealth grants	103	110
Grants from overseas governments	-	94
Grants from non-SA Government	103	204
8. Other income		
Sponsorship - contra	-	599
Sundry	24	119
Book and merchandise sales	10	630
Friends membership	28	73
Donations	49	29
	111	1 450
9. Reconciliation of cash		
For the purpose of the Statement of Cash Flows, cash includes cash on hand, at bank and on deposit.		
Cash on hand	3	4
Cash at bank	333	233
SAFA deposit	870	309
	1 206	546

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

All deposited funds attract interest. Rates are determined by the bank and SAFA. The interest rate as at 30 June 2009 was 1 percent at Adelaide Bank; 1 percent at Bank SA and 3.14 percent at SAFA. Interest is paid monthly.

10. Receivables	2009	2008
	\$'000	\$'000
Trade debtors	437	32
Prepayments and accrued revenue	78	314
	515	346

Standard credit terms are 30 days.

Receivables are recognised at their nominal amounts and are non-interest bearing. Amounts are recognised when services are provided. Collectability of debts is assessed at balance date with any bad debts being written off prior to balance date. All amounts are attributed to non-SA Government entities and are expected to be recovered within 12 months from 30 June 2009.

11. Plant and equipment	2009	2008
	\$'000	\$'000
(a) Office equipment and furniture at cost	256	340
Accumulated depreciation	(217)	(316)
Written down value	39	24
(b) Leasehold improvements	334	316
Accumulated amortisation	(253)	(194)
Written down value	81	122
Total plant and equipment written down value	120	146
(c) Reconciliation of carrying amounts of plant and equipment		
Balance at 1 July	656	639
Additions (plant and equipment)	31	17
Additions (leasehold improvements)	18	-
Disposals (plant and equipment)	(115)	-
Balance at 30 June	590	656

(c) Reconciliation of carrying amounts of plant and equipment (continued)		2009	2008
Accumulated depreciation/amortisation:		\$'000	\$'000
Balance at 1 July		510	420
Amortisation expense (leasehold improvements)		59	53
Depreciation expense (plant and equipment)		16	37
Accumulated depreciation on disposals (plant and equipment)		(115)	-
Balance at 30 June		470	510
Net book value		120	146

12. Payables

Current:

Trade creditors and accruals	391	277
Staff on-costs	10	10
Deferred rent incentive	40	40
	441	327

Non-current:

Staff on-costs	18	12
Deferred rent incentive	13	53
Finance lease	-	8
	31	73

Creditors are generally paid within 30 days.

Creditors are recognised at their nominal amounts and are non-interest bearing. Liabilities are recognised once the goods or services have been received. All current trade creditors are non-SA Government entities and are expected to be paid within 12 months from 30 June 2009.

13. Staff benefits**(a) Staff benefits**

Note

Current:

Accrued salaries and wages		5	-
Annual leave		56	66
		61	66

Non-current:

Long service leave		118	74
		118	74

(b) Staff benefits and related on-cost liabilities

Accrued salaries:

On-costs included in payables - current	12	1	-
Provision for staff benefits - current	13(a)	5	-
		6	-

Annual leave:

On-costs included in payables - current	12	9	10
Provision for staff benefits - current	13(a)	56	66
		65	76

Long service leave:

On-costs included in payables - non-current	12	18	12
Provision for staff benefits - non-current	13(a)	118	74
		136	86

Aggregate staff benefits and related on-cost liabilities

	207	162
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14. Provisions

Current:

Provision for workers compensation	40	40
Total provisions	40	40

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

Net result	692	(823)
Items not involving cash:		
Depreciation/amortisation	75	90
Deferred rent incentive	40	40
Changes in assets and liabilities:		
Increase in receivables	(169)	(296)
Increase (Decrease) in payables	32	(124)
Increase (Decrease) in provision for staff benefits	39	(9)
Increase in workers compensation provision	-	40
Net cash provided by (used in) operating activities	709	(1 082)

16. Remuneration to auditors

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

The auditors provided no other services.

17. Consultancies

During the year, the Board engaged consultants to assist in its operation. The costs of these consultancies was \$2000 (\$8000).

	2009 Number	2008 Number
The number of consultancies which fell within the following bands were:		
\$nil - \$9 999	2	1
18. Unrecognised contractual commitments	2009	2008
Operating leases	\$'000	\$'000
Commitments under non-cancellable operating leases at the reporting date are payable as follows:		
Not later than one year	16	28
Later than one year and not later than five years	4	20
	20	48

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

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

The current property lease commenced 1 November 2004 for a six year period. The gross rental payable is \$159 000 plus indexation of 4 percent per annum. Property lease commitments have been excluded from the above figures.

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

Finance lease

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

	2009 \$'000	2008 \$'000
Not later than one year	7	9
Later than one year and not later than five years	-	8
	7	17

The finance lease is not subject to interest or finance charges and the carrying value of the office equipment is \$13 000.

19. Contingent assets and liabilities

As at 30 June 2009 there was a contingent liability of less than \$50 000 arising from an ATO FBT investigation.

20. Remuneration of staff

The number of staff whose total remuneration fell within the following bands:

	2009 Number	2008 Number
\$100 000 - \$109 999	2	-
\$130 000 - \$139 999	-	1
\$140 000 - \$149 999	1	1
\$180 000 - \$189 999	1	1

The aggregate remuneration referred to in the above table for staff who received remuneration of \$100 000 or more during the year is \$548 000 (\$468 000).

21. Remuneration of Board members

Remuneration of the Board members fell between the following bands:

	2009 Number	2008 Number
\$nil	2	1
\$1 - \$9 999	1	6
\$10 000 - \$19 999	4	1

The aggregate remuneration referred to in the above table for Board members is \$63 000 (\$52 000).

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

As at 30 June 2009 one member of the Board, who is a government employee, received no sitting fees from the Corporation.

21. Remuneration of Board members (continued)

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

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

Mr R Ryan AO

Mr Brett Rowse (ceased March 2009)

Mr Graham Walters AM (appointed October 2008)

Ms Tammie Pribanic (appointed May 2009)

Ms Amanda Blair

Ms Carol Treloar (appointed July 2008)

Mrs Beverly Brown (appointed February 2009)

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

ART GALLERY BOARD

FUNCTIONAL RESPONSIBILITY

Establishment

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

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

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

Assessment of controls

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

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

Scope of audit

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

During 2008-09, specific areas of audit attention included:

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

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Art Gallery Board as at 30 June 2009, 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 Art Gallery Board in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matter regarding the implementation of the revised TIs 2 and 28, as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Art Gallery Board have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Director of the Art Gallery and a satisfactory response was received. The main area for improvement was the need to improve controls over certain revenue functions and to ensure compliance with TIs 2 and 28.

Implementation of the revised TIs 2 and 28

The Board has not established any formal processes to ensure compliance with TIs 2 and 28. Audit has recommended that the Board consult with the Department of the Premier and Cabinet, which provides business services support, with a view to seeking assistance to ensure compliance with TIs 2 and 28.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements

	2009 \$'million	2008 \$'million
EXPENSES		
Staff benefits	4	3
Other expenses	7	7
Total expenses	11	10
INCOME		
State Government grants	6	6
Other income	8	10
Total income	14	16
Net result	3	6
OTHER COMPREHENSIVE INCOME		
Net increment on asset revaluation	-	6
Total comprehensive result	3	12
NET CASH PROVIDED BY OPERATING ACTIVITIES	2	3
ASSETS		
Current assets	3	4
Non-current assets	652	649
Total assets	655	653
LIABILITIES		
Current liabilities	1	1
Non-current liabilities	1	1
Total liabilities	2	2
EQUITY	653	651

Statement of Comprehensive Income

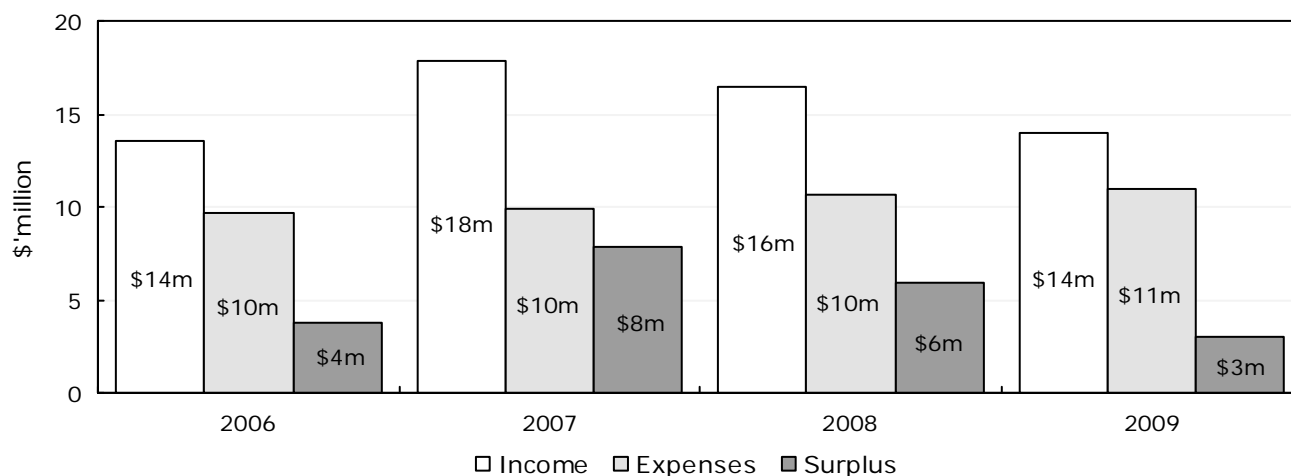
Income

Income for the year totalled \$14 million (\$16.5 million). The decrease is attributable mainly to a reduction of \$1.8 million in donated heritage assets and a reduction in bequests and donations of \$900 000.

Net result

The net result for the year was a surplus of \$2.6 million (\$5.9 million). The decrease of \$1.8 million in donated heritage assets and a reduction of \$900 000 in bequests and donations are the major contributing factors to the reduced level of income and surplus recorded for 2009.

The following chart shows the income, expenses and surpluses for the four years to 2009.



Statement of Financial Position

The total assets of the Board at 30 June 2009 were \$655 million, of which \$616 million (94 percent) relates to the Board's heritage collections.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2009.

	2009 \$'million	2008 \$'million	2007 \$'million	2006 \$'million
Net cash flows				
Operating	2	3	3	3
Investing	(3)	(4)	(2)	(3)
Financing	-	-	-	-
Change in cash	(1)	(1)	1	-
Cash at 30 June	2	3	4	3

The reduction in cash over the last two years is mainly the result of additional expenditure on investing activities, principally through the purchase of heritage collections.

Statement of Comprehensive Income for the year ended 30 June 2009

		2009	2008
	Note	\$'000	\$'000
EXPENSES:			
Staff benefits	4	3 715	3 506
Supplies and services	6	4 342	4 121
Accommodation and facilities	7	2 160	1 957
Depreciation	8	1 202	989
Net loss from disposal of non-current assets	14	2	-
Total expenses		11 421	10 573
INCOME:			
Sale of goods		1 086	949
Fees and charges	9	819	565
Bequests and donations		1 352	2 253
Donations of heritage assets		1 766	3 538
Grants and subsidies	10	657	297
Sponsorships	11	893	589
Resources received free of charge	12	595	628
Interest and investment income	13	493	646
Rent and facilities hire		362	470
Net gain from the disposal of non-current assets	14	-	158
Other	15	191	175
Total income		8 214	10 268
NET COST OF PROVIDING SERVICES		3 207	305
REVENUES FROM SA GOVERNMENT:			
Recurrent operating grant		5 680	5 869
Capital grant		141	328
Total revenues from SA Government		5 821	6 197
NET RESULT		2 614	5 892
OTHER COMPREHENSIVE INCOME:			
Net increment on asset revaluation		-	6 213
TOTAL COMPREHENSIVE RESULT		2 614	12 105

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

Statement of Financial Position as at 30 June 2009

		2009	2008
	Note	\$'000	\$'000
CURRENT ASSETS:			
Cash and cash equivalents	26	2 369	3 634
Receivables	17	368	260
Inventories		733	621
Total current assets		3 470	4 515
NON-CURRENT ASSETS:			
Property, plant and equipment	18	32 725	33 761
Heritage collections	19	615 637	611 246
Investments	20	3 544	3 641
Total non-current assets		651 906	648 648
Total assets		655 376	653 163
CURRENT LIABILITIES:			
Payables	21	658	1 125
Staff benefits	22	408	355
Provisions	23	46	54
Total current liabilities		1 112	1 534
NON-CURRENT LIABILITIES:			
Payables	21	52	47
Staff benefits	22	525	500
Provisions	23	132	141
Total non-current liabilities		709	688
Total liabilities		1 821	2 222
NET ASSETS		653 555	650 941
EQUITY:			
Retained earnings		404 351	401 737
Asset revaluation reserve		249 204	249 204
TOTAL EQUITY		653 555	650 941
Total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	24		
Contingent assets and liabilities	25		

Statement of Changes in Equity for the year ended 30 June 2009

	Asset revaluation reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2007	242 991	395 845	638 836
Net result for 2007-08	-	5 892	5 892
Gain on revaluation of land during 2007-08	1 225	-	1 225
Gain on revaluation of buildings during 2007-08	4 988	-	4 988
Total comprehensive result for 2007-08	6 213	5 892	12 105
Balance at 30 June 2008	249 204	401 737	650 941
Net result for 2008-09	-	2 614	2 614
Total comprehensive result for 2008-09	-	2 614	2 614
Balance at 30 June 2009	249 204	404 351	653 555

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

Statement of Cash Flows for the year ended 30 June 2009

		2009	2008
		Inflows (Outflows)	Inflows (Outflows)
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:	Note		
CASH OUTFLOWS:			
Staff benefits		(3 545)	(3 300)
Supplies and services		(3 329)	(3 002)
Accommodation and facilities		(1 963)	(2 077)
Admission receipts paid to third party		-	(159)
Cash used in operations		(8 837)	(8 538)
CASH INFLOWS:			
Sale of goods		1 075	951
Fees and charges		818	596
Bequests and donations		1 352	2 253
Grants and subsidies		940	357
Interest and investment income		535	717
Rent and facilities hire		304	476
Other receipts		192	193
Cash generated from operations		5 216	5 543
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		5 821	6 197
Cash generated from SA Government		5 821	6 197
Net cash provided by operating activities	26	2 200	3 202
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of investments		(319)	(322)
Purchase of property, plant and equipment		(164)	(418)
Purchase of heritage collections		(3 382)	(3 619)
Cash used in investing activities		(3 865)	(4 359)
CASH INFLOWS:			
Proceeds from sales/maturities of investments		400	702
Cash generated from investing activities		400	702
Net cash used in investing activities		(3 465)	(3 657)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1 265)	(455)
CASH AND CASH EQUIVALENTS AT 1 JULY		3 634	4 089
CASH AND CASH EQUIVALENTS AT 30 JUNE	26	2 369	3 634

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Art Gallery Board

The Art Gallery Board (the Board) is charged with the management of the Art Gallery of South Australia, as prescribed under the *Art Gallery Board Act 1939*.

The Art Gallery of South Australia's objectives are to:

- collect heritage and contemporary works of art of aesthetic and art historical or regional significance
- ensure the preservation and conservation of the Gallery collections
- display the collections and to program temporary exhibitions.

1. Objectives of the Art Gallery Board (continued)

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

2. Summary of significant accounting policies

2.1 Statement of compliance

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

Except for the amendments to AASB 101 (September 2007 version) including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), which the Board has early-adopted, AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Board for the reporting period ended 30 June 2009. These are outlined in Note 3.

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Board's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable Notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following Note disclosures, which have been included in the financial statements:
 - (a) Revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date and greater than \$100 000 are separately identified and classified according to their nature.
 - (b) Expenses incurred as a result of engaging consultants.
 - (c) Staff TVSP information.
 - (d) Staff whose normal remuneration is \$100 000 or more (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those staff.
 - (e) Board/Committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2009 and the comparative information presented for the year ended 30 June 2008.

2.3 Sources of funds

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

2.4 Income and expenses

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

2.4 Income and expenses (continued)

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

Resources received free of charge

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

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

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

2.5 Current and non-current classification

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

2.6 Cash and cash equivalents

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

Cash is measured at nominal value.

2.7 Receivables

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

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

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

2.8 Inventories

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

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

2.9 Investments

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

2.10 Non-current asset acquisition and recognition

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

All non-current assets with a value of \$5000 or greater are capitalised.

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

2.11 Valuation of non-current assets

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

Land and buildings are revalued every three years, and heritage collections are revalued every five years. Previously, heritage collections were revalued every three years, but in 2008-09 the Board's Asset Management Policy was revised, and the revaluation period for heritage collections was changed from three to five years. However, if at any time management considers the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

2.11 Valuation of non-current assets (continued)

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

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

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

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

Land and buildings

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

Plant and equipment

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

Heritage collections

Heritage collections were last revalued as at 30 June 2006. The heritage collections are large and diverse. They include many items that are complex to value given considerations of market value and their uniqueness. The Board adopted the following methodology for valuing heritage assets held as at 30 June 2006.

Works of art were valued by the appropriate internal curator and external valuers either by valuing all items or establishing an average value through representative sampling and in the event of variations between the values the following policy was adopted. Where there was disagreement between the internal and external valuation, the higher valuation was recorded as the correct valuation unless the difference in the valuation was substantial and greater than 50 percent in which case the average of the two valuations was recorded as the correct valuation.

Where there was minor disagreement between the internal and external valuation, the higher valuation was recorded if provided by the external valuer. When the external valuation was lower than the internal, and when the difference in the two valuations was substantial and greater than 50 percent, the average of the two valuations was recorded as the correct valuation.

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

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

All collection items with a value greater than \$350 000 were valued individually. The Research Library collections were valued by sampling the collections and providing a market valuation of the entire stock based on the sample. The values were determined by searching catalogues in second-hand and antiquarian bookshops. Where a value was not available, an estimate was provided by the Librarian, Ms Jin Whittington.

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

2.12 Impairment of assets

All non-current assets are tested for 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 reserve.

2.13 Depreciation of non-current assets

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

2.13 Depreciation of non-current assets (continued)

The expected useful lives are as follows:

<i>Class of asset</i>	<i>Useful life (years)</i>
Buildings and improvements	20-100
Plant and equipment	3-20

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

2.14 Payables

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

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

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

2.15 Staff benefits

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

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

Salaries, wages and annual leave

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

Long service leave

A liability for long service leave is recognised after a staff member has completed 6.5 years of service. An actuarial assessment of long service leave, undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector, determined that the liability measured using the short-hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Board's experience of staff retention and leave taken.

On-costs

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

Superannuation

Contributions are made by the Board to several superannuation schemes operated by the State Government and private sector. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the superannuation schemes. The Department of Treasury and Finance centrally recognises the superannuation liability, for the schemes operated by the State Government, in the whole-of-government financial statements.

2.16 Workers compensation provision

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

2.17 Leases

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

2.18 Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where adjusted to reflect the early-adoption of AASB 101 and specific revised accounting standards and APSs.

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required eg preparation of a single Statement of Comprehensive Income.

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

2.19 Taxation

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

Income, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred by the Board as a purchaser is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

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

2.20 State Government funding

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

2.21 Rounding

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

2.22 Insurance

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

2.23 Unrecognised contractual commitments and contingent assets and liabilities

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

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

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

3. New and revised accounting standards

Details of the impact, where significant, on the Board's financial statements from new and amended AASs that are applicable for the first time in 2008-09 are detailed below.

The Board has early-adopted the September 2007 version of AASB 101 including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101) - this includes the preparation of a single Statement of Comprehensive Income.

Issued or amended but not yet effective

Except for the amendments to AASB 101, which the Board has early-adopted, the AASs and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Board for the period ending 30 June 2009. The Board has assessed the impact of the new and amended standards and Interpretations and considers there will be no impact on the accounting policies or the financial statements of the Board.

4. Staff benefits

	2009 \$'000	2008 \$'000
Salaries and wages	2 934	2 728
Superannuation	334	297
Payroll tax	170	167
Annual leave	29	22
Long service leave	100	137
Board fees	99	73
Other staff related expenses	49	82
Total staff benefits	3 715	3 506

Remuneration of staff

The number of staff whose remuneration received or receivable falls within the following bands:

	2009 Number	2008 Number
\$100 000 - \$109 999	-	1
\$110 000 - \$119 999	1	-
\$170 000 - \$179 999	-	1
\$190 000 - \$199 999	1	-
Total number of staff	2	2

The table includes all staff who received remuneration of \$100 000 or more during the year. Remuneration of staff reflects all costs including salaries and wages, superannuation contributions, FBT and other salary sacrifice benefits. The total remuneration received by these staff members for the year was \$304 000 (\$283 000).

TVSPs

There were no TVSPs paid in 2008-09 or 2007-08.

5. Remuneration of Board members

Members that were entitled to receive remuneration for membership during 2007-08 financial year were:

Mr M Abbott, QC	Ms C S Tweddell
Mr P Ward	Mr A W Gwinnett
Mr P Speakman	Ms F Gerard
Ms T Whiting	Ms A Edwards
Ms S Sdraulig (appointed 3 July 2008)	

The number of Board members whose remuneration received or receivable falls within the following bands:

	2009 Number	2008 Number
\$0 - \$9 999	2	8
\$10 000 - \$19 999	6	1
\$20 000 - \$29 999	1	-
Total number of Board members	9	9

Remuneration of Board members reflects all costs of performing Board member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received by these Board members for the year was \$108 000 (\$80 000).

Amounts paid to a superannuation plan for Board members were \$9000 (\$7000).

Unless otherwise disclosed, transactions between Board 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.

6. Supplies and services

Supplies and services provided by entities external to the SA Government:

	2009 \$'000	2008 \$'000
Administration expenses	499	466
Preservation activities	98	101
Conservation work	41	36
Consultants' fees	1	28
Contractors' fees	11	25
Cost of goods sold	561	433
Entertainment	32	34
Information technology	91	63
Maintenance	9	13
Marketing and promotion	1 082	855
Minor equipment purchases and leasing	61	143
Valuation expenses	43	48
Fees - exhibitions and publications	28	119
Tours	7	31
Projects	8	17
Travel and accommodation	128	122
Other	238	167
Total supplies and services - non-SA Government entities	2 938	2 701

Supplies and services provided by entities within the SA Government:

Administration expenses	63	69
Business services charge	163	213
Conservation work	519	480
EDS charges	11	14
Insurance and risk management	488	444
Information technology	8	15
Maintenance	57	95
Marketing and promotion	16	45
Motor vehicle expenses	19	18
Other	60	27
Total supplies and services - SA Government entities	1 404	1 420
Total supplies and services	4 342	4 121

Payments to consultants

The number and dollar amount of consultancies paid/payable that fell within the following bands:

	2009 Number	\$'000	2008 Number	\$'000
Less than \$10 000	1	1	-	-
Between \$10 000 and \$50 000	-	-	1	28
Total paid/payable to the consultants engaged	1	1	1	28

7.	Accommodation and facilities	2009	2008
	Accommodation and facilities provided by entities external to the SA Government:	\$'000	\$'000
	Accommodation	496	409
	Facilities	148	150
	Security	1 074	893
	Total accommodation and facilities - non-SA Government entities	1 718	1 452
	Accommodation and facilities provided by entities within the SA Government:		
	Accommodation	63	79
	Facilities	371	417
	Security	8	9
	Total accommodation and facilities - SA Government entities	442	505
	Total accommodation and facilities	2 160	1 957
8.	Depreciation		
	Buildings and improvements	1 131	930
	Plant and equipment	71	59
	Total depreciation	1 202	989
9.	Fees and charges		
	Fees and charges received/receivable from entities external to the SA Government:		
	Fees for services	295	291
	Admissions to temporary exhibitions	524	274
	Total fees and charges	819	565
10.	Grants and subsidies		
	Grants and subsidies received/receivable from entities external to SA Government:		
	Commonwealth government	339	197
	External grants	303	7
	Total grants and subsidies - non-SA Government entities	642	204
	Grants and subsidies received/receivable from entities within the SA Government:		
	State government	15	93
	Total grants and subsidies - SA Government entities	15	93
	Total grants and subsidies	657	297
11.	Sponsorships		
	Sponsorship received/receivable from entities external to the SA Government:		
	Cash sponsorships	350	48
	In-kind sponsorships	543	541
	Total sponsorships	893	589
12.	Resources received free of charge		
	Resources received free of charge from entities within the SA Government:		
	Conservation services	432	415
	Business services	163	213
	Total resources received free of charge	595	628
13.	Interest and investment income		
	Interest from entities within the SA Government	27	142
	Interest and investment income from entities external to the SA Government	466	504
	Total interest and investment income	493	646
14.	Net (loss) gain from the disposal of non-current assets		
	Plant and equipment:		
	Proceeds from disposal	-	-
	Net book value of assets disposed	-	3
	Net (loss) from disposal of plant and equipment	-	(3)
	Investments:		
	Proceeds from the sale of investments	400	180
	Net book value of investments	(402)	19
	Net (loss) gain on sale of investments	(2)	161
	Total Assets:		
	Total proceeds from disposal	400	180
	Total net book value of assets	(402)	22
	Total net (loss) gain from the disposal of non-current assets	(2)	158

15. Other income	2009	2008
Other income received/receivable from entities external to the SA Government:	\$'000	\$'000
Fundraising	77	49
Other receipts	109	125
Total other income - non-SA Government entities	186	174
Other income received/receivable from entities within the SA Government:		
Other receipts	5	1
Total other income - SA Government entities	5	1
Total other income	191	175
16. Auditor's remuneration		
Audit fees paid/payable to the Auditor-General's Department	26	24
Total audit fees - SA Government entities	26	24

Other Services

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

17. Receivables		
Current:		
Prepayments	15	-
Receivables	209	77
Accrued income	144	183
Total receivables	368	260
Receivables from non-SA Government entities:		
Prepayments	15	-
Receivables	196	76
Accrued income	142	179
Total receivables - non-SA Government entities	353	255
Receivables from SA Government entities:		
Receivables	13	1
Accrued income	2	4
Total receivables - SA Government entities	15	5
Total receivables	368	260

Interest rate and credit risk

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

- (a) Maturity analysis of receivables - refer to Note 27.3.
(b) Categorisation of financial instruments and risk exposure information - refer to Note 27.

18. Property, plant and equipment	2009	2008
Land, buildings and improvements:	\$'000	\$'000
Land at valuation	4 850	4 850
Buildings and improvements at valuation	48 193	48 144
Accumulated depreciation	(20 840)	(19 709)
Total land, buildings and improvements	32 203	33 285
Work in progress:		
Work in progress at cost	335	243
Total work in progress	335	243
Plant and equipment:		
Plant and equipment at cost (deemed fair value)	638	619
Accumulated depreciation	(451)	(386)
Total plant and equipment	187	233
Total property, plant and equipment	32 725	33 761

Valuation of non-current assets

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

Reconciliation of property, plant and equipment

	Land \$'000	Buildings and improvements \$'000	Work in progress \$'000	Plant and equipment \$'000	2009 Total \$'000
Carrying amount at 1 July	4 850	28 435	243	233	33 761
Additions	-	49	92	25	166
Depreciation expense	-	(1 131)	-	(71)	(1 202)
Carrying amount at 30 June	4 850	27 353	335	187	32 725

19. Heritage collections

	2009			2008		
	At valuation \$'000	At cost \$'000	Total \$'000	At valuation \$'000	At cost \$'000	Total \$'000
Australian paintings and sculptures	178 175	6 596	184 771	178 175	4 927	183 102
Australian and European decorative arts	41 894	3 120	45 014	41 894	2 164	44 058
Asian art	14 730	5 033	19 763	14 730	4 239	18 969
European paintings and sculptures	300 000	3 372	303 372	300 000	2 744	302 744
Prints, drawings and photographs	53 500	1 244	54 744	53 500	927	54 427
Numismatics	5 872	-	5 872	5 872	-	5 872
Philatelic material	435	-	435	435	-	435
Library	1 584	82	1 666	1 584	55	1 639
Total heritage collections	596 190	19 447	615 637	596 190	15 056	611 246

Reconciliation of carrying amounts of heritage collections

	Balance 01.07.08 \$'000	Additions \$'000	Balance 30.06.09 \$'000
Australian paintings and sculptures	183 102	1 668	184 770
Australian and European decorative arts	44 058	956	45 014
Asian art	18 969	794	19 763
European paintings and sculptures	302 744	628	303 372
Prints, drawings and photographs	54 427	317	54 744
Numismatics	5 872	-	5 872
Philatelic material	435	-	435
Library	1 639	28	1 667
Total carrying amounts	611 246	4 391	615 637

	Balance 01.07.07 \$'000	Additions \$'000	Balance 30.06.08 \$'000
Australian paintings and sculptures	181 998	1 104	183 102
Australian and European decorative arts	43 652	406	44 058
Asian art	15 807	3 162	18 969
European paintings and sculptures	300 325	2 419	302 744
Prints, drawings and photographs	53 738	689	54 427
Numismatics	5 872	-	5 872
Philatelic material	435	-	435
Library	1 608	31	1 639
Total carrying amounts	603 435	7 811	611 246

20. Investments

	2009 \$'000	2008 \$'000
Investments with entities other than SAFA:		
Non-current:		
Shares, convertible notes and other investments in companies	3 544	3 641
Total non-current investments	3 544	3 641
Total investments	3 544	3 641

The market value of investments as at 30 June 2009 is \$3.6 million (\$4.3 million).

21. Payables

Current:		
Creditors and accruals	598	1 073
Staff on-costs	60	52
Total current payables	658	1 125
Non-current:		
Staff on-costs	52	47
Total non-current payables	52	47
Total payables	710	1 172

21. Payables (continued)	2009	2008
Payables to non-SA Government entities:	\$'000	\$'000
Creditors and accruals	591	1 065
Total payables - non-SA Government entities	591	1 065
Payables to SA Government entities:		
Creditors and accruals	7	8
Staff on-costs	112	99
Total payables - SA Government entities	119	107
Total payables	710	1 172

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave has changed from the 2008 rate 35 percent to 45 percent and the average factor for the calculation of employer superannuation on-cost has changed from the 2008 rate 11 percent to 10.5 percent. These rates are used in the staff on-cost calculation.

Interest rate and credit risk

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

- (a) Maturity analysis of payables- refer to Note 27.3.
 (b) Categorisation of financial instruments and risk exposure information- refer to Note 27.

22. Staff benefits	2009	2008
Current:	\$'000	\$'000
Annual leave	226	198
Long service leave	104	93
Accrued salaries and wages	78	64
Total current staff benefits	408	355
Non-current:		
Long service leave	525	500
Total non-current staff benefits	525	500
Total staff benefits	933	855

The total current and non-current staff expenses (ie aggregate staff benefit plus related on-costs) for 2008-09 are \$468 000 and \$577 000 respectively.

Based on an actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of the long service leave liability has not changed from the 2008 benchmark (6.5 years).

In addition, the actuarial assessment performed by the Department of Treasury and Finance also revised the salary inflation rate down by 0.5 percent from the 2008 rate of 4.5 percent.

23. Provisions	2009	2008
Current:	\$'000	\$'000
Provision for workers compensation	46	54
Total current provisions	46	54
Non-current:		
Provision for workers compensation	132	141
Total non-current provisions	132	141
Total provisions	178	195
Carrying amount 1 July	195	170
(Decrease) Increase in provision recognised	(17)	25
Carrying amount at 30 June	178	195

24. Unrecognised contractual commitments		
Operating lease commitments		
Commitments under non-cancellable operating leases at the reporting date not recognised as liabilities in the financial statements, are payable as follows:		
Not later than one year	30	25
Later than one year and not later than five years	18	24
Total operating lease commitments	48	49

Operating lease commitments (continued)

The operating lease commitments comprise:

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

Capital commitments

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

	2009 \$'000	2008 \$'000
Not later than one year	-	93
Later than one year and not later than five years	-	-
Total capital commitments	-	93

Remuneration commitments

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

	2009 \$'000	2008 \$'000
Not later than one year	113	180
Later than one year and not later than five years	-	109
Total remuneration commitments	113	289

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

Other commitments

The Board's other commitments are for contracts for security and cleaning.

	2009 \$'000	2008 \$'000
Not later than one year	1 085	1 141
Later than one year and not later than five years	361	396
Total other commitments	1 446	1 537

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

25. Contingent assets and liabilities

There are no known contingent assets and liabilities as at 30 June 2009.

26. Cash flow reconciliation

Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, and short-term deposits held with Bank SA. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the items in the Statement of Financial Position as follows:

	2009 \$'000	2008 \$'000
Deposits with Treasurer	920	1 225
Deposits with Bank SA	1 440	2 400
Cash on hand	9	9
Total cash and cash equivalents	2 369	3 634

Interest rate risk

Cash and cash equivalents are recorded at nominal value. Interest is calculated based on the average daily balances of the interest bearing funds. The interest bearing funds of the Board are held in a Section 21 Interest Bearing Deposit Account titled the 'Art Gallery Board' and the Bank SA account. Deposits with the Treasurer are bearing a floating interest rate between 7.1 percent and 2.99 percent. The interest rate for funds held at Bank SA is 4.31 percent as at 30 June 2009.

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

	2009 \$'000	2008 \$'000
Net cash provided by operating activities	2 200	3 202
Less: Revenues from SA Government	(5 821)	(6 197)
Add (Less): Non-cash items:		
Depreciation of property, plant and equipment	(1 202)	(989)
Donations of heritage collections	1 766	3 538
(Loss) Gain on disposal of investments	(2)	161
Donation of inventories	(30)	-
Gain (Loss) on disposal of plant and equipment	-	(3)

Reconciliation of net cash provided by operating activities to net cost of providing services (continued)	2009 \$'000	2008 \$'000
Changes in assets and liabilities:		
Increase (Decrease) in receivables	93	(557)
Increase (Decrease) in inventories	142	(1)
Increase in investments	-	214
(Increase) Decrease in payables	(292)	443
Increase in staff benefits	(78)	(91)
Decrease (Increase) in provisions	17	(25)
Net cost of providing services	(3 207)	(305)

27. Financial instruments/financial risk management

27.1 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.

		2009		2008	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets	Note				
Cash and cash equivalents:					
Cash and cash equivalents	26	2 369	2 369	3 634	3 634
Loans and receivables:					
Receivables ⁽¹⁾	17	368	368	260	260
Available for sale financial assets:					
Investments	20	3 544	3 637	3 641	4 290
Financial liabilities					
Financial liabilities - at cost:					
Payables ⁽¹⁾	21	710	710	1 172	1 172

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

Credit risk

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

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

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

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

27.2 Ageing analysis of financial assets

	Past due by			
	Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	Total \$'000
2009				
Not impaired:				
Receivables	268	43	57	368
2008				
Not impaired:				
Receivables	243	10	7	260

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

27.3 Maturity analysis of financial assets and liabilities

	Contractual maturities			
	Carrying amount \$'000	Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2009				
Financial assets:				
Cash and cash equivalents	2 369	2 369	-	-
Receivables	368	368	-	-
Investments	3 544	-	-	3 544
Total financial assets	6 281	2 737	-	3 544
Financial liabilities:				
Payables	710	658	52	-
Total financial liabilities	710	658	52	-
2008				
Financial assets:				
Cash and cash equivalents	3 634	3 634	-	-
Receivables	260	260	-	-
Investments	3 641	-	-	3 641
Total financial assets	7 535	3 894	-	3 641
Financial liabilities:				
Payables	1 172	1 125	47	-
Total financial liabilities	1 172	1 125	47	-

28. Events after balance date

There were no events occurring after balance date.

ATTORNEY-GENERAL'S DEPARTMENT

FUNCTIONAL RESPONSIBILITY

Establishment

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

Functions

The functions of the Department are to:

- provide professional, legal and associated services to Ministers of the Crown and government agencies
- service the people of South Australia by upholding their legal and property rights and maintaining community and business standards
- provide strategic policy advice to the agencies comprising the Justice portfolio.

For more information about the Department's objectives refer to Note 1 of the financial statements.

Transferred functions

From 1 October 2008, the Office for Racing and the Office for Recreation and Sport (ORS) transferred from the Department of the Premier and Cabinet (DPC) to the Department. In addition, the functions of The Honourable Michael Wright, MP were also transferred to the Department during 2008-09.

Also, as part of the Government's shared services initiative, the accounts payable, accounts receivable and payroll services transitioned from the Department to Shared Services SA (SSSA) during 2008-09.

Refer Note 30 for details.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

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

Assessment of controls

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

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

Scope of audit

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

During 2008-09, specific areas of audit attention included:

- administrative restructures, especially the Office for Recreation and Sport
- cash
- payroll
- expenditure, including grants and subsidies
- non-current assets
- revaluation of fixed assets
- revenue

- taxation receipts and payments
- financial accounting
- risk management
- debtor management
- Crown Solicitor's Trust Account.

Internal audit activities have been reviewed to assess the risks of material misstatement of the financial statements and to design and perform audit procedures. Use has been made of the work performed by internal audit, including:

- the overall assessment of compliance with aspects of TIs 2 and 28
- forming a conclusion over the general control environment of the Department.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Attorney-General's Department as at 30 June 2009, 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 Attorney-General's Department in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to Office for Recreation and Sport, Crown Solicitor's Office and implementation of the revised TIs 2 and 28, as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Attorney-General's Department have been conducted properly and in accordance with law.

Communication of audit matters

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

Office for Recreation and Sport

Grant acquittals

During the 2007-08 audit of ORS, overdue acquittals totalled \$7.2 million. At 30 June 2008 the amount had decreased to \$1.6 million.

In 2008-09 Audit noted that outstanding acquittals had again increased to \$3 million and that almost 75 percent of outstanding acquittals were over 90 days. Audit acknowledged that ORS had undertaken significant work to reduce outstanding acquittals. Audit also noted that outstanding acquittals may relate to a five month acquittal cycle for grants.

Audit recommended ORS continue to follow up outstanding acquittals and ensure they were processed in a timely manner to ensure grant funding was used for its intended purpose.

Authorisations

Audit observed that although purchase requisitions were appropriately approved for tested transactions, a number of invoices were not approved before payments and disbursements were made as is required by TI 8.

Service level determinations

The audit of ORS fixed assets identified there is a shared responsibility between SSSA and ORS for performing core business activities but no service level determination (SLD) was in place for this arrangement. Audit recommended an SLD be created between SSSA and the Department to ensure all parties are aware of their responsibilities.

In response, the Chief Executive advised that:

- follow-up of acquittals is maintained to ensure grant funding is being used for its intended purpose

- further grant funding is not given to grantees that have outstanding acquittals in line with the Acquittal Policy
- when acquittal documentation is received it is processed on a timely basis
- payment of invoices will be authorised
- an SLD with SSSA will be prepared.

Crown Solicitor's Office

LawMaster

TI 2.8 requires the Chief Executive to ensure reconciliations between the general and relevant subsidiary ledgers are performed on a regular and timely basis and that all receipts are promptly recognised.

During 2008-09, Audit identified that the LawMaster subsidiary accounts receivable and Accpac reconciliations were not performed on a regular basis. Additionally, since September 2008, there was a material variance in the reconciliation due to invoices recorded in LawMaster but not in Accpac.

In November 2008, the variance was \$1 million. At 30 June 2009, a reconciliation was performed that identified variances of approximately \$1.5 million. The Department indicated this is due to the timing of the receipt of batches from SSSA.

Audit recommended the LawMaster and Accpac reconciliation be prepared and reviewed on a timely basis and dated and certified to evidence this function. This includes follow-up of receipt batch variances with SSSA.

Debtrack

In 2008, the Crown Solicitor's Office (CSO) implemented the Debtrack system to manage criminal injury compensation debts. At 30 June 2009, debt totalled \$101.9 million (\$93.7 million) which included \$62.1 million in outstanding debt and \$39.8 million in debt notionally written off. Due to accounting recognition criteria not being met, these debts are not recognised in the Administered Financial Statements of the Department.

In 2007-08, I made recommendations to the Department on a number of matters, including the systems used by the CSO Debt Recovery Section to undertake statistics, analysis and debt management. Review of these matters and the Debtrack system during 2008-09 revealed that a \$3.6 million variance exists between the previous Criminal Injury Compensation system (CICS) and the new Debtrack system. This observation was based on the latest completed reconciliation at 1 July 2008.

Discussions with management revealed that debtor balances contained in the Accpac debtor system were used for opening balances in Debtrack. It is understood that additional work will be required to review and action the variances and that a timeframe has not been set for completion of this task.

The audit also identified that reconciliations between Debtrack and the general ledger were not performed during 2008-09.

Audit recommended that a timeframe to investigate variances between systems be determined and action promptly taken to ensure the accuracy, completeness and validity of debt recorded in Debtrack. Once addressed, regular reconciliations between Debtrack and the general ledger should be performed.

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

- the October 2008 LawMaster reconciliation was not undertaken at the time due to the transition to SSSA
- all LawMaster reconciliations are now up to date
- CSO has implemented procedures to follow up on issues relating to variances
- the verification of debt balances in Debtrack is currently being undertaken. However, this is an extremely resource intensive task that will take some time to complete
- the CSO will allocate resources to this task and determine a timeframe as suggested. Debtrack reconciliations will also be completed and brought up to date during 2010.

Residential Tenancies Fund

Issuing of expiation notices

The 2007-08 audit identified no documented policies and or procedures that specified the basis on which suspected late bond lodgements should be referred to the compliance officer for investigation.

Review in 2008-09 revealed that a policy/procedure was documented. Audit was advised the policy/procedure was approved by the previous Manager of Tenancies Branch however the approved copy could not be located at the time of the audit.

Audit also observed that the policy/procedure did not reflect the change in process to electronic follow-up of late bond lodgements that commenced in May 2009. Audit recommended the policy/procedure be updated and approved by the Commissioner.

Bond lodgement and refund audits

Office of Consumer and Business Affairs procedures require audits to be performed for bond lodgements and refunds but does not specify the frequency of audits.

The review revealed that audits were performed on an ad hoc basis and were last performed in September 2006 for bond refunds and January 2009 for bond lodgements.

Audit recommended the frequency of bond lodgement and refund audits be determined based on risk of error and incorporated into policy and procedure.

Bank reconciliations

Audit noticed that during 2008-09 bank reconciliations were prepared on a timely basis but some were not independently checked as is required by TI 6.18.

In response to the issues raised, Audit was advised that:

- relevant policies and procedures will be updated; Audit will be provided with a copy
- the frequency of bond lodgement and refund audits will be determined and documented
- bank reconciliations will be regularly prepared, independently checked and signed.

Implementation of the revised TIs 2 and 28

Review of the Department's progress in this area revealed that a financial management compliance program (FMCP) framework and supporting compliance program documentation was developed and approved, including allocation of responsibilities to officers. The FMCP framework requires higher risk business units to complete compliance programs every six months whilst other business units perform this once per year.

During 2008-09, Justice Internal Audit (JIA) conducted a formal review of the Department's progress with aspects of TIs 2 and 28. The findings and recommendations by JIA in its Internal Audit Report for TIs 2 and 28 are supported by external audit testing and observations.

The following comments summarise JIA findings and recommendations together with Audit observations and recommendations.

Risk management and fraud policies

TI 2 requires Chief Executives to establish and maintain effective Risk Management and Fraud Policies and to review them on an annual basis.

The Department is revising its Risk Management Policy and Framework and has developed a draft fraud policy. An external review concluded that current risk management processes were generally consistent with AS/NZS 4360 and government policy and provided a sound basis for moving forward. The Fraud and Corruption Policy was withdrawn until this review was completed. It is important that the Department finalise its draft Risk Management Policy and Framework together with the draft Fraud Policy.

The Department advised that revised frameworks and associated policies will be completed, approved and communicated to staff during 2009-10.

Policies and procedures

TI 2.5 requires Chief Executives to ensure policies and procedures are reviewed at least annually and revised where necessary. The Department's financial policies were updated and subsequently approved. The new financial policies were communicated to the heads of all Business Units on 29 May 2009.

In line with TI 28.6.1 the Department's FMCP is expected to identify other policies, procedures and system documentation that need updating. This is expected to include divisional and business unit specific documentation.

Testing by my officers revealed the following:

- Documented financial policies and procedures used by business units (not just Business and Financial Services) should be aligned with the new and revised financial policies.
- Policy 1 'Financial Management Policy' should be revised to consider all mandatory elements of TI 2 (ie authorisations to approve income recognition and accounts payable derecognition – these are also not covered at the business unit level).
- Revised financial policies need to be communicated to all staff within business units.
- A review schedule of policies and procedures should be developed and maintained to ensure annual reviews are completed and policies and procedures at all levels should record the last date of review.

Audit correspondence to the Chief Executive during 2008-09 identified a number of business units and areas where policies and procedures needed reviewing in accordance with TI 2, including:

- Office of Consumer and Business Affairs
- Office of Liquor and Gambling Commissioner
- Office for Recreation and Sport
- Human Resources
- Crown Solicitor's Office.

The Department provided a detailed and satisfactory response outlining proposed actions to address each of the specific policy and procedure issues identified by Audit.

Justice Internal Audit recommendations

The following JIA recommendations were supported by Audit's observations during the 2008-09 audit:

- Establish a register of lost or stolen public money or public property for use across the Department.
- Maintain evidence files to support self-assessment activities.
- Self-assessment of controls where SSSA are custodian.
- Executive sign-off on completed compliance programs.
- FMCP and checklist design improvements.

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

- a formal register will be established for lost or stolen public money or public property
- evidence files will be maintained and checked as part of future internal audits
- the content of SSSA internal control letters will complement existing completed compliance programs rather than be included in the programs themselves
- the Audit and Risk Management Committee will review the contents of both compliance programs and the SSSA internal control letters when forming a conclusion on the Department's overall control environment
- checklist design improvements have now been included in compliance programs.

Shared Services*Policies and procedures*

The Department's strategic financial policies were updated and approved by the Chief Executive during 2008-09. Audit review of policies and procedures used by SSSA staff revealed they had not been reviewed against revised policies and procedures.

In addition, review of existing payroll, accounts payable and accounts receivable policies and procedures used by SSSA revealed instances where they were not revised in accordance with the new TI 2 requirement of annual review.

Service level determinations

As discussed under the audit findings on the Office for Recreation and Sport, Audit found that there was no SLD in place to identify shared responsibilities.

In response to the issues raised, SSSA advised that:

- SSSA is committed to reviewing and, where required, updating all procedures that transitioned from agencies to SSSA, including those services that transitioned to SSSA without any documented procedures or with procedures that require updating. SSSA will develop procedures when required or as part of the process of implementing any change initiatives and service standardisation. They will be approved by the SSSA executive and distributed to relevant personnel in accordance with SSSA change implementation methodology.

SSSA will work with the Agency to review and update policies as necessary.

- in relation to the establishment of service design for fixed assets, prior to ORS transitioning to the Department, in the 'form of acknowledgment' completed by DPC for the transition of Tranche 1 services, it was noted and agreed that the provision of financial services (including fixed assets) would continue under the existing arrangements until such time as these services were formally transitioned to SSSA. This transition, as part of Tranche 2, is scheduled to occur in October 2009 and the service design and operating level responsibilities are currently being finalised.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements

	2009	2008
	\$'million	\$'million
EXPENSES		
Employee benefit expenses	122	104
Supplies and services	62	48
Other expenses	27	17
Total expenses	211	169
INCOME		
Revenue from fees and charges	74	68
Other	20	13
Total income	94	81
Net cost of providing services	117	(88)
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT		
Revenues from SA Government	116	86
Payments to SA Government	-	(4)
Net result before restructure	(1)	(6)
OTHER COMPREHENSIVE INCOME	4	-
Total comprehensive result	3	(6)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	7	(2)

	2009 \$'million	2008 \$'million
ASSETS		
Current assets	40	36
Non-current assets	156	15
Total assets	196	51
LIABILITIES		
Current liabilities	28	19
Non-current liabilities	34	28
Total liabilities	62	47
EQUITY	134	4

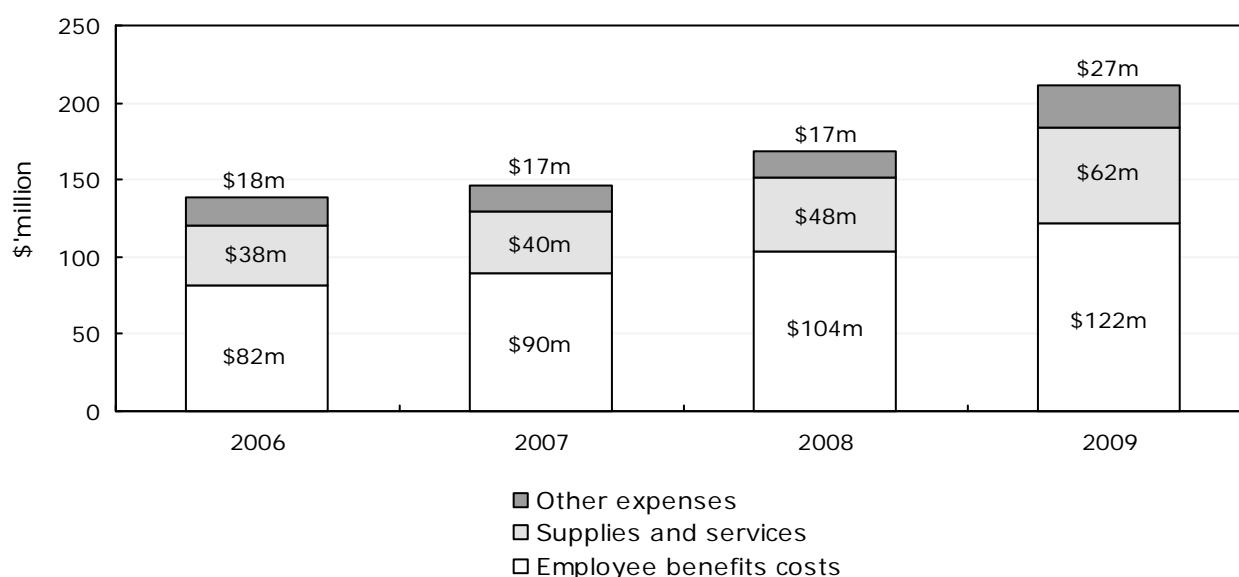
Statement of Comprehensive Income

Expenses

During 2008-09 total expenses increased by \$42 million to \$211 million. Expenditure from transferred functions of \$28 million and additional funding for the following new initiatives represent the majority of the increased expenditure:

- DNA and Pathology backlog reduction program
- Drug driving initiatives
- Serious and organised crime matters
- Office of the Director of Public Prosecutions matters.

The following chart analyses the main expense items for the Department for the four years to 2009.



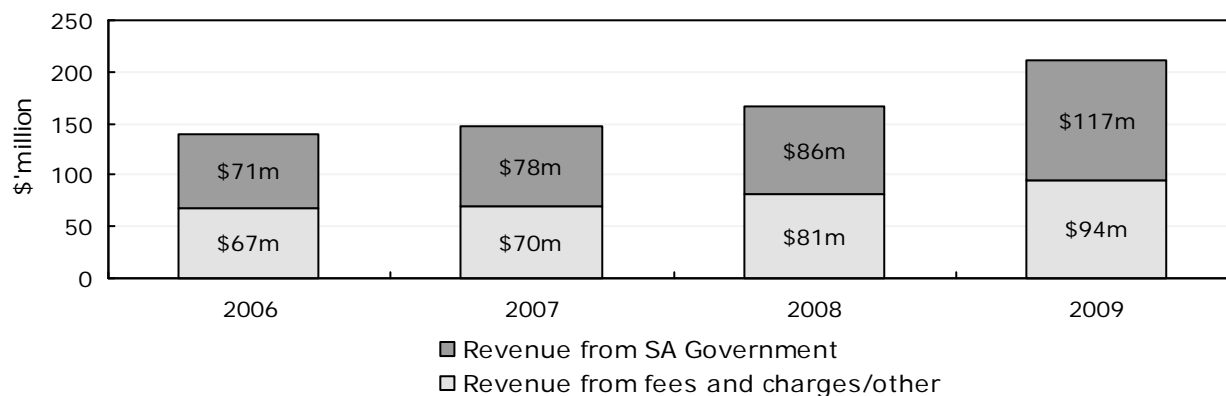
Income

During 2008-09 total income increased by \$13 million to \$94 million. The Department collected \$74 million in fees and charges. Note 13 to the financial statements disclose fees and charges.

Fees and charges collected from the public increased by \$5 million to \$31 million due mainly to revenue increases in the Office of Consumer and Business Affairs. The Department also received an additional \$5 million in grants and subsidies associated with transferred functions during 2008-09.

In 2008-09 revenues from the SA Government increased by \$31 million to \$117 million due to funding for transferred functions and approved activities as detailed under the heading 'expenses'.

The following chart analyses the main sources of income for the Department for the four years to 2008-09.



Statement of Financial Position

In 2008-09 total assets increased by \$145 million to \$196 million. This increase is due mainly to the recognition of assets associated with transferred functions. The following land, buildings and improvements and stadia infrastructure at written down values and associated with the Office for Recreation and Sport comprise the majority of the movement in assets:

- \$46 million Hindmarsh Stadium
- \$25 million Adelaide Superdrome
- \$19 million Kidman Park Sports Stadium
- \$12 million ETSA Park Netball Stadium
- \$10 million Pines Hockey Stadium
- \$3 million Women's Memorial playing fields.

Current assets at 30 June 2009 include cash of \$25 million. The balance of cash includes \$21 million held in an accrual appropriation account with the Treasurer which can only be used with the Treasurer's approval.

Total liabilities have increased by \$15 million to \$62 million due mainly to the recognition of a liabilities associated with transferred functions.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2008-09.

	2009 \$'million	2008 \$'million	2007 \$'million	2006 \$'million
Net cash flows				
Operating	7	(2)	5	3
Investing	(4)	(3)	(1)	(1)
Financing	1	-	1	-
Change in cash	4	(5)	5	2
Cash at 30 June	25	21	26	21

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS FOR ADMINISTERED ACTIVITIES

Highlights of the financial statements - administered items

The administered items of the Department are identified in Note 5 of the financial statements.

	2009 \$'million	2008 \$'million
EXPENSES		
Payments to Consolidated Account	345	361
Grants	41	35
Other expenses	46	41
Total expenses	432	437

	2009 \$'million	2008 \$'million
INCOME		
Revenues from SA Government	64	56
Taxation	322	326
Other income	67	81
Total income	453	463
Net result	21	26
OTHER COMPREHENSIVE INCOME	(1)	(8)
Total comprehensive result	20	18
NET CASH PROVIDED BY OPERATING ACTIVITIES	40	45
ASSETS		
Current assets	222	190
Non-current assets	93	83
Total assets	315	273
LIABILITIES		
Current liabilities	87	81
Non-current liabilities	63	51
Total liabilities	150	132
EQUITY	165	141

Statement of Administered Comprehensive Income

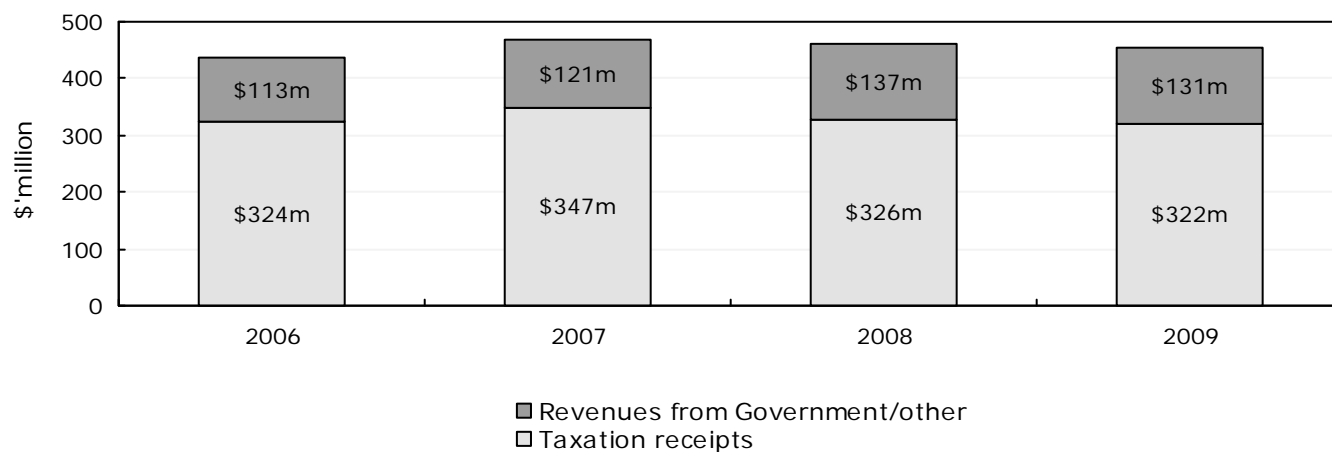
Income

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

Taxation receipts comprise gaming tax collected pursuant to the *Gaming Machines Act 1992* (GM Act), taxation receipts collected from operations at the Adelaide Casino and off course totalisator tax collected on racing operations. Note 33 provides further details.

Total income for 2008-09 decreased by \$10 million to \$453 million due mainly to a reduction in taxation receipts and Commonwealth funding for company code revenue being discontinued. This was offset slightly by increased funding for the Legal Services Commission, the full year effect of increases to the Victims of Crime Levy and approved appropriation carryovers from 2007-08.

The following chart analyses the main sources of income administered by the Department for the four years to 2008-09.



Expenses

Payments to the Treasurer of taxation and other receipts are the Department's largest administered expenses which have decreased in line with the decrease in the receipts.

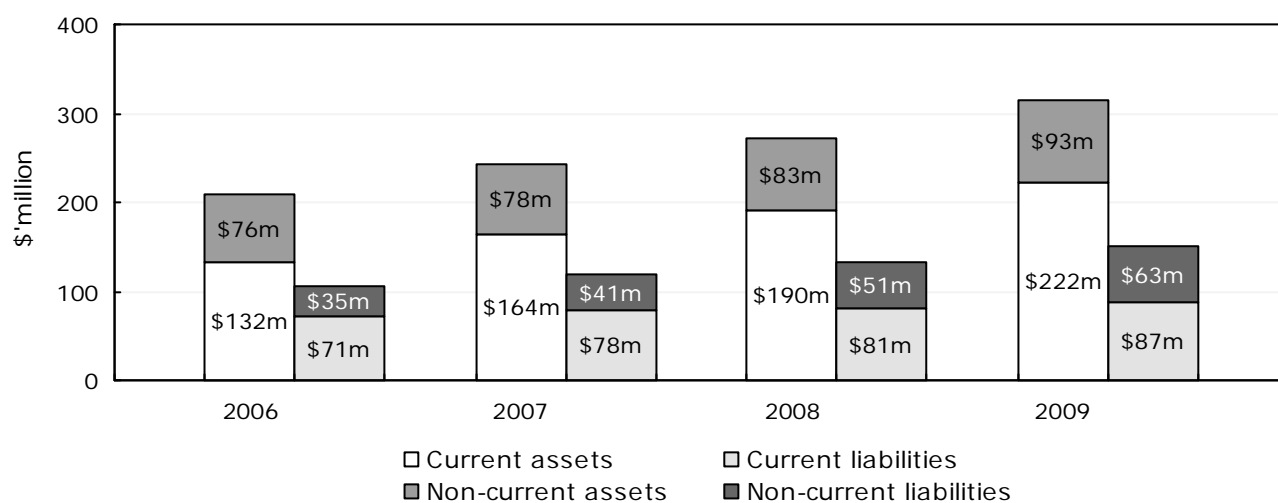
Statement of Administered Financial Position

At 30 June 2009 the Department administered net assets totalling \$165 million. Administered cash and investments comprise \$188 million of the net assets, including:

- cash and investments of \$107 million held in the Residential Tenancies Fund representing security bonds and other amounts paid into the Fund by landlords/tenants under the *Residential Tenancies Act 1995*
- cash and investments of \$68 million held in the Agents Indemnity Fund to provide compensation for persons who have suffered financial loss as a result of past or future fiduciary default of land agents or conveyances
- cash totalling \$39 million held within the Victims of Crime Fund
- \$26 million of taxation revenue due but not yet received.

The Department administers total assets of \$315 million including investments of \$138 million in Common Funds operated by the Public Trustee which are exposed to movements in the value of the underlying Common Fund assets.

In 2008-09 the revaluation of investments with the Public Trustee resulted in a write down taken to the asset revaluation reserve of \$1 million and a revaluation decrement of \$6 million recognised in other expenses. This reduction in the value of the investments offsets interest earned on investments of \$8 million.



Statement of Administered Cash Flows

The following table summarises the administered net cash flows for the four years to 2009.

	2009 \$'million	2008 \$'million	2007 \$'million	2006 \$'million
Net cash flows				
Operating	40	46	28	32
Investing	(25)	(26)	(9)	(6)
Financing	5	-	-	(45)
Change in cash	20	20	19	(19)
Cash at 30 June	134	114	94	75

Cash increased by \$20 million due mainly to increases in security bonds held in the Residential Tenancies Fund, receipts from SA Government, Victims of Crime levies received and offset by a reduction in taxation receipts, interest earned on cash and investments and payments to Consolidated Account and grants.

The significant cash outflow from financing activity in 2005-06 was largely attributable to the transfer of responsibility for administration of the Community Emergency Services Fund from the Department to the South Australian Fire and Emergency Services Commission.

FURTHER COMMENTARY ON OPERATIONS

Taxation

Taxation revenue for 2008-09 totalled \$322 million (\$326 million). Taxation revenue principally comprises Gaming Machine taxes totalling \$293 million (\$295 million).

Gaming Machine Administration

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

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

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

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

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

The following table summarises gaming machine activity for four years to 2009.

	2009	2008	2007	2006
	Number	Number	Number	Number
Machines (installed as at 30 June)	12 737	12 682	12 581	12 598

	2009	2008	2007	2006
	\$'million	\$'million	\$'million	\$'million
Turnover	7 900	7 814	8 009	7 339
Amount won	7 149	7 056	7 217	6 588
NGR	751	758	793	751
Tax	293	295	314	293

Independent Gaming Corporation Limited

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

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

With respect to the 2008-09 operations, the audit of the IGC has been completed and an unqualified audit opinion issued.

Victims of Crime Fund

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

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

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

Payments made for the year through the Special Deposit Account titled 'Victims of Crime Fund' totalled \$13 million (\$11.9 million) on account of 1044 (1113) compensation claims. Payments from the Fund include legal and other costs incurred in the administration of the Fund.

The average amount of compensation paid to victims, exclusive of legal costs or disbursements during 2008-09 was \$10 800.

Recoveries from offenders

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

- The amounts recovered directly from offenders during the year totalled \$1 million (\$860 000).
- Outstanding amounts at 30 June 2009 were \$61 million (\$55 million). Since the inception of the Fund, \$40 million (\$37 million) has been written off.

A further \$1 million (\$1 million) was recovered from offenders pursuant to the *Criminal Asset Confiscation Act 2005*.

In order to supplement these funds a levy is imposed by the VOC Act on all persons convicted of offences and on expiation notices. Levies for 2008-09 totalled \$18 million (\$17 million). In addition, for 2008-09 the Government appropriated \$7 million (\$7 million) to the Fund.

Residential Tenancies Fund

The *Residential Tenancies Act 1995* (the RTA Act) is kept and administered by the Commissioner for Consumer Affairs. The Fund consists of amounts received by the Commissioner by way of security bonds and other amounts paid into the Fund under the Act. The Commissioner will make repayments in respect of security bonds from the Fund.

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

During 2009 total income of the Fund decreased by \$2 million to \$6 million due the effect of investments operated by the Public Trustee which are exposed to movements in the value of the underlying Common Fund assets and investment returns. Total expenses increased by \$3 million to \$10 million due mainly to a revaluation decrement of \$4 million.

Security bonds lodged with the Commissioner during 2008-09 increased by \$4 million to \$59 million and bond refunds also increased by \$4 million to \$44 million.

Other administered funds

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

- Agents Indemnity Fund
- Retail Shop Lease Fund
- Second-hand Motor Vehicles Fund.

During 2009 total income of the Agents Indemnity Fund decreased by \$5 million to \$11 million due the effect of investments operated by the Public Trustee which are exposed to movements in the value of the underlying Common Fund assets and investment returns. Total expenses increased by \$1 million to \$2 million due mainly to a revaluation decrement of \$1 million.

For more information on the purpose and financial activities of these funds, refer to Note 5 of the financial statements and the Commissioner for Consumer Affairs Annual Report.

**Statement of Comprehensive Income
for the year ended 30 June 2009**

		2009	2008
	Note	\$'000	\$'000
EXPENSES:			
Employee benefit expenses	6	122 396	103 927
Supplies and services	7	61 834	48 366
Grants and subsidies	8	19 383	11 893
Depreciation and amortisation	9	5 267	3 111
Borrowing costs	10	228	-
Other expenses	11	2 142	1 236
Total expenses		211 250	168 533
INCOME:			
Revenues from fees and charges	13	74 267	67 839
Recoveries	14	7 986	6 818
Commonwealth revenues		3 676	4 022
Grants and subsidies	15	6 266	993
Other income	16	1 681	919
Total income		93 876	80 591
NET COST OF PROVIDING SERVICES		117 374	87 942
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:			
Revenues from SA Government	17	116 597	85 936
Payments to SA Government	17	-	3 683
NET RESULT		(777)	(5 689)
OTHER COMPREHENSIVE INCOME:			
Changes in property, plant and equipment asset revaluation reserve	20(b)	4 167	-
TOTAL COMPREHENSIVE RESULT		3 390	(5 689)

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

**Statement of Financial Position
as at 30 June 2009**

		2009	2008
	Note	\$'000	\$'000
CURRENT ASSETS:			
Cash and cash equivalents	18	25 218	21 398
Receivables	19	10 808	11 317
Lease incentive receivable		3 200	3 200
Other current assets		42	-
Total current assets		39 268	36 364
NON-CURRENT ASSETS:			
Property, plant and equipment	20(a)	150 686	9 370
Intangible assets	21(a)	1 835	1 880
Lease incentive receivable		3 580	3 580
Other non-current assets		134	-
Total non-current assets		156 235	14 830
Total assets		195 503	50 745
CURRENT LIABILITIES:			
Payables	22	13 992	7 589
Employee benefits	23	11 521	9 316
Provisions	24	513	428
Lease incentives liability		879	879
Current borrowings	26	322	-
Other current liabilities	25	82	20
Total current liabilities		27 309	18 232
NON-CURRENT LIABILITIES:			
Payables	22	2 629	2 009
Employee benefits	23	21 693	19 055
Provisions	24	1 658	1 441
Lease incentives liability		4 876	5 756
Non-current borrowings	26	3 408	-
Total non-current liabilities		34 264	28 261
Total liabilities		61 573	46 493
NET ASSETS		133 930	4 252
EQUITY:			
Asset revaluation reserve		8 167	4 000
Retained earnings		125 763	252
TOTAL EQUITY		133 930	4 252

Total equity is attributable to the SA Government as owner

Commitments	28
Contingent assets and liabilities	29

**Statement of Changes in Equity
for the year ended 30 June 2009**

	Asset revaluation reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2007	4 000	6 117	10 117
Error correction	-	(176)	(176)
Restated balance at 30 June 2007	4 000	5 941	9 941
Net result for 2007-08	-	(5 689)	(5 689)
Total comprehensive result for 2007-08	-	(5 689)	(5 689)
Balance at 30 June 2008	4 000	252	4 252
Net result for 2008-09	-	(777)	(777)
Gain on revaluation of non-current assets	4 167	-	4 167
First time recognition of non-current assets	-	800	800
Total comprehensive result for 2008-09	4 167	23	4 190
Transactions with SA Government as owner			
Net assets received from an administrative restructure	-	125 488	125 488
Balance at 30 June 2009	8 167	125 763	133 930

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

**Statement of Cash Flows
for the year ended 30 June 2009**

		2009	2008
		Inflows	Inflows
CASH FLOWS FROM OPERATING ACTIVITIES:		(Outflows)	(Outflows)
CASH OUTFLOWS:	Note	\$'000	\$'000
Employee benefit payments		(118 104)	(101 080)
Payments for supplies and services		(73 463)	(54 919)
Grants and subsidies		(21 595)	(13 495)
Other payments		(2 254)	(1 331)
Cash used in operations		(215 416)	(170 822)
CASH INFLOWS:			
Fees and charges		81 363	69 369
Receipts from Commonwealth		3 676	4 022
GST recovered from the ATO		4 462	3 584
Recoveries		8 496	7 225
Grants and subsidies received		6 416	1 052
Other receipts		1 787	1 547
Cash generated from operations		106 200	86 797
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		116 597	85 936
Payments to SA Government		-	(3 683)
Cash generated from SA Government		116 597	82 253
Net cash provided by (used in) operating activities	27	7 381	(1 772)
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of property, plant and equipment		(3 850)	(2 658)
Payments for intangible assets		(414)	(736)
Net cash used in investing activities		(4 264)	(3 394)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH INFLOWS:			
Receipts from restructure activities		703	-
Net cash provided by financing activities		703	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		3 820	(5 166)
CASH AND CASH EQUIVALENTS AT 1 JULY		21 398	26 564
CASH AND CASH EQUIVALENTS AT 30 JUNE	18	25 218	21 398

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2009

(Activities - refer Note 4)		1		2		3		4	
		2009	2008	2009	2008	2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES:									
Employee benefit expenses		44 469	41 705	4 728	4 579	1 417	1 520	1 072	969
Supplies and services		9 524	9 615	1 351	1 344	847	884	271	251
Grants and subsidies		2 236	2 412	865	728	21	10	-	-
Depreciation and amortisation		363	311	11	19	69	28	32	2
Borrowing costs		-	-	-	-	-	-	-	-
Other expenses		4	287	-	-	-	-	-	-
Total expenses		56 596	54 330	6 955	6 670	2 354	2 442	1 375	1 222
INCOME:									
Revenues from fees and charges		15 966	16 149	3 014	2 698	138	140	-	-
Recoveries		5 003	3 718	71	62	24	14	4	6
Commonwealth revenues		15	14	2	-	10	10	-	-
Grants and subsidies		202	284	36	4	-	1	-	1
Other income		-	-	-	-	-	-	-	-
Total income		21 186	20 165	3 123	2 764	172	165	4	7
NET COST OF PROVIDING SERVICES		35 410	34 165	3 832	3 906	2 182	2 277	1 371	1 215

(Activities - refer Note 4)		5		6		7		8	
		2009	2008	2009	2008	2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES:									
Employee benefit expenses		1 184	1 258	3 400	3 013	13 069	10 076	4 738	4 147
Supplies and services		507	381	1 025	961	9 217	7 555	791	666
Grants and subsidies		-	-	27	27	250	17	7 019	8 018
Depreciation and amortisation		23	8	116	13	1 494	1 894	42	57
Borrowing costs		-	-	-	-	-	-	-	-
Other expenses		-	-	-	-	-	-	-	-
Total expenses		1 714	1 647	4 568	4 014	24 030	19 542	12 590	12 888
INCOME:									
Revenues from fees and charges		-	-	-	-	4 431	3 584	3	146
Recoveries		19	14	19	22	83	57	700	897
Commonwealth revenues		-	-	1	-	5	-	3 260	3 976
Grants and subsidies		-	1	30	3	-	9	1 193	342
Other income		-	-	-	-	2	-	-	-
Total income		19	15	50	25	4 521	3 650	5 156	5 361
NET COST OF PROVIDING SERVICES		1 695	1 632	4 518	3 989	19 509	15 892	7 434	7 527

(Activities - refer Note 4)		9		10		11		12	
		2009	2008	2009	2008	2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES:									
Employee benefit expenses		2 720	2 705	16 575	12 355	14 085	13 003	812	804
Supplies and services		1 238	1 420	19 266	17 228	4 984	5 144	369	413
Grants and subsidies		-	-	186	77	43	20	549	497
Depreciation and amortisation		122	79	312	356	292	284	21	2
Borrowing costs		-	-	-	-	-	-	-	-
Other expenses		5	100	98	-	36	849	-	-
Total expenses		4 085	4 304	36 437	30 016	19 440	19 300	1 751	1 716
INCOME:									
Revenues from fees and charges		14 205	13 322	14 454	13 986	18 637	16 583	-	-
Recoveries		172	153	862	1 055	513	533	39	24
Commonwealth revenues		1	-	6	14	5	5	-	-
Grants and subsidies		-	11	104	323	-	12	-	-
Other income		1	354	105	-	3	-	-	-
Total income		14 379	13 840	15 531	15 378	19 158	17 133	39	24
NET COST OF PROVIDING SERVICES		10 294	(9 536)	20 906	14 638	282	2 167	1 712	1 692

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2009 (continued)

(Activities - refer Note 4)	13		14		15	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES:						
Employee benefit expenses	1 650	1 692	2 887	2 531	3 399	3 570
Supplies and services	793	910	1 099	1 038	497	556
Grants and subsidies	97	77	-	10	-	-
Depreciation and amortisation	6	6	103	39	48	13
Borrowing costs	-	-	-	-	-	-
Other expenses	-	-	1 944	-	-	-
Total expenses	2 546	2 685	6 033	3 618	3 944	4 139
INCOME:						
Revenues from fees and charges	-	-	1 113	1 231	1	-
Recoveries	99	222	14	25	14	16
Commonwealth revenues	1	3	1	-	1	-
Grants and subsidies	101	2	-	-	-	-
Other income	-	-	42	58	1 266	507
Total income	201	227	1 170	1 314	1 282	523
NET COST OF PROVIDING SERVICES	2 345	2 458	4 863	2 304	2 662	3 616

(Activities - refer Note 4)	16		Total	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
EXPENSES:				
Employee benefit expenses	6 191	-	122 396	103 927
Supplies and services	10 055	-	61 834	48 366
Grants and subsidies	8 090	-	19 383	11 893
Depreciation and amortisation	2 213	-	5 267	3 111
Borrowing costs	228	-	228	-
Other expenses	55	-	2 142	1 236
Total expenses	26 832	-	211 250	168 533
INCOME:				
Revenues from fees and charges	2 305	-	74 267	67 839
Recoveries	350	-	7 986	6 818
Commonwealth revenues	368	-	3 676	4 022
Grants and subsidies	4 600	-	6 266	993
Other income	262	-	1 681	919
Total income	7 885	-	93 876	80 591
NET COST OF PROVIDING SERVICES	18 947	-	117 374	87 942

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2009

(Activities - refer Note 4)	1		2		3		4	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS:								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Receivables	3 561	2 774	419	397	52	42	-	6
Lease incentive receivable	1 024	754	121	108	15	11	-	2
Other current assets	-	-	-	-	-	-	-	-
NON-CURRENT ASSETS:								
Property, plant and equipment	2 306	873	14	(11)	337	20	120	4
Intangible assets	-	19	-	-	-	-	-	-
Lease incentive receivable	55	333	-	(4)	8	8	3	2
Other non-current assets	-	-	-	-	-	-	-	-
Total assets	6 946	4 753	554	490	412	81	123	14
CURRENT LIABILITIES:								
Payables	2 483	1 509	145	276	73	55	28	22
Employee benefits	3 901	3 434	304	308	111	108	110	75
Provisions	173	157	13	14	5	5	5	3
Lease incentives liability	298	324	23	29	8	10	8	7
Current borrowings	-	-	-	-	-	-	-	-
Other current liabilities	11	-	-	-	3	6	-	-
NON-CURRENT LIABILITIES:								
Payables	780	619	101	91	22	32	36	23
Employee benefits	6 463	5 876	835	870	184	298	300	221
Provisions	492	444	64	66	14	23	23	17
Lease incentives liability	1 453	1 775	188	263	41	90	67	67
Non-current borrowings	-	-	-	-	-	-	-	-
Total liabilities	16 054	14 138	1 673	1 917	461	627	577	435
NET ASSETS	(9 108)	(9 385)	(1 119)	(1 427)	(49)	(546)	(454)	(421)

(Activities - refer Note 4)	5		6		7		8	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS:								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Receivables	3	-	9	4	625	774	345	173
Lease incentive receivable	1	-	3	1	178	211	99	47
Other current assets	-	-	-	-	-	-	-	-
NON-CURRENT ASSETS:								
Property, plant and equipment	72	2	606	52	3 853	4 196	105	89
Intangible assets	-	-	-	1	1 416	1 382	-	2
Lease incentive receivable	2	1	14	20	92	1 603	2	34
Other non-current assets	-	-	-	-	-	-	-	-
Total assets	78	3	632	78	6 164	8 166	551	345
CURRENT LIABILITIES:								
Payables	77	42	96	75	1 406	2 681	191	375
Employee benefits	128	153	244	213	1 227	1 255	463	373
Provisions	6	7	11	10	54	58	21	17
Lease incentives liability	10	14	19	20	94	118	35	35
Current borrowings	-	-	-	-	-	-	-	-
Other current liabilities	-	-	-	-	3	-	1	-
NON-CURRENT LIABILITIES:								
Payables	47	45	40	38	292	237	120	88
Employee benefits	392	419	327	366	2 421	2 252	991	842
Provisions	30	32	25	28	185	170	76	64
Lease incentives liability	88	127	74	111	544	680	223	254
Non-current borrowings	-	-	-	-	-	-	-	-
Total liabilities	778	839	836	861	6 226	7 451	2 121	2 048
NET ASSETS	(700)	(836)	(204)	(783)	(62)	715	(1 570)	(1 703)

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

(Activities - refer Note 4)	9		10		11		12	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS:								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Receivables	4	1	1 984	1 533	2 582	5 362	5	14
Lease incentive receivable	1	-	663	539	743	1 458	1	4
Other current assets	-	-	-	-	-	-	-	-
NON-CURRENT ASSETS:								
Property, plant and equipment	335	415	1 432	908	2 730	2 723	129	-
Intangible assets	-	9	419	406	-	58	-	-
Lease incentive receivable	8	159	34	345	65	1 041	3	-
Other non-current assets	-	-	-	-	-	-	-	-
Total assets	348	584	4 532	3 731	6 120	10 642	138	18
CURRENT LIABILITIES:								
Payables	216	125	2 354	1 425	633	509	24	109
Employee benefits	240	241	1 835	1 234	1 423	1 125	97	99
Provisions	11	11	81	57	63	52	4	5
Lease incentives liability	18	23	140	118	109	106	7	9
Current borrowings	-	-	-	-	-	-	-	-
Other current liabilities	7	14	2	-	20	-	-	-
NON-CURRENT LIABILITIES:								
Payables	69	58	364	279	356	287	30	24
Employee benefits	575	547	2 990	2 630	2 944	2 716	256	233
Provisions	44	41	226	198	224	205	20	18
Lease incentives liability	129	165	672	793	662	820	58	71
Non-current borrowings	-	-	-	-	-	-	-	-
Total liabilities	1 309	1 225	8 664	6 734	6 434	5 820	496	568
NET ASSETS	(961)	(641)	(4 132)	(3 003)	314	4 822	(358)	(550)

(Activities - refer Note 4)	13		14		15		16	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS:								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Receivables	3	199	49	10	-	28	1 167	-
Lease incentive receivable	1	54	14	3	-	8	336	-
Other current assets	-	-	-	-	-	-	42	-
NON-CURRENT ASSETS:								
Property, plant and equipment	-	-	541	74	284	25	137 822	-
Intangible assets	-	-	-	2	-	1	-	-
Lease incentive receivable	-	-	13	28	7	10	3 274	-
Other non-current assets	-	-	-	-	-	-	134	-
Total assets	4	253	617	117	291	72	142 775	-
CURRENT LIABILITIES:								
Payables	106	120	120	191	71	75	5 969	-
Employee benefits	116	135	239	288	308	275	775	-
Provisions	5	6	11	13	14	13	36	-
Lease incentives liability	9	13	18	27	24	26	59	-
Current borrowings	-	-	-	-	-	-	322	-
Other current liabilities	-	-	-	-	34	-	1	-
NON-CURRENT LIABILITIES:								
Payables	17	15	85	102	101	71	169	-
Employee benefits	143	142	700	969	840	674	1 332	-
Provisions	11	11	53	73	64	51	107	-
Lease incentives liability	32	43	157	293	189	204	299	-
Non-current borrowings	-	-	-	-	-	-	3 408	-
Total liabilities	439	485	1 383	1 956	1 645	1 389	12 477	-
NET ASSETS	(435)	(232)	(766)	(1 839)	(1 354)	(1 317)	130 298	-

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

(Activities - refer Note 4)	17		Total	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS:				
Cash and cash equivalents	25 218	21 398	25 218	21 398
Receivables	-	-	10 808	11 317
Lease incentive receivable	-	-	3 200	3 200
Other current assets	-	-	42	-
NON-CURRENT ASSETS:				
Property, plant and equipment	-	-	150 686	9 370
Intangible assets	-	-	1 835	1 880
Lease incentive receivable	-	-	3 580	3 580
Other non-current assets	-	-	134	-
Total assets	25 218	21 398	195 503	50 745
CURRENT LIABILITIES:				
Payables	-	-	13 992	7 589
Employee benefits	-	-	11 521	9 316
Provisions	-	-	513	428
Lease incentives liability	-	-	879	879
Current borrowings	-	-	322	-
Other current liabilities	-	-	82	20
NON-CURRENT LIABILITIES:				
Payables	-	-	2 629	2 009
Employee benefits	-	-	21 693	19 055
Provisions	-	-	1 658	1 441
Lease incentives liability	-	-	4 876	5 756
Non-current borrowings	-	-	3 408	-
Total liabilities	-	-	(61 573)	(46 943)
NET ASSETS	25 218	21 398	133 930	4 252

**Statement of Administered Comprehensive Income
for the year ended 30 June 2009**

		2009	2008
	Note	\$'000	\$'000
EXPENSES:			
Payments to Consolidated Account		344 465	360 788
Grants	38	41 409	34 719
Victims of Crime payments	39	13 444	11 869
State Rescue Helicopter Service charges	40	9 676	9 005
Employee benefit expenses	41	6 602	6 449
Depreciation	42	347	236
Net loss from disposal of assets	43	-	84
Other expenses	44	16 420	13 651
Total expenses		432 363	436 801
INCOME:			
Taxation revenue	33	321 764	325 962
Revenues from SA Government	34	63 687	55 892
Grants and subsidies received	35	19 908	29 796
Interest revenues	36	19 973	25 863
Victims of Crime levies		18 273	16 629
Fees and charges		3 214	2 519
Recoveries and other income	37	6 300	6 150
Total income		453 119	462 811
NET RESULT		20 756	26 010
OTHER COMPREHENSIVE INCOME			
Net loss on financial assets taken to equity		(937)	(8 263)
Changes in property, plant and equipment asset revaluation reserve		124	-
TOTAL COMPREHENSIVE RESULT		19 943	17 747

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

**Statement of Administered Financial Position
as at 30 June 2009**

		2009	2008
	Note	\$'000	\$'000
CURRENT ASSETS:			
Cash and cash equivalents	45	134 276	113 893
Receivables	46	33 872	29 438
Investments	47	53 528	46 882
Other current assets	44	328	274
Total current assets		222 004	190 487
NON-CURRENT ASSETS:			
Investments	47	84 891	81 659
Property, plant and equipment	49(a)	8 493	1 027
Total non-current assets		93 384	82 686
Total assets		315 388	273 173
CURRENT LIABILITIES:			
Payables	50	4 769	5 263
Employee benefits	51	123	135
Other current liabilities	52	82 299	75 835
Total current liabilities		87 191	81 233
NON-CURRENT LIABILITIES:			
Payables	50	21	7
Employee benefits	51	173	67
Other non-current liabilities	52	62 504	51 118
Total non-current liabilities		62 698	51 192
Total liabilities		149 889	132 425
NET ASSETS		165 499	140 748
EQUITY:			
Asset revaluation reserve		916	1 729
Retained earnings		164 583	139 019
TOTAL EQUITY		165 499	140 748

Total administered equity is attributable to the SA Government as owner

Commitments	54
Contingent assets and liabilities	55

**Statement of Administered Changes in Equity
for the year ended 30 June 2009**

	Asset revaluation reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2007	9 992	113 009	123 001
Net result for 2007-08	-	26 010	26 010
Loss on revaluation of investments during 2007-08	(8 263)	-	(8 263)
Total comprehensive result for 2007-08	(8 263)	26 010	17 747
Balance at 30 June 2008	1 729	139 019	140 748
Net result for 2008-09	-	20 756	20 756
Gain on revaluation of property, plant and equipment during 2008-09	124	-	124
Loss on revaluation of investments during 2008-09	(937)	-	(937)
Total comprehensive result for 2008-09	916	159 775	160 691
Transactions with SA Government as owner			
Net assets received from an administrative restructure	-	4 808	4 808
Balance at 30 June 2009	916	164 583	165 499

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

**Statement of Administered Cash Flows
for the year ended 30 June 2009**

		2009	2008
		Inflows (Outflows)	Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH INFLOWS:	Note	\$'000	\$'000
Taxation receipts		321 059	330 198
Bond lodgements		60 220	56 020
Receipts from SA Government		63 633	56 177
Grants and subsidies received		16 839	29 596
Interest received		19 397	25 759
Victims of Crime levies		18 342	15 792
Bond guarantee receipts		2 802	2 680
Fees and charges		3 029	2 395
Other receipts		6 300	6 351
Cash generated from operations		511 621	524 968
CASH OUTFLOWS:			
Payments to Consolidated Account		(343 101)	(364 359)
Grants		(41 409)	(34 719)
Victims of Crime compensation payments		(13 444)	(11 869)
Employee benefit payments		(6 496)	(6 572)
Bond refunds		(44 906)	(40 891)
Bond guarantee payments		(2 802)	(2 680)
Other payments		(19 323)	(18 394)
Cash used in operations		(471 481)	(479 484)
Net cash provided by operating activities	53	40 140	45 484
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Payments for investments		(16 896)	(25 778)
Purchase of property, plant and equipment		(7 669)	(524)
Cash used in investing activities		(24 565)	(26 302)
Net cash used in investing activities		(24 565)	(26 302)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH INFLOWS:			
Receipts from restructure activities		4 808	-
Cash provided by financing activities		4 808	-
Net cash provided by financing activities		4 808	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		20 383	19 182
CASH AND CASH EQUIVALENTS AT 1 JULY		113 893	94 711
CASH AND CASH EQUIVALENTS AT 30 JUNE	45	134 276	113 893

**Schedule of Income and Expenses
attributable to Administered Activities
for the year ended 30 June 2009**

(Activities - refer Note 5)	1	2	3	4
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
INCOME:				
Taxation receipts	321 764	325 962	-	-
Revenues from SA Government	6 000	5 100	296	450
Grants and subsidies received	-	-	-	13 023
Interest revenues	-	-	11 558	16 044
Victims of Crime levies	-	-	-	-
Fees and charges	3 133	2 481	-	-
Recoveries and other income	19	2	448	715
Total income	330 916	333 545	12 302	30 232
EXPENSES:				
Payments to consolidated account	324 116	332 872	-	13 025
Grants	6 537	4 387	-	-
Victims of Crime payments	-	-	-	-
State Rescue Helicopter Service charges	-	-	-	-
Employee benefit expenses	-	-	-	9
Depreciation expense	-	-	-	-
Net loss from disposal of assets	-	-	-	-
Other expenses	202	100	2 837	1 471
Total expenses	330 855	337 359	2 837	14 505
NET RESULT	61	(3 814)	9 465	15 727

(Activities - refer Note 5)	5	6	7	8
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
INCOME:				
Taxation receipts	-	-	-	-
Revenues from SA Government	-	-	4 448	3 711
Grants and subsidies received	-	-	2 790	-
Interest revenues	-	-	6 966	8 360
Victims of Crime levies	-	-	-	-
Fees and charges	-	-	-	-
Recoveries and other income	-	-	265	220
Total income	-	-	7 231	8 580
EXPENSES:				
Payments to Consolidated Account	-	-	-	-
Grants	-	-	-	50
Victims of Crime payments	-	-	-	-
State Rescue Helicopter Service charges	-	-	-	-
Employee benefit expenses	-	-	3 832	3 590
Depreciation expense	-	-	225	96
Net loss from disposal of assets	-	-	-	-
Other expenses	-	-	6 003	3 305
Total expenses	-	-	10 060	6 991
NET RESULT	-	-	2 829	(1 589)

	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
INCOME:				
Taxation receipts	-	-	-	-
Revenues from SA Government	-	-	4 448	3 711
Grants and subsidies received	-	-	2 790	-
Interest revenues	-	-	6 966	8 360
Victims of Crime levies	-	-	-	-
Fees and charges	-	-	-	-
Recoveries and other income	-	-	265	220
Total income	-	-	7 231	8 580
EXPENSES:				
Payments to Consolidated Account	-	-	-	-
Grants	-	-	-	50
Victims of Crime payments	-	-	-	-
State Rescue Helicopter Service charges	-	-	-	-
Employee benefit expenses	-	-	3 832	3 590
Depreciation expense	-	-	225	96
Net loss from disposal of assets	-	-	-	-
Other expenses	-	-	6 003	3 305
Total expenses	-	-	10 060	6 991
NET RESULT	-	-	2 829	(1 589)

**Schedule of Income and Expenses
attributable to Administered Activities
for the year ended 30 June 2009 (continued)**

(Activities - refer Note 5)	9		Total	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
INCOME:				
Taxation receipts	-	-	321 764	325 962
Revenues from SA Government	10 587	5 564	63 687	55 892
Grants and subsidies received	2 824	1 800	19 908	29 796
Interest revenues	14	19	19 973	25 863
Victims of Crime levies	-	-	18 273	16 629
Fees and charges	81	38	3 214	2 519
Recoveries and other income	190	86	6 300	6 150
Total income	13 696	7 507	453 119	462 811
EXPENSES:				
Payments to Consolidated Account	5 664	200	344 465	360 788
Grants	4 021	552	41 409	34 719
Victims of Crime payments	-	-	13 444	11 869
State Rescue Helicopter Service charges	-	-	9 676	9 005
Employee benefit expenses	1 871	2 076	6 602	6 449
Depreciation expense	24	42	347	236
Net loss from disposal of assets	-	84	-	84
Other expenses	2 344	4 034	16 420	13 651
Total expenses	13 924	6 988	432 363	436 801
NET RESULT	(228)	519	20 756	26 010

**Schedule of Assets and Liabilities
attributable to Administered Activities
as at 30 June 2009**

(Activities - refer Note 5)	1		2		3		4	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS:								
Cash and cash equivalents	31 388	30 580	34 835	26 692	39 189	28 213	2 428	1 491
Receivables	25 948	25 243	1 389	2 068	1 596	1 751	296	108
Investments	-	-	17 386	15 389	-	-	-	-
Other current assets	179	179	-	-	-	-	-	-
NON-CURRENT ASSETS:								
Investments	-	-	22 262	24 599	-	-	-	-
Property, plant and equipment	-	-	382	102	-	-	-	-
Total assets	57 515	56 002	76 254	68 850	40 785	29 964	2 724	1 599
CURRENT LIABILITIES:								
Payables	26	41	49	82	537	290	951	800
Employee benefits	-	-	-	-	-	-	-	-
Other current liabilities	26 966	25 500	-	1 085	-	-	2 143	1 174
NON-CURRENT LIABILITIES:								
Payables	-	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-	-	-
Total liabilities	26 992	25 541	49	1 167	537	290	3 094	1 974
NET ASSETS	30 523	30 461	76 205	67 683	40 248	29 674	(370)	(375)

(Activities - refer Note 5)	5		6		7		8	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS:								
Cash and cash equivalents	1 084	1 084	20 998	20 835	636	2 938	1	18
Receivables	-	-	1 555	261	3 073	5	-	-
Investments	-	-	36 142	31 493	-	-	-	-
Other current assets	-	-	-	-	-	-	-	-
NON-CURRENT ASSETS:								
Investments	-	-	62 629	57 060	-	-	-	-
Property, plant and equipment	-	-	247	327	3 509	434	-	-
Total assets	1 084	1 084	121 571	109 976	7 218	3 377	1	18
CURRENT LIABILITIES:								
Payables	-	-	1 725	3 916	80	32	-	17
Employee benefits	-	-	-	-	73	45	-	-
Other current liabilities	-	-	53 133	48 031	-	-	-	-
NON-CURRENT LIABILITIES:								
Payables	-	-	-	-	10	3	-	-
Employee benefits	-	-	-	-	81	30	-	-
Other non-current liabilities	-	-	62 504	51 118	-	-	-	-
Total liabilities	-	-	117 362	103 065	244	110	-	17
NET ASSETS	1 084	1 084	4 209	6 911	6 974	3 267	1	1

**Schedule of Assets and Liabilities
attributable to Administered Activities
as at 30 June 2009 (continued)**

(Activities - refer Note 5)		9		Total	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS:					
Cash and cash equivalents		3 717	2 042	134 276	113 893
Receivables		15	2	33 872	29 438
Investments		-	-	53 528	46 882
Other current assets		149	95	328	274
NON-CURRENT ASSETS:					
Investments		-	-	84 891	81 659
Property, plant and equipment		4 355	164	8 493	1 027
Total assets		8 236	2 303	315 388	273 173
CURRENT LIABILITIES:					
Payables		1 401	85	4 769	5 263
Employee benefits		50	90	123	135
Other current liabilities		57	45	82 299	75 835
NON-CURRENT LIABILITIES:					
Payables		11	4	21	7
Employee benefits		92	37	173	67
Other non-current liabilities		-	-	62 504	51 118
Total liabilities		1 611	261	149 889	132 425
NET ASSETS		6 625	2 042	165 499	140 748

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Attorney-General's Department

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

The Attorney-General's Department aims to provide:

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

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

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

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

2. Summary of significant accounting policies

(a) Statement of compliance

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

Except for the amendments to AASB 101 (September 2007 version) including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), 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 2009.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Department's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable Notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following Note disclosures, which have been included in this financial report:
 - (i) Revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature.
 - (ii) Expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income).
 - (iii) 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.
 - (iv) 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.

(b) Basis of preparation (continued)

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

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

(c) Reporting entity

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

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

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

Administered items of the Department are listed below:

- Liquor and Gambling Services
 - payment of liquor subsidies to licensees
 - racing services
 - taxation receipts (casino, gaming, gambling, liquor, lottery licenses)
- Consumer and Business Affairs
- Agents Indemnity Fund
- Companies Liquidation Account
- Cooperatives Liquidation Account
- HHF Fund
- Remission - fees and charges
- Second-hand Vehicles Compensation Fund
- Residential Tenancies Fund
- Retail Shop Leases Fund
- Victims of Crime Fund
- Crown Solicitor's Trust Account
- Computer aided dispatch/portfolio radio and telecommunications
- Contribution to Legal Services Commission for legal aid
- State Rescue Helicopter Service
- Recreation and Sport Fund
- Sport and Recreation Fund
- Other
 - Child Protection Fund
 - Children on APY Lands Inquiry
 - Compensation Companies Regulation (formerly Companies Code Fees)
 - Expensive State Criminal Cases
 - Legal Practitioners Act Fund
 - Professional Standards Council
 - Native Title claims
 - Special Acts - payment of Ministerial Salary and allowances
 - Special Acts - payment of statutory officer salaries
 - War graves

(d) Transferred functions

In the Government Gazette dated 21 August 2008, it was reported that the functions of the Office for Racing and the Office for Recreation and Sport were transferred to the Department effective 1 October 2008.

The functions of the offices of The Honourable Michael Wright, MP were also transferred to the Department during 2008-09.

(d) Transferred functions (continued)

As part of the South Australian Government's shared services initiative, the accounts payable, accounts receivable and payroll services transitioned to Shared Services SA in 2008-09. The effective date of the transfer of payroll services was 4 August 2008. The effective date of the transfer of accounts payable and accounts receivable was 13 October 2008.

(e) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where adjusted to reflect the early adoption of AASB 101 or where a specific APS or AAS have required a change.

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

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

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

(f) Rounding

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

(g) Taxation

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

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

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

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

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

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) Income

Income is recognised when and only when 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.

In accordance with APF II, 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.

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 client or by reference to the stage of completion.

Contributions (grants)

Contributions received 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.

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

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.

Disposal of non-current assets

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

(i) Expenses

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

Expenses have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard.

In accordance with APF II, 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.

Employee benefit expenses

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

Superannuation

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

Depreciation and amortisation

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

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the Department using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvement or the unexpired period of the lease.

Depreciation/amortisation rates and methods are reviewed at each balance date and necessary adjustments are recognised in the current and future reporting periods as appropriate.

Depreciation and amortisation for non-current assets is determined as follows:

<i>Class of assets</i>	<i>Depreciation method</i>	<i>Remaining useful life (years)</i>
Buildings and other structures	Straight-line	5-23
Leasehold improvements	Straight-line	Remaining life of lease
Plant and equipment	Straight-line	1-8
Intangible assets	Straight-line	1-5
Information technology	Straight-line	3-5
Mobile transport assets	Straight-line	2-16

Contributions (grants)

Contributions paid are recognised as a liability and expense when the entity has a present obligation to pay the contribution and expense recognition criteria are met.

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

Borrowing costs

All borrowing costs are recognised as expenses.

Payments to SA Government

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

(j) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. The Department has a clearly identifiable operating cycle of 12 months. Assets and liabilities that are expected to be 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.

(k) Assets

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

(k) Assets (continued)

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

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

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call and other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and are used in the cash management function on a day-to-day basis.

Cash is measured at nominal value.

Receivables

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

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

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

The Department determines the provision for doubtful debts based on a review of balances within trade receivables that are unlikely to be collected. These are generally receivables that are 90 days or more overdue. Bad debts are written off when identified.

Other financial assets

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

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

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

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

Non-current asset acquisition and recognition

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

The Department capitalises all non-current physical assets with a value of \$5000 or greater. Items with an acquisition cost less than \$5000 are expensed in the year of acquisition.

Revaluation of non-current assets

In accordance with APF III, all non-current tangible assets are valued at written down current cost (a proxy for fair value).

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

Land, buildings, leasehold improvements, furniture, plant and equipment and mobile transport assets were revalued in accordance with the 'fair value' method of valuation as at 1 July 2008. Recreation, sporting and stadia infrastructure was revalued as at 30 June 2008. Library collections were revalued in May 2002. Information technology assets are valued at cost.

Revaluation increments are recognised in the asset revaluation reserve and revaluation decrements are only offset against revaluation increments relating to the same class of asset and any excess is recognised as an expense.

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 reserve.

Intangible assets

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

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

The acquisition or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$5000.

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

(l) Liabilities

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

Where a liability line item 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 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 employee on-costs.

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

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

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

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

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

Borrowings

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

Leases

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

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

- *Lease incentives*

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

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

Employee benefits

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid.

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

Liabilities for salaries and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

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

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

- *Long service leave*

The liability for long service leave is recognised after an employee has completed 6.5 years of service. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the SA 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.

Provisions

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

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

(m) *Unrecognised contractual commitments and contingent assets and liabilities*

Commitments include operating and capital arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

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

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

3. *New and revised accounting standards and policies*

Details of the accounting policies that the Department has changed during 2008-09 are detailed below. In addition, details of the impact, where significant on the Department's financial statements from new and amended AASs that are applicable for the first time in 2008-09 are also detailed below.

(a) *Restructure of Administrative Arrangements*

In accordance with the revised AASB 1004, the Department records restructures of administrative arrangements as transactions with owners in their capacity as owners rather than recording these events as a revenue/expense item.

(b) *Other*

The Department has early-adopted the September 2007 version of AASB 101 including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101) - this includes the preparation of a single Statement of Comprehensive Income. In accordance with the new accounting standard AASB 1052, the amounts of assets and liabilities reliably attributable to each activity has been disclosed.

Issued or amended but not yet effective

Except for the amendments to AASB 101, 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 2009. The Department has assessed the impact of the new and amended standards and Interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department.

4. **Activities of the Department**

Information about the Department's activities are set out in the Activities Schedule. An activity is a grouping of related subactivities that contribute to the achievement of agency and government objectives.

Activity 1: *Policy Advice and Legal Services*

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

Activity 2: *Multicultural Services*

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

Activity 3: *Equal Opportunity*

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

Activity 4: *Police Complaints Authority*

Included in this activity is the requirement to maintain public confidence in, and proper accountability of SA Police Department through the provision of complaint investigation and resolution services.

Activity 5: *Ombudsman Services*

This activity covers the investigation and complaints resolutions against State and Local government agencies. It is focused on ensuring that the public receives fair treatment from government bodies and that public administration is reasonable and just.

Activity 6: *Guardianship Services*

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

Activity 7: *Forensic Science*

Provision of forensic science services, primarily in relation to coronial and police investigations.

Activity 8: *Policy, Planning and Legislation*

This activity provides advice on policy development, review and reform of the law and strategic planning for the Department and Justice Portfolio.

Activity 9: *Registration Services*

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

Activity 10: *Justice Portfolio Services*

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

Activity 11: *Consumer and Business Affairs*

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

Activity 12: *Office for Volunteers*

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

Activity 13: *Office for Women*

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

Activity 14: *Liquor Regulatory Services*

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

Activity 15: *Gambling Regulatory Services*

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

Activity 16: *Recreation, Sport and Racing*

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

Activity 17: *General/not attributable*

Certain items of the Department are not allocated to activities.

5. Administered Activities

Activity 1: *Liquor and Gambling Services*

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

Activity 2: *Consumer and Business Affairs*

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

Activity 3: *Victims of Crime*

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

Activity 4: *State Rescue Helicopter Service*

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

Activity 5: *Bodies in the Barrels*

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

Activity 6: *Trust Accounts*

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

Activity 7: *Emergency Management Communications*

This administered activity relates to activities associated with the implementation of the computer aided dispatch (CAD) and portfolio radio and telecommunications costs for the Justice Portfolio.

Activity 8: *Legal Aid*

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

Activity 9: *Other*

This administered activity reflects the financial performance and position of various administered activities, including the payment of Special Act salaries; the Child Abuse Protection Program, Expensive State Criminal cases, Children in State Care Commission of Inquiry, Children on APY Lands Inquiry, Professional Standards Council, Sport and Recreation Fund and Recreation and Sport Fund.

6. Employee benefit expenses

	2009	2008
	\$'000	\$'000
Salaries and wages	88 789	75 750
Employee on-costs:		
Superannuation	12 656	10 440
Other	5 774	4 682
Annual leave	8 332	6 967
Long service leave	4 357	3 583
Board fees	1 683	1 535
Other	805	970
Total employee benefit expenses	122 396	103 927

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:

	2009	2008
	Number	Number
\$100 001 - \$110 000	48	38
\$110 001 - \$120 000	33	27
\$120 001 - \$130 000	34	27
\$130 001 - \$140 000	16	13
\$140 001 - \$150 000*	12	9
\$150 001 - \$160 000	6	5
\$160 001 - \$170 000	7	3
\$170 001 - \$180 000*	8	16
\$180 001 - \$190 000	12	6
\$190 001 - \$200 000	7	7
\$200 001 - \$210 000	5	4
\$210 001 - \$220 000	4	5
\$220 001 - \$230 000	2	6
\$230 001 - \$240 000*	8	6
\$240 001 - \$250 000	7	3
\$250 001 - \$260 000	2	1
\$260 001 - \$270 000*	2	3
\$270 001 - \$280 000	2	1
\$280 001 - \$290 000*	4	1
\$290 001 - \$300 000	-	1
\$300 001 - \$310 000	-	1
\$310 001 - \$320 000	1	2
\$320 001 - \$330 000	1	1
\$330 001 - \$340 000	1	-
\$370 001 - \$380 000	1	-
\$410 001 - \$420 000	1	-
\$430 001 - \$440 000	1	-
\$450 001 - \$460 000	1	-
\$470 001 - \$480 000	1	-
Total number of employees	228	186

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

Remuneration of employees by category

	2009	2008
	Number	Number
Legal officers	135	114
Executive	38	30
Other	55	42
Total number of employees	228	186

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, fringe benefits tax and any other salary sacrifice benefits. Total remuneration received or due and receivable by these employees was \$36.1 million (\$28.5 million).

An increase in enterprise bargaining outcomes has led to some officers now being included in this Note. The number of officers included in this Note has also increased due to functions that transferred to the Department in 2008-09.

7. Supplies and services

	2009	2008
	\$'000	\$'000
Information and communications technology	16 376	14 762
Accommodation	13 906	10 919
Contract staff	3 214	3 421
Staff payments	3 276	2 658
Legal fees	3 703	4 240
Office expenses	2 517	2 299
Laboratory supplies	1 520	1 113
Telephone related expenses	1 561	1 350

7. Supplies and services (continued)	2009	2008
	\$'000	\$'000
Motor vehicle expenses	1 463	1 219
Promotions and publications	1 436	944
Tax and taxable payments	805	671
Repairs, maintenance and minor purchases	1 563	619
Shared Services SA charges	1 738	-
Minor works	1 283	310
Cost of goods sold	938	-
Project costs	680	-
Consultancies	548	611
Storage and archive costs	272	234
Outsourced services	503	227
Facilitator costs	94	277
Fingerprinting costs	131	154
Insurance	207	97
Other	4 100	2 241
Total supplies and services	61 834	48 366

Supplies and services provided by entities within the SA Government:

Information and communications technology	2 629	2 521
Accommodation	12 693	10 543
Contract staff	59	5
Staff payments	319	458
Legal fees	2	31
Office expenses	93	78
Laboratory supplies	1	16
Telephone related expenses	1 158	1 034
Motor vehicle expenses	1 371	1 133
Promotions and publications	206	65
Tax and taxable payments	-	3
Repairs, maintenance and minor purchases	287	2
Shared Services SA charges	1 724	-
Minor works	255	141
Cost of goods sold	12	-
Project costs	35	-
Consultancies	-	12
Storage and archive costs	9	8
Outsourced services	-	4
Fingerprinting costs	97	103
Insurance	201	93
Other	422	319
Total supplies and services - SA Government entities	21 573	16 569

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

	2009		2008	
	Number	\$'000	Number	\$'000
Below \$10 000	36	105	14	54
\$10 000 - \$50 000	12	266	7	211
Above \$50 000	3	177	3	346
Total paid/payable to the consultants engaged	51	548	24	611

8. Grants and subsidies	2009	2008
	\$'000	\$'000
Grants to:		
Community Legal Centres	4 022	4 720
Aboriginal Legal Rights Movement	1 800	2 003
Grants by:		
Office for Recreation and Sport	7 975	-
Policy, Planning and Legislation Division	2 768	2 999
Native Title Claims Resolution Unit	428	399
Multicultural SA	864	725
Other	1 526	1 047
Total grants and subsidies	19 383	11 893

Grants and subsidies provided to entities within the SA Government:

Policy, Planning and Legislation Division	1 034	1 103
Native Title Claims Resolution Unit	428	399
Multicultural SA	2	7
Other	200	170
Total grants and subsidies - SA Government entities	1 664	1 679

9. Depreciation and amortisation expense	2009	2008
Depreciation:	\$'000	\$'000
Information technology	244	465
Leasehold improvements	1 342	1 621
Plant and equipment	1 354	802
Buildings and other structures	2 111	28
Mobile transport assets	26	16
Total depreciation	5 077	2 932
Amortisation:		
Intangible assets	190	179
Total amortisation	190	179
Total depreciation and amortisation expense	5 267	3 111
10. Borrowing costs		
Interest paid/payable on short-term and long-term borrowings	228	-
Total borrowing costs	228	-
11. Other expenses		
Witness expenses	876	769
Doubtful debt expense	1 028	287
Other	238	180
Total other expenses	2 142	1 236
Other expenses paid/payable to entities within the SA Government:		
Other	238	180
Total other expenses - SA Government entities	238	180
12. Auditor's remuneration		
Audit fees paid/payable to the Auditor-General's Department	238	170
Total auditor's remuneration	238	170
Other services		
No other services were provided by the Auditor-General's Department.		
13. Revenues from fees and charges		
Licence and regulatory fees	28 276	25 707
Legal services	15 485	15 293
Network services	14 341	13 965
Recovery of administration expenditure	6 200	6 312
Forensic services	4 397	3 567
Interpreting and translating services	2 991	2 694
Sale of goods	1 527	-
Rental income	756	-
Other	294	301
Total revenues from fees and charges	74 267	67 839
Fees and charges received/receivable from entities within the SA Government:		
Licence and regulatory fees	1	8
Legal services	15 452	15 273
Network services	14 341	13 965
Recovery of administration expenditure	6 200	6 312
Forensic services	4 397	3 567
Interpreting and translating services	2 394	2 100
Sale of goods	49	-
Other	79	39
Total revenues from fees and charges - SA Government Entities	42 913	41 264
14. Recoveries		
Crown Solicitor's Office	4 343	3 214
Office of Consumer and Business Affairs	582	939
Justice Business Services	546	436
Human Resource Services	534	518
Office for Recreation and Sport	309	-
Other	1 672	1 711
Total recoveries	7 986	6 818

14. Recoveries (continued)	2009	2008
Recoveries received/receivable from entities within the SA Government:	\$'000	\$'000
Crown Solicitor's Office	4 259	3 068
Office of Consumer and Business Affairs	386	432
Justice Business Services	338	342
Human Resource Services	492	429
Other	990	1 155
Total recoveries - SA Government entities	6 465	5 426
15. Grants and subsidies		
Grants received by:		
Office for Recreation and Sport	4 546	-
Policy, Planning and Legislation Division	1 179	330
Justice Business Services	-	300
Crown Solicitor's Office	200	240
Other	341	123
Total grants and subsidies received	6 266	993
Grants received from SA Government entities:		
Office for Recreation and Sport	3 917	-
Policy, Planning and Legislation Division	1 179	330
Justice Business Services	-	300
Crown Solicitor's Office	200	240
Other	211	29
Total grants from SA Government entities	5 507	899
16. Other income		
Other	1 681	919
Total other income	1 681	919
Other income received/receivable from entities within the SA Government:		
Other	102	899
Total other income - SA Government entities	102	899
17. Revenues from/payments to SA Government		
Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	116 597	85 936
Total revenues from SA Government	116 597	85 936
Payments to SA Government:		
Payment to Treasury under Cash Alignment Policy	-	3 332
Payments to Treasury under <i>Associations Incorporation Act</i>	-	351
Total payments to SA Government	-	3 683
18. Cash and cash equivalents		
Deposits with the Treasurer ⁽¹⁾	24 930	21 232
Cash and cheques in transit	134	125
Cash on hand (including petty cash)	154	41
Total cash and cash equivalents	25 218	21 398
(1) Includes funds held in the Accrual Appropriation Excess Funds Account of \$20.9 million (\$16.6 million). The balances of these funds are not available for general use ie funds can only be used in accordance with the Treasurer's/Under Treasurer's approval.		
19. Receivables	2009	2008
Receivables	\$'000	\$'000
Allowance for doubtful debts	9 859	10 173
GST receivable	(1 606)	(500)
Prepayments	1 781	1 090
Other	672	372
	102	182
Total receivables	10 808	11 317
Receivables from SA Government entities:		
Receivables	8 237	9 894
Allowance for doubtful debts	(592)	(500)
Other	102	182
Total receivables from SA Government entities	7 747	9 576

Movement in the allowance for doubtful debts

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

	2009 \$'000	2008 \$'000
Carrying amount at 1 July	500	648
Increase in the allowance	1 106	287
Amounts written off	-	(435)
Carrying amount at 30 June	1 606	500

20. (a) Property, plant and equipment

	2009 Cost/ Valuation \$'000	Accumulated depreciation/ amortisation \$'000	Written down value \$'000	2008 Cost/ Valuation \$'000	Accumulated depreciation/ amortisation \$'000	Written down value \$'000
Leasehold improvements ⁽¹⁾	6 798	1 363	5 435	10 008	7 150	2 858
Plant and equipment ⁽¹⁾	12 479	6 726	5 753	10 537	6 277	4 260
Land ⁽¹⁾	1 060	-	1 060	715	-	715
Information technology Library collections ⁽²⁾	6 717 407	6 053 -	664 407	6 447 407	5 809 -	638 407
Buildings and other structures ⁽¹⁾	176 380	39 310	137 070	417	83	334
Mobile transport assets ⁽¹⁾	259	26	233	206	48	158
Capital work in progress	64	-	64	-	-	-
	204 164	53 478	150 686	28 737	19 367	9 370

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

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

20. (b) Property, plant and equipment movement schedule

2009	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Mobile transport assets \$'000	Capital work in progress \$'000
Carrying amount at 1 July	715	334	2 858	158	-
Additions	-	-	144	-	3 938
Disposals	-	-	-	-	-
Revaluation	345	(334)	3 143	101	-
First time recognition of asset	-	-	606	-	-
Depreciation and amortisation	-	(2 111)	(1 342)	(26)	-
Acquisition through administrative restructuring	-	135 122	26	-	325
Transfer from work in progress	-	4 060	-	-	(4 199)
Carrying amount at 30 June	1 060	137 071	5 435	233	64

	Information technology \$'000	Library Collections \$'000	Plant and equipment \$'000	Total property, plant and equipment \$'000
Carrying amount at 1 July	638	407	4 260	9 370
Additions	269	-	1 175	5 526
Disposals	-	-	-	-
Revaluation	-	-	912	4 167
First time recognition of asset	-	-	194	800
Depreciation and amortisation	(244)	-	(1 354)	(5 077)
Acquisition through administrative restructuring	-	-	427	135 900
Transfer from work in progress	-	-	139	-
Carrying amount at 30 June	663	407	5 753	150 686

21. (a) Intangible assets

	2009 \$'000	2008 \$'000
Computer software:		
Internally developed computer software	2 055	1 125
Accumulated amortisation	(749)	(559)
Total computer software	1 306	566
Work in progress		
Intangible work in progress at cost	529	1 314
Total work in progress	529	1 314
Total intangible assets	1 835	1 880

The internally developed computer software relates to Forensic Science South Australia's Case Management Database software.

(b) Intangibles movement schedule

	Intangibles	Intangible work in progress	2009 Total intangibles
	\$'000	\$'000	\$'000
Carrying amount 1 July	566	1 314	1 880
Additions	-	414	414
Transfers to/from work in progress	930	(930)	-
Disposals	-	-	-
Depreciation and amortisation	(190)	-	(190)
Transfers to other non-current asset	-	(269)	(269)
Carrying amount 30 June	1 306	529	1 835

22. Payables	2009	2008
Current:	\$'000	\$'000
Creditors	10 401	5 364
Employee on-costs	2 227	2 038
Other current payables	1 141	-
Accruals	223	187
Total current payables	13 992	7 589
Non-current:		
Employee on-costs	2 629	2 009
Total non-current payables	2 629	2 009
Total payables	16 621	9 598
Payables to SA Government entities:		
Creditors	2 584	866
Employee on-costs	4 856	4 047
Accruals	223	187
Total payables to SA Government entities	7 663	5 100

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave has changed from the 2008 rate 35 percent to 45 percent. This rate is used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$343 000.

Interest rate risk

Creditors and accruals are raised for all amounts billed but unpaid and are settled within the normal terms of payment of 30 days, unless otherwise agreed. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

23. Employee benefits	2009	2008
Current:	\$'000	\$'000
Annual leave	7 209	5 887
Accrued salaries and wages	2 927	2 213
Long service leave	1 385	1 216
Total current employee benefits	11 521	9 316
Non-current:		
Long service leave	21 693	19 055
Total non-current employee benefits	21 693	19 055
Total employee benefits	33 214	28 371

Based on an actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of the long service leave liability has not changed from the 2008 benchmark (6.5 years).

Correction of error

A correction has been made to employee benefits payable to account for allowances payable to employees prior to 30 June 2007 that were not recognised as a liability. The error also had the effect of understating employee benefit expenses and therefore overstating retained earnings. Comparative figures have been restated to reflect the error correction.

24. Provisions	2009	2008
Current:	\$'000	\$'000
Provisions for workers compensation	513	428
Total current provisions	513	428
Non-current:		
Provisions for workers compensation	1 658	1 441
Total non-current provisions	1 658	1 441
Total provisions	2 171	1 869

24. Provisions (continued)	2009	2008
	\$'000	\$'000
Carrying amount at 1 July	1 869	1 437
Additional provisions recognised	302	432
Carrying amount at 30 June	2 171	1 869
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 the Department of the Premier and Cabinet.		
25. Other liabilities	2009	2008
	\$'000	\$'000
Current:		
Unearned revenue	71	11
Control and working account balances	11	9
Total current other liabilities	82	20
Other liabilities from SA Government entities:		
Unearned revenue	5	8
Control and working account balances	11	9
Total other liabilities from SA Government entities	16	17
26. Borrowings		
Current borrowings:		
Loans from non-SA Government	322	-
Total current borrowings	322	-
Non-current borrowings		
Loans from non-SA Government	3 408	-
Total non-current borrowings	3 408	-
Total borrowings	3 730	-
Borrowings represent loans underwritten by the Department as guarantor to external organisations. Borrowings consist of two loans at fixed interest rates of 7.99 percent and 7.34 percent respectively. Both loans have a maturity date of 2017.		
27. Cash flow reconciliation	2009	2008
	\$'000	\$'000
Reconciliation of cash - cash at 30 June as per:		
Statement of Cash Flows	25 218	21 398
Statement of Financial Position	25 218	21 398
Reconciliation of net cost of providing services to net cash provided by operating activities:		
Net cost of providing services	(117 374)	(87 942)
Revenues from SA Government	116 597	85 936
Payments to SA Government	-	(3 683)
Add (Less): Non-cash items:		
Depreciation and amortisation expense	5 267	3 111
Non-current assets accruals in payables	(1 407)	-
Change in assets and liabilities:		
Decrease (Increase) in receivables	376	(1 968)
Increase in other assets	(42)	-
Increase in lease incentive receivable	-	(6 780)
Increase in payables	7 023	784
Increase in employee benefits	4 843	2 324
Increase in provisions	302	431
(Decrease) Increase in lease incentive liability	(880)	6 015
Increase in other liabilities	3 792	-
Transfer of current assets on restructure	734	-
Transfer of non-current assets on restructure	143	-
Transfer of current liabilities on restructure	(6 909)	-
Transfer of non-current liabilities on restructure	(5 084)	-
Net cash provided by (used in) operating activities	7 381	(1 772)
28. Commitments		
Operating leases commitments		
Commitments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	9 091	10 157
Later than one year but not longer than five years	34 574	36 537
Later than five years	19 622	27 979
Total operating leases commitments	64 097	74 673

Operating leases commitments (continued)

The accommodation and office equipment leases are non-cancellable leases with rental payable monthly in advance. Contingent rental provisions within the accommodation lease agreements provide for the minimum lease payments to be increased on specified rent review dates. Options exist to renew the accommodation leases at the end of the term of the lease.

Department as lessor

Leases receivable contracted for at the reporting date but not recognised as assets are receivable as follows:

	2009 \$'000	2008 \$'000
Within one year	97	-
Later than one year but not longer than five years	188	-
Later than five years	446	-
Total operating leases commitments	731	-

The Department's leases as lessor are non-cancellable leases of sporting venues and office accommodation leased to various sporting organisations. The leases have terms ranging from 1 to 25 years with some having a right of renewal.

Remuneration commitments

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

	2009 \$'000	2008 \$'000
Within one year	16 713	15 978
Later than one year but not longer than five years	31 252	34 227
Total remuneration commitments	47 965	50 205

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

Other commitments

Grants ⁽¹⁾	13 455	6 090
Capital ⁽²⁾	1 250	1 698
Motor vehicles ⁽³⁾	1 008	1 056
Other ⁽⁴⁾	2	5
Total	15 715	8 849
Within one year	14 134	6 762
Later than one year but not later than five years	1 581	2 087
Total other commitments	15 715	8 849

(1) Grant amounts payable under agreements in respect of which the grantee has yet to provide the services required under the agreement. The grants cover the period 2009-2011.

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

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

(4) Other commitments relate to purchase orders placed for goods and services before 30 June 2009.

29. Contingent assets and liabilities

The Department has an estimated contingent obligation to pay \$167 000 (\$82 000) relating to backdated increases in software maintenance fees. The Department is of the opinion that provisions are not required in respect of this matter, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

In 1997 the Government entered into formal arrangements with the South Australian Netball Association (SANA), regarding the construction of a netball stadium at Mile End. The arrangements resulted in the SANA securing a loan of \$3.5 million from an external banking institution to be applied with government funding toward the stadium construction. As part of the arrangement the Government underwrites the loan of the SANA. As such the Department is contingently liable for the outstanding balance of the loan of the SANA. At balance date the outstanding balance of the loan was \$1.567 million. The Department was not required to make any contributions during the reporting period.

30. Transferred functions*Transferred in*

In the Government Gazette dated 21 August 2008, it was reported that the functions of the Office for Racing and the Office for Recreation and Sport were transferred to the Department effective 1 October 2008.

Transferred in (continued)

The functions of the offices of The Honourable Michael Wright, MP were also transferred to the Department during 2008-09.

The income and expenses attributable to the functions which transferred to the Department were:

	Office for Recreation and Sport 01.07.08 - 30.09.08 \$'000	Office for Racing 01.07.08 - 30.09.08 \$'000	Minister Wright's Office 01.07.08 - 30.09.08 \$'000	Total 01.07.08 - 30.09.08 \$'000
Fees and charges	748	-	-	748
Other income	348	-	-	348
Total income	1 096	-	-	1 096
Employee benefits	2 133	101	307	2 541
Depreciation	741	-	2	743
Supplies and services	1 229	22	158	1 409
Grants and subsidies	8 126	-	-	8 126
Other expenses	79	-	-	79
Total expenses	12 308	123	467	12 898
Net result	(11 212)	(123)	(467)	(11 802)
	01.10.08 - 30.06.09 \$'000	01.10.08 - 30.06.09 \$'000	01.10.08 - 30.06.09 \$'000	01.10.08 - 30.06.09 \$'000
Fees and charges	2 285	-	-	2 285
Other income	6 960	-	107	7 067
Total income	9 245	-	107	9 352
Employee benefits	5 753	180	863	6 796
Depreciation	2 206	-	-	2 206
Supplies and services	10 014	188	509	10 711
Grants and subsidies	7 975	-	-	7 975
Other expenses	29	-	-	29
Total expenses	25 977	368	1 372	27 717
Net result	(16 732)	(368)	(1 265)	(18 365)

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

	Office for Recreation and Sport \$'000	Office for Racing \$'000	Minister Wright's Office \$'000	Total \$'000
Assets:				
Current	1 100	87	251	1 438
Non-current	136 017	-	26	136 043
Total assets	137 117	87	277	137 481
Liabilities:				
Current	6 695	109	179	6 983
Non-current	4 866	94	50	5 010
Total liabilities	11 561	203	229	11 993
Net assets (liabilities)	125 556	(116)	48	125 488
Net gain (loss) from transferred functions	125 556	(116)	48	125 488

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

Transferred out

As part of the South Australian Government's shared services initiative, the accounts payable, accounts receivable and payroll services transitioned to Shared Services SA in 2008-09. The effective date of the transfer of payroll services was 4 August 2008. The effective date of the transfer of accounts payable and accounts receivable was 13 October 2008.

Transferred out (continued)

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

	Payroll services \$'000	Accounts payable and accounts receivable \$'000	Total \$'000
Assets:			
Current	108	10	118
Non-current	-	-	-
Total assets	108	10	118
Liabilities:			
Current	31	4	35
Non-current	77	6	83
Total liabilities	108	10	118
Net assets (liabilities)	-	-	-
Net gain (loss) from transferred functions	-	-	-

31. Remuneration of Board and Committee members

Members that were entitled to receive remuneration for membership during the 2008-09 financial year were:

Forensic Science Advisory Committee

Mr Edward Mullighan QC	Prof Brendon Kearney*
Mr John Lyons	Mr Tony Harrison*
Dr Claire Lenehan	Mr Graham Martin*
Mr Ross Vining*	Mr Adam Kimber*
Mr Peter Anderson	

SA Classification Council

Ms Barbara Biggins	Mr Philip Marshall
Mr Michael Dawson	Ms Katherine O'Neill*
Mr Anthony Durkin	Ms Julie Redman

Premier's Council for Women

Ms Alison Adair	Ms Anne-Marie Hayes*
Miss Diat Alferink	Ms Elizabeth Jensen
Ms Eunice Aston	Ms Frances Magill
Ms Karen Bard	Ms Patricia Mickan
Ms Rosa Colanero	Ms Anuradha Mundkur
Prof Anne Edwards	Ms Ivana Rapajic-Moran
Ms Lavinia Emmett-Grey	Ms Nerida Saunders*
Ms Janet Giles	Ms Louise Stock
Ms Elizabeth Haebich	Ms Eugenia Tsoulis
Ms Maria Hagias	Ms Katrina Webb-Denis

South Australian Multicultural and Ethnic Affairs Commission

Mr Hieu Van Le	Mr Norman Schueler
Mr Peter Ppiros	Mr Antonio (Tony) Simeone
Ms Branka King	Ms Sumeja Skaka
Ms Michelle (Swee Ming) Dieu	Ms Malgorzata Skalban OAM
Mr Petar Zdravkovski	Ms Maria Barredo
Mr George Fomba	Mrs Galawez Mustafa
Mrs Promila Gupta	Mr Mariano Ngor
Mrs Vahedeh Mansoury	

Guardianship Board

Prof Jennifer Abbey	Ms Helen Hyde
Mr Robert Arbon	Ms Eugenia Koussidis
Mr David Black	Ms Sally Langton
Ms Margaret Brown	Ms Helen Mares
Mr Brian Butler	Ms Karen McAuley
Ms Lee-Anne Clark	Mr Jeremy Moore*
Ms Jeanette Curtis OAM	Ms Karen O'Keefe
Dr Linley Denson	Ms Janece Petrie
Mr Anthony Durkin	Ms Eileen Quinn
Dr Leon Earle	Mr Neil Rainford
Ms Audrey Edwards	Dr George Rawson
Mrs Helen Edwards	Ms Elizabeth Salna
Ms Julie Forgan	Dr Lucy Sheppeard
Dr Jonathan Fry	Dr Elaine Skinner

Guardianship Board (continued)

Ms Lindley Gilfillan
 Ms Jan Harry
 Dr Lothar Hoff
 Mrs Janet Howell

Ms Patricia Sutton
 Mr Noel Twohig
 Ms Judith Worrall
 Ms Penelope Wright

Veterans' Advisory Council

Mr Greg Blyth
 Mr Paul Coppock
 Squadron Leader Jennifer Dowling (Rtd)
 Lt Col Moose Dunlop (Rtd) OAM
 Major Robert Ellis (Rtd)
 Mrs Brenda Fergusson
 Squadron Leader David Helman (Rtd)

Mr David Kerr
 Brigadier Max Lemon (Rtd) AM
 Brigadier Laurie Lewis (Rtd) AM
 Sir Eric Neal AC, CVO
 Mr William Schmitt AM
 Major Ian Smith
 Mr Jock Statton OAM

Boxing & Martial Arts Advisory Committee

Dr Alex Alexander
 Dr Verity Cooper
 Mr Tom Ferrauto
 Ms Noha Hanafi
 Ms Jenny Hughes*
 Mr John Leondaris

Ms Mae-Lin Leow
 Mr Sydney McDonald
 Ms Rebecca Osborne
 Ms Tania Robertson
 Hon Rauf Soulio
 Mr Alan Wong*

Volunteer Ministerial Advisory Group

Ms A Bachmann
 Ms Eunice Aston
 Ms Leanne Powell
 Ms Olivia Guana
 Ms Pat Rix
 Mr Michael Dawson
 Ms Monika Klein
 Mr David Mitchell
 Ms Judith Bundy
 Mr Cam Pearce

Ms Debra Petrys
 Ms Janine Keulen
 Ms Alexandra Lawson
 Mr Jock Statton OAM
 Ms Janet Stone
 Ms Jan Sutherland
 Ms Cathy Chong
 Ms Darilyn Roman
 Mr Wayne Thorley
 Ms Kathryn Zeitz

Physical Activity Council

Mr Stuart Clement
 Mr Jeff Dry
 Ms Jenny Lutze

Ms Cathy Sanders
 Ms Emma Thompson

Residential Tenancies Tribunal

Mrs Marie Alvino
 Ms Harrison Anderson
 Mr Stuart Andrew
 Mr Adrian Bradbrook
 Mr Peter Carey
 Mr Peter Duffy
 Ms Julia Dunstone
 Mr Stavros Georgiadis
 Ms Barbara Johns

Ms Jane McCaffrie
 Ms Patricia Mickan
 Ms Jane Moularadellis
 Mrs Patricia Patrick
 Mr Thomas Rymill
 Mr Douglas Stott
 Mr Gerard Twohig
 Mr Roger Vincent
 Ms Pamela Wilkinson

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

The number of members whose remuneration received or receivable falls within the following bands:

	2009 Number	2008 Number
\$0 - \$9 999	117	81
\$10 000 - \$19 999	13	12
\$20 000 - \$29 999	5	6
\$30 000 - \$39 999	8	6
\$40 000 - \$49 999	1	2
\$50 000 - \$59 999	2	2
\$60 000 - \$69 999	2	1
\$70 000 - \$79 999	2	-
\$80 000 - \$89 000	2	1
\$90 000 - \$99 999	1	2
\$100 000 - \$109 999	-	1
\$110 000 - \$119 999	1	-
\$120 000 - \$129 999	-	1
\$130 000 - \$139 999	1	-
\$240 000 - \$249 999	-	1
\$260 000 - \$269 999	1	-
Total number of members	156	116

31. Remuneration of Board and Committee members (continued)

Remuneration of members reflects all costs of performing Board/Committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$1.96 million (\$1.53 million).

Amounts paid to a superannuation plan for Board/Committee members was \$250 000 (\$140 000).

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

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

32. Financial instruments**(a) Categorisation of financial instrument***Financial assets*

Cash and receivables are recorded at the carrying amount as per the Statement of Financial Position, which approximates net fair value.

Financial liabilities

Payables are recorded at the carrying amount which is considered to be a reasonable estimate of net fair value.

(b) Credit risk

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

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

	Past due by			Total \$'000
	Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	
2009				
Not impaired:				
Receivables	263	232	889	1 384
Impaired:				
Receivables	-	-	500	500
2008				
Not impaired:				
Receivables	601	1 472	2 105	4 178
Impaired:				
Receivables	-	-	500	500

(c) Liquidity risk

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

The continued existence of the Department in its present form, and with its present programs, is dependent on State Government policy and on continuing appropriations by Parliament for the Department's administration and programs. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received.

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

(d) Market risk

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

33. Taxation revenue - administered items

	2009 \$'000	2008 \$'000
Taxation gaming machines	292 753	295 064
Taxation casino operations	21 296	20 234
Taxation off-course totalisator	7 715	10 664
Total taxation revenue	321 764	325 962

34. Revenues from SA Government - administered items	2009	2008
	\$'000	\$'000
Appropriations from Consolidated Account pursuant to the <i>Appropriations Act</i>	51 073	48 083
Appropriations under other Acts	12 614	7 809
Total revenues from SA Government	63 687	55 892
35. Grants and subsidies received - administered items		
Commonwealth specific purpose grants:		
Legal aid	13 736	13 641
Company code fees	-	13 023
Total commonwealth specific purpose grants	13 736	26 664
Grants from SA Government:		
Children on APY Lands Inquiry	-	1 600
Computer aided dispatch	2 790	-
Recreation and Sport	2 625	-
State Rescue Helicopter Service	550	1 332
Other	207	200
Total grants from SA Government	6 172	3 132
Total grants and subsidies received	19 908	29 796
36. Interest revenues - administered items		
Interest from investments	7 992	10 070
Agents Indemnity Fund interest from agents	7 904	11 247
Interest from the Department of Treasury and Finance	3 338	3 634
Interest from SA Housing Trust	739	912
Total interest revenues	19 973	25 863
Interest received/receivable from entities within the SA Government:		
Interest from investments	7 992	10 070
Interest from the Department of Treasury and Finance	3 338	3 634
Interest from South Australian Housing Trust	739	912
Total interest revenues - SA Government entities	12 069	14 616
37. Recoveries and other income - administered items		
Confiscation of profits	1 408	1 687
Recoveries from offenders	1 072	860
Recoveries for State Rescue Helicopter Service	1 725	1 906
Sundry recoveries	1 583	837
Other	512	860
Total recoveries and other income	6 300	6 150
Recoveries and other income received/receivable from entities within the SA Government:		
Recoveries for State Rescue Helicopter Service	1 550	1 739
Sundry recoveries	579	656
Other	-	206
Total recoveries and other income - SA Government entities	2 129	2 601
38. Grants - administered items		
Legal Services Commission	28 521	27 811
Liquor licensees	6 537	4 387
Victims of Crime legal aid	2 618	2 391
Other	3 733	130
Total grants	41 409	34 719
39. Victims of Crime payments - administered items		
Victims of Crime payments	13 444	11 869
Total Victims of Crime payments	13 444	11 869
Victims of Crime payments paid/payable to entities within the SA Government:		
Victims of Crime payments	746	172
Total Victims of Crime payments - SA Government entities	746	172

40.	State Rescue Helicopter Service charges - administered items	2009	2008
		\$'000	\$'000
	State Rescue Helicopter Service charges	9 676	9 005
	Total State Rescue Helicopter Service charges	9 676	9 005
	State Rescue Helicopter Service charges paid/payable to entities within the SA Government:		
	State Rescue Helicopter Service charges	231	109
	Total State Rescue Helicopter Service charges - SA Government entities	231	109
41.	Employee benefit expenses - administered items		
	Salaries and wages	4 445	4 318
	Employee on-costs:		
	Superannuation	542	583
	Other	242	293
	Board fees	987	1 001
	Annual leave	163	74
	Long service leave	223	180
	Total employee benefit expenses	6 602	6 449
	Remuneration of employees	2009	2008
	The number of employees whose remuneration received or receivable falls within the following bands:	Number	Number
	\$100 001 - \$110 000	1	-
	\$110 001 - \$120 000	2	4
	\$120 000 - \$130 000	1	-
	\$160 001 - \$170 000	-	1
	\$230 001 - \$240 000	1	-
	\$370 001 - \$380 000	-	1
	\$410 001 - \$420 000	1	-
	\$420 001 - \$430 000	-	1
	Total number of employees	6	7
	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, fringe benefits tax and any other salary sacrifice benefits. Total remuneration received or due and receivable by these employees was \$1.1 million (\$1.4 million).		
42.	Depreciation expense - administered items	2009	2008
	Depreciation:	\$'000	\$'000
	Information technology	158	147
	Leasehold improvements	141	76
	Plant and equipment	48	13
	Total depreciation expense	347	236
43.	Net loss from disposal of assets - administered items		
	Plant and equipment:		
	Proceeds from disposal	-	-
	Net book value of assets disposed	-	9
	Net loss from disposal of plant and equipment	-	9
	Fixtures and fittings:		
	Proceeds from disposal	-	-
	Net book value of assets disposed	-	75
	Net loss from disposal of fixtures and fittings	-	75
	Total assets:		
	Total proceeds from disposal	-	-
	Total net book value of assets disposed	-	84
	Total net loss from disposal of assets	-	84

44. Other expenses - administered items	2009	2008
	\$'000	\$'000
Legal fees	2 946	4 018
Contract staff	1 316	2 238
Contract maintenance	647	964
Accommodation	524	705
Promotions and publications	759	637
Contribution payments	-	355
Information and communications technology	765	356
Office expenses	92	140
Agents Indemnity Fund claims	44	75
Telephone related expenses	18	51
Betting services	79	61
Consultancies	1	52
Revaluation decrement ⁽¹⁾	6 082	1 855
Other	3 147	2 144
Total other expenses	16 420	13 651

(1) Revaluation decrement refers to a decrease in the value of investments held by Administered Funds with the Public Trustee.

Other expenses paid/payable to entities within the SA Government:

Legal fees	952	2 585
Accommodation	514	689
Contribution payments	5	-
Information and communications technology	109	40
Office expenses	2	83
Telephone related expenses	14	36
Contract staff	142	30
Betting services	-	5
Revaluation decrement	6 082	1 855
Other	2 840	1 135
Total other expenses - SA Government entities	10 660	6 458

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

	2009		2008	
	Number	\$'000	Number	\$'000
Below \$10 000	1	1	2	15
\$10 000 - \$50 000	-	-	1	37
Above \$50 000	-	-	-	-
Total paid/payable to the consultants engaged	1	1	3	52

45. Cash and cash equivalents - administered items	2009	2008
	\$'000	\$'000
Special Deposit Account with Westpac Bank	134 276	113 893
Total cash and cash equivalents	134 276	113 893

Movement in Trust Accounts	Crown Solicitor's Trust Account		Residential Tenancies Fund		Retail Shop Leases Fund	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	7 188	5 948	12 382	14 638	1 267	792
Receipts	100 022	77 773	60 699	56 937	815	888
Payments	(98 887)	(76 533)	(60 706)	(59 193)	(1 781)	(413)
Balance at 30 June	8 323	7 188	12 375	12 382	301	1 267

46. Receivables - administered items	2009	2008
	\$'000	\$'000
Receivables	30 795	26 905
Accrued interest	3 049	2 473
Prepayments	17	54
GST receivable	11	6
Total receivables	33 872	29 438
Receivables from SA Government entities:		
Receivables	4 830	1 620
Accrued interest	269	443
Total receivables from SA Government entities	5 099	2 063

47. Investments - administered items	2009	2008
Current:	\$'000	\$'000
Funds invested with the Public Trustee	53 528	46 882
Total current investments	53 528	46 882
Non-current:		
Funds invested with the Public Trustee	84 891	81 659
Total non-current investments	84 891	81 659
Total investments	138 419	128 541

Investments represent funds invested with the Public Trustee as follows:

Residential Tenancies Fund	94 931	85 682
Agents Indemnity Fund	37 151	37 483
Second-hand Vehicles Compensation Fund	2 497	2 506
Retail Shop Leases Fund	3 840	2 870
Total investments	138 419	128 541

48. Other current assets - administered items		
Other current assets	328	274
Total other current assets	328	274

Other current assets from SA Government entities:

Other current assets	328	274
Total other current assets from SA Government entities	328	274

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

	2009			2008		
	Cost/ Valuation	Accumulated depreciation/ amortisation	Written down value	Cost/ Valuation	Accumulated depreciation/ amortisation	Written down value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Leasehold improvements ⁽¹⁾	320	141	179	550	286	264
Information technology	764	602	162	764	444	320
Plant and equipment ⁽¹⁾	153	65	88	68	45	23
Capital works in progress	8 064	-	8 064	420	-	420
	9 301	808	8 493	1 802	775	1 027

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

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

				2009	
	Leasehold improvements	Information technology	Plant and equipment	Capital work in progress	2009 Total property, plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount 1 July	264	320	23	420	1 027
Additions	-	-	46	7 644	7 690
Disposals	-	-	-	-	-
Revaluation	56	-	68	-	124
Depreciation and amortisation	(141)	(158)	(49)	-	(348)
Carrying amount 30 June	179	162	88	8 064	8 493

50. Payables - administered items	2009	2008
Current:	\$'000	\$'000
Creditors	4 715	5 211
Employee on-costs	20	22
Accruals	34	30
Total current payables	4 769	5 263

Non-current:

Employee on-costs	21	7
Total non-current payables	21	7
Total payables	4 790	5 270

Payables to SA Government entities:

Creditors	1 750	3 904
Employee on-costs	41	29
Accruals	34	30
Total payables to SA Government entities	1 825	3 963

50. Payables - administered items (continued)

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave has changed from the 2008 rate 35 percent to 45 percent. This rate is used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$3000.

51. Employee benefits - administered items

	2009 \$'000	2008 \$'000
Current:		
Annual leave	76	102
Accrued salaries and wages	36	29
Long service leave	11	4
Total current employee benefits	123	135
Non-current:		
Long service leave	173	67
Total non-current employee benefits	173	67
Total employee benefits	296	202

Based on an actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of the long service leave liability has not changed from the 2008 benchmark (6.5 years).

52. Other liabilities - administered items

	2009 \$'000	2008 \$'000
Current:		
Gaming and other receipts payable to the Department of Treasury and Finance	28 296	26 932
Security bonds lodged	44 888	40 891
Crown Solicitor's Trust Account	8 323	7 188
Other	792	824
Total other current liabilities	82 299	75 835
Non-current:		
Security bonds lodged	62 504	51 118
Total other non-current liabilities	62 504	51 118
Total other liabilities	144 803	126 953

Other current liabilities to SA Government entities:

Gaming and other receipts payable to the Department of Treasury and Finance	28 296	26 932
Other	21	13
Total other current liabilities to SA Government entities	28 317	26 945

53. Cash flow reconciliation - administered items

Reconciliation of cash - cash at 30 June per:		
Statement of Administered Cash Flows	134 276	113 893
Statement of Administered Financial Position	134 276	113 893
Reconciliation of net result to net cash provided by operating activities:		
Operating surplus	20 756	26 010
Add (Less): Non-cash Items:		
Depreciation expense	347	236
Loss on disposal of assets	-	84
Decrement on revaluation of investments	6 082	1 855
Non-current assets accruals in payables	(22)	-
Change in assets and liabilities:		
(Increase) Decrease in receivables	(4 434)	3 085
(Increase) Decrease in other assets	(54)	339
(Decrease) Increase in payables	(479)	1 063
Increase (Decrease) in employee benefits	94	(101)
Increase in other liabilities	17 850	12 913
Net cash provided by operating activities	40 140	45 484

54. Commitments - administered items

Other commitments		
Within one year	14 054	13 836
Later than one year but not longer than five years	-	-
Total other commitments⁽¹⁾	14 054	13 836

(1) Grant amounts payable under agreements in respect of which the grantee has yet to provide the services required under the agreement. The grants cover the period 2009 - 2010.

55. Contingent assets and liabilities - administered items

The Agents Indemnity Fund has an estimated contingent obligation to pay \$189 000 relating to current and expected claims against the Fund. The Second-hand Vehicles Compensation Fund has an estimated contingent obligation to pay \$25 000 relating to current and expected claims against the Fund.

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

Under the *Residential Tenancies Act 1995*, interest is paid to tenants when a bond is repaid to them, interest is not paid when a bond is paid to landlords or third parties such as the Housing SA. The interest payable to tenants has not been recorded as a liability, as the Residential Tenancies Fund does not have a present obligation until the tenant lodges a claim for the repayment of the bond. It is estimated that the interest liability as at 30 June 2009 is \$193 000.

56. Transferred functions - administered items***Transferred in***

In the Government Gazette dated 21 August 2008, it was reported that the functions of the Office for Recreation and Sport were transferred to the Department effective 1 October 2008. Included in this transfer were the Recreation and Sport Fund and the Sport and Recreation Fund.

The income and expenses attributable to the functions which transferred to the Department were:

	Recreation and Sport Fund	Sport and Recreation Fund	Total
	01.07.08 - 30.09.08	01.07.08 - 30.09.08	01.07.08 - 30.09.08
	\$'000	\$'000	\$'000
Fees and charges	55	-	55
Grants and subsidies	-	875	875
Total income	55	875	930
Net result	55	875	930
	01.10.08 - 30.06.09	01.10.08 - 30.06.09	01.10.08 - 30.06.09
	\$'000	\$'000	\$'000
Fees and charges	198	-	198
Other income	-	2 625	2 625
Total Income	198	2 625	2 823
Grants and subsidies	-	3 354	3 354
Total expenses	-	3 354	3 354
Net result	198	(729)	(531)

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

	Recreation and Sport Fund	Sport and Recreation Fund	Total
	\$'000	\$'000	\$'000
Assets:			
Current	1 056	3 752	4 808
Total assets	1 056	3 752	4 808
Net gain from transferred functions	1 056	3 752	4 808

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

57. Financial instruments - administered items**(a) Categorisation of financial instrument*****Financial assets***

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

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

Financial liabilities

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

(b) Credit risk

At reporting date funds totalling \$138.4 million were invested with the Public Trustee. Pooled investment funds are not rated for credit risk. The Public Trustee considers the credit risk of individual fund managers prior to investing funds and reviews these assessments quarterly.

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

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

(c) Liquidity risk

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

(d) Market risk

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

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

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

Sensitivity analysis

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

	Carrying amount	Interest rate risk		Price risk	
		-1% Operating surplus	+1% Operating surplus	-1% Equity	+1% Equity
2009	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents	137 345	(1 373)	1 373	-	-
Investments	138 419	-	-	(1 384)	1 384
Total increase (decrease)		(1 373)	1 373	(1 384)	1 384
2008					
Financial assets:					
Cash and cash equivalents	113 893	(1 139)	1 139	-	-
Investments	128 541	-	-	(1 285)	1 285
Total increase (decrease)		(1 139)	1 139	(1 285)	1 285

PUBLIC TRUSTEE

FUNCTIONAL RESPONSIBILITY

Establishment

The Public Trustee is a body corporate established pursuant to the provisions of the *Public Trustee Act 1995*.

Functions

The powers and functions of the Public Trustee are established by the *Public Trustee Act 1995*. The Public Trustee administers the estates of deceased and protected people which requires the management of assets, preparation of wills, investment of funds and arranging legal representation and advice. For information about the Public Trustee's objectives refer to Note 1 of the Corporate financial statements.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Subsection 31(1)(b) of the PFAA and section 50 of the *Public Trustee Act 1995* provide for the Auditor-General to audit the accounts of the Public Trustee for each financial year.

Assessment of controls

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

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

Scope of audit

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

During 2008-09, specific areas of audit attention included:

- corporate governance
- expenditure
- revenue
- payroll
- plant and equipment
- investments and treasury operations
- financial accounting

The audit covered the Corporate, Trusts and Common Funds areas of the Public Trustee operations.

An understanding of internal audit activities has been obtained in order to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Public Trustee as at 30 June 2009, 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 Public Trustee in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to the Trust operations, Common fund operations and implementation of the revised TIs 2 and 28, as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Public Trustee have been conducted properly and in accordance with law.

Communication of audit matters

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

Corporate operations

Audit raised a number of matters including the need to expand current delegations documentation and further improve segregation of duties relating to some expenditure processing functions. Public Trustee's response to the matters raised was considered satisfactory.

Trust operations

Audit review identified a number of matters in relation to Trust operations. The main matters raised were:

- a number of instances where internal control reports presented to senior management and the Audit and Risk Committee did not accurately reflect underlying data
- current practices in place to manage insurance of client real estate are not being consistently applied across all clients with the Insurance Clerk not involved in all cases
- reconciliations between key client computer systems are not being consistently conducted, with reconciling items not always being supported by documentation to verify the nature of variances and actions taken.

The matters relating to the internal control reports and insurance follow similar issues being identified in 2007-08.

The Public Trustee has responded to each of these matters:

- The instances identified in which internal control reports were inaccurate will be addressed through a combination of changes to the reporting processes used to provide more complete information and changes to the underlying controls to improve the effectiveness of the control process and related reporting.
- Current insurance practices have been significantly reviewed with workflow process changes to be implemented during the 2009-10 financial year which will significantly improve reporting on insurance related matters.
- Reconciliation processes will be strengthened during the 2009-10 financial year with additional documentation being maintained by the Public Trustee for key system reconciliations to document details of actions taken.

Audit also undertook a follow-up review on the status of client real estate inspections being conducted and identified that the Public Trustee is currently in the process of negotiating programmed maintenance arrangements for client real estate. In the interim, private sector real estate inspectors are available for specific inspections if required.

Common fund operations

Audit identified significant balances in a suspense account relating to common fund operations which had not been reviewed and cleared for an extended period, although the balance was reported as part of a monthly process. These balances were cleared by Public Trustee following the issue being raised. Public Trustee, in response, have advised that a revised process requiring regular certification of clearing and suspense account balances will be implemented in the 2009-10 financial year. Public Trustee also advised that this matter did not impact client finances.

Implementation of the revised TIs 2 and 28

Audit review of Public Trustee's implementation of the requirements of TIs 2 and 28 identified that work had been performed to complete a financial management compliance checklist and construct a financial management compliance charter. Review of these documents identified:

- the charter did not include a requirement for compliance to be assessed on an annual basis
- there was no reference to supporting material in the checklist and therefore the assessed level of compliance was unable to be supported.

As a result Audit advised the Public Trustee of the need to expand the charter to include an annual requirement for compliance to be assessed and to provide links from the compliance checklist to supporting documentation evidencing the level of assessed compliance.

Further review identified there were a number of policy documents which did not show evidence of review in the past 12 months, contrary to the requirement of TI 2.

The Public Trustee has undertaken to continue and document the review process in 2009-10.

Information and communications technology management and control

In July 2007, the Public Trustee commissioned an 'IT Architecture Project' review which was undertaken by an external consultant. The review examined aspects of technology, resources, processes and governance. A 'IT Governance Update' review by the consultant was completed in February 2009 which was an updated assessment of progress of recommendations made in the 2007 review.

During 2009, Audit undertook a review of the 'IT Governance Update'. In addition, the review included aspects of ICT controls for the Public Trustee's CPE for the Core Business Information System and Masterpiece applications.

Key matters arising from the Audit review raised with the Public Trustee were:

- ensuring adequate business continuity and disaster recovery strategies exist for the current CPE
- undertaking ownership identification and classification of security in terms of the importance of the confidentiality, integrity and availability of information to Public Trustee residing within the CPE
- reviewing technical documentation, for currency and applicability to the CPE, and position responsibilities to ensure that appropriate responsibilities are assigned.

The response from the Public Trustee indicated that an infrastructure service provider was engaged to assist with identifying risk areas, service recovery timeframes, data backup strategies and potential recovery scenarios and recovery testing. The Public Trustee has prepared a draft policy regarding information classification and handling, and has recently revised and republished its information security policies.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements

	2009	2008
	\$'million	\$'million
INCOME		
Revenue from fees and charges	17	18
Other revenues	1	2
Total income	18	20
EXPENSES		
Employee benefit expenses	12	11
Supplies and services	5	5
Other expenses	1	3
Total expenses	18	19

	2009 \$'million	2008 \$'million
Profit before tax	-	1
Income tax equivalent expense	-	-
Profit after tax	-	1
Total comprehensive result	-	1
NET CASH PROVIDED BY OPERATING ACTIVITIES	4	2
ASSETS		
Current assets	10	7
Non-current assets	15	18
Total assets	25	25
LIABILITIES		
Current liabilities	2	2
Non-current liabilities	3	3
total liabilities	5	5
EQUITY	20	20

Statement of Comprehensive Income

Income

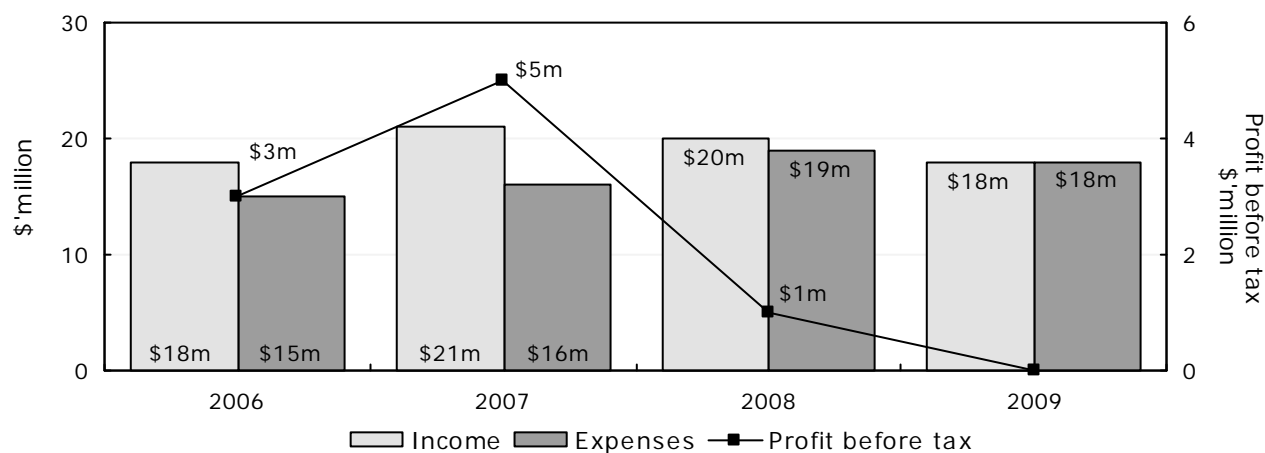
The Public Trustee's main source of income is revenues from fees and charges comprising commissions, fees and charges for the management of trusts and related investments. The commissions and fees charged reflect the number and value of trusts managed throughout the year. Commissions, fees and charges decreased in 2008-09 by \$1.5 million as a result of a decrease in the value of funds invested in the Common Funds and a change to the timing of distributions from the Common Funds which has a one-off impact on the amount of commissions received for 2008-09. Refer Note 4.1 to the Corporate Financial Statements for further information.

Expenses

Employee benefit expenses account for the majority of expenses of the Public Trustee, representing 63 percent of the total. There was a minor increase in employee benefit expenses in 2008-09 as a result of enterprise agreement increases during the year.

Net result

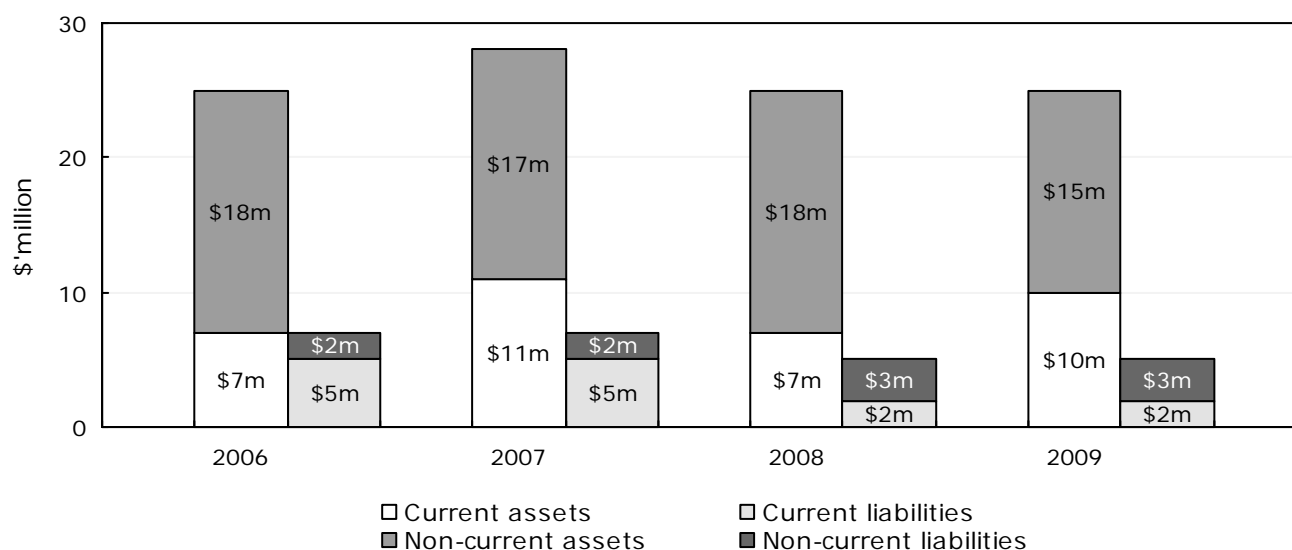
The following chart shows the revenues, expenses and surpluses for the four years to 2009.



The decrease in profit before tax is principally attributable to the decrease in market value of some of the investments held by the Public Trustee, arising from the depressed financial markets.

Statement of Financial Position

The following chart analyses the assets and liabilities for the four years to 2009.



The movement between non-current and current assets from 2007-08 to 2008-09 is the result of invested funds being returned to short-term cash investments.

Statement of Cash Flows

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	4	2	6	3
Investing	2	(5)	(1)	(2)
Financing	(1)	(1)	(2)	(1)
Change in cash	5	(4)	3	-
Cash at 30 June	10	5	9	6

Cash increased by \$5 million in 2009 as a result of investments maturing and being returned to cash and a decrease in cash payments due to no dividend being payable.

INTERPRETATION AND ANALYSIS OF STATEMENT OF TRUSTS BEING ADMINISTERED

The value of trust funds administered by the Public Trustee increased by \$16 million in 2009 to \$1.02 billion (\$1 billion).

Significant changes in trust funds were:

- deceased estates – increase of \$39 million (24 percent)
- court award orders – decrease of \$25 million (9 percent)
- powers of attorney – decrease of \$11 million (15 percent)
- investors – increase of \$17 million (11 percent).

Note 3 to the Statement of Trusts being Administered provides details of the number and value of trust funds under administration.

Of the total funds being administered, 66 percent (70 percent) were invested in the common funds with the remaining 34 percent (30 percent) represented by estate assets.

FURTHER COMMENTARY ON OPERATIONS

Common Fund financial statements

The Public Trustee operates seven Common Funds through which client funds are invested. These funds are:

- Cash
- Short-term Fixed Interest
- Long-term Fixed Interest
- Overseas Fixed Interest
- Australian Shares
- Overseas Shares
- Listed Property Securities

The financial statements for each of the Common Funds have previously been included in this Report. They are not reproduced in full for the 2008-09 financial year, however a summary is provided in the table below. Full versions of the financial statements for each of the Common Funds are available in Public Trustee's Annual Report.

Analysis of Common Fund key figures

The following table summarises for each Common Fund the annual net operating result and the value of assets held at 30 June 2009 and 30 June 2008

Common Fund	Net Operating Result		Assets	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Cash	20 490	18 980	384 884*	350 240*
Short-term Fixed Interest	2 180	3 109	41 939	47 799
Long-term Fixed Interest	7 368	4 633	70 343	80 886
Overseas Fixed Interest	2 281	1 763	28 646	32 307
Australian Shares	(19 993)	(19 214)	136 255	133 640
Overseas Shares	(15 561)	(22 772)	74 958	92 805
Listed Property Securities	(8 420)	(13 877)	31 093	34 443

* Includes \$83 million (\$69 million) deposited by other Common Funds.

CORPORATE STATEMENTS

Statement of Comprehensive Income for the year ended 30 June 2009

		2009	2008
	Note	\$'000	\$'000
INCOME:			
Revenues from fees and charges	4.1	16 894	18 432
Interest revenues	4.2	1 181	1 044
Gain from the disposal of investments		23	-
Other revenues	4.3	324	876
Total income		18 422	20 352
EXPENSES:			
Employee benefit expenses	5.1,5.2,5.3,5.4	11 983	11 185
Supplies and services	5.5,5.6,5.7	4 819	5 045
Unrealised loss on investments		1 765	2 275
Loss from the disposal of investments		-	2
Depreciation and amortisation		343	725
Total expenses		18 910	19 232
(LOSS) PROFIT BEFORE INCOME TAX EQUIVALENTS		(488)	1 120
Income tax equivalent expense	2.3	-	(336)
NET RESULT AFTER INCOME TAX EQUIVALENTS		(488)	784
TOTAL COMPREHENSIVE RESULT		(488)	784

Net result after income tax equivalents and total comprehensive result is attributable to the
SA Government as owner

Statement of Financial Position as at 30 June 2009

		2009	2008
	Note	\$'000	\$'000
CURRENT ASSETS:			
Cash and cash equivalents	17	9 788	4 958
Receivables	6	552	2 338
Total current assets		10 340	7 296
NON-CURRENT ASSETS:			
Financial assets at fair value through the profit and loss	7,8	13 821	17 552
Plant and equipment	9	527	415
Intangible assets	10	253	332
Total non-current assets		14 601	18 299
Total assets		24 941	25 595
CURRENT LIABILITIES:			
Payables	11	788	944
Short-term and long-term employee benefits	12	1 278	1 081
Short-term provisions	13	-	541
Total current liabilities		2 066	2 566
NON-CURRENT LIABILITIES:			
Payables	11	343	270
Long-term employee benefits	12	2 794	2 533
Total non-current liabilities		3 137	2 803
Total liabilities		5 203	5 369
NET ASSETS		19 738	20 226
EQUITY:			
Reserves	15	8 030	8 149
Retained earnings	18	11 708	12 077
TOTAL EQUITY		19 738	20 226
Contingent assets and liabilities	14		
Commitments	19		

Total equity is attributable to the SA Government as owner

Statement of Changes in Equity for the year ended 30 June 2009

	Note	Other reserves \$'000	Retained earnings \$'000	Total \$'000
Balance as at 30 June 2007		8 224	11 759	19 982
Payments from other reserves 2007-08	15	(75)	75	-
Net income (expense) recognised directly in equity for 2007-08		(75)	75	-
Profit after income tax equivalent for 2007-08		-	784	784
Total comprehensive result for 2007-08		(75)	859	784
Transactions with SA Government as owner:				
Dividend provided for		-	(541)	(541)
		(75)	318	243
Balance as at 30 June 2008		8 149	12 077	20 226
Payments from other reserves 2008-09	15	(119)	119	-
Net income (expense) recognised directly in equity for 2008-09		(119)	119	-
Loss after income tax equivalent for 2008-09		-	(488)	(488)
Total comprehensive result for 2008-09		(119)	(369)	(488)
Transactions with SA Government as owner:				
Dividend provided for		-	-	-
		(119)	(369)	(488)
Balance at 30 June 2009		8 030	11 708	19 738

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

**Statement of Cash Flows
for the year ended 30 June 2009**

		2009	2008
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$'000	\$'000
CASH INFLOWS:			
Fees and charges received		17 792	18 405
Rent and sundry income received		275	138
Interest received		1 160	976
Distributions received		709	1 117
Tax equivalents received		230	-
GST receipts on receivables		1 702	1 856
Cash generated from operations		21 868	22 492
CASH OUTFLOWS:			
Employee benefit payments		(11 436)	(10 630)
Supplies and services		(4 927)	(5 300)
Tax equivalents paid		-	(1 673)
GST payments on purchases		(520)	(561)
GST remitted to ATO		(1 227)	(2 059)
Cash used in operations		(18 110)	(20 223)
Net cash provided by operating activities	16	3 758	2 269
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from sales/maturities of investments		2 500	1 000
Cash generated from investing activities		2 500	1 000
CASH OUTFLOWS:			
Investment payments		(511)	(5 445)
Purchase of property, plant and equipment		(320)	(335)
Purchase of intangibles		(56)	(60)
Cash used in investing activities		(887)	(5 840)
Net cash provided by (used in) investing activities		1 613	(4 840)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Dividend distribution to State Government		(541)	(1 290)
Net cash used in financing activities		(541)	(1 290)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		4 830	(3 861)
CASH AND CASH EQUIVALENTS AT 1 JULY		4 958	8 819
CASH AND CASH EQUIVALENTS AT 30 JUNE	17	9 788	4 958

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of Public Trustee

The office of the Public Trustee was established in 1881 and is constituted under the provisions of the *Public Trustee Act 1995*. The Public Trustee is a statutory officer pursuant to the *Public Trustee Act 1995*. Public Trustee is a body corporate with the powers of a natural person.

The role of the Public Trustee is to provide all South Australians with access to will making services, powers of attorney preparation and deceased estate and trust administration. The Public Trustee also has a role in managing the financial affairs of those people in the community who lack the capacity to manage their own affairs as determined by the courts, the Guardianship Board or through activation of powers of attorney.

2. Statement of principal accounting policies

The Corporate Statements present the financial performance, financial position and cash flows of Public Trustee as at 30 June 2009 together with the supporting notes.

Financial statements relating to funds administered by Public Trustee are prepared separately, detailing Trusts being Administered and Common Funds under management.

2.1 Basis of accounting

The corporate financial statements are general purpose financial statements and have been prepared in accordance with TIs and APSs issued pursuant to the provisions of the PFAA, and applicable AASs.

Statement of compliance

Except for the amendments to AASB 101 including AASB 2007-8 and AASB 2007-10 (these statements make consequential amendments to other standards as a result of the revised AASB 101), which Public Trustee has early adopted, AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the reporting period ending 30 June 2009. These are outlined in Note 3.

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Public Trustee's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable Notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA, by authority of TI 19. In the interest of public accountability and transparency the APSs require the following Note disclosures, that have been included in these financial statements:
 - (a) Revenues, expenses, financial assets and liabilities where the counter-party/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies.
 - (b) Expenses incurred as a result of engaging consultants.
 - (c) Employees whose normal remuneration is \$100 000 or more (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees.
 - (d) Board/Committee member and remuneration information, where a Board/Committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2009 and the comparative information presented for the year ended 30 June 2008.

2.2 Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where adjusted to reflect the early adoption of AASB 101 and specific revised AASs and APSs.

Where presentation or classification of items in the financial statements has been amended comparative amounts have been reclassified unless reclassification is impracticable. The restated comparative amounts do not replace the original financial statements for the preceding period.

For the year ended 30 June 2009 Public Trustee has not applied an accounting policy retrospectively or made a retrospective restatement of items or reclassified items in the financial statements.

2.3 Taxation

The *Public Trustee Act 1995*, through the provisions of sections 47 and 48, provides for the payment to government of taxation equivalents and dividends. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate be applied to the net profit. As an accounting loss was incurred the income tax equivalent expense is \$nil (\$336 000).

Public Trustee is liable for payroll tax, FBT and GST.

2.4 Events after balance date

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

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

2.5 Basis of valuation

Non-current assets and liabilities with the exception of plant and equipment are carried at fair value.

Plant and equipment

Plant and equipment are brought to account at cost or at independent valuation, less, where applicable, any accumulated depreciation or amortisation. The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amounts from these assets. A revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining the recoverable amount. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. The acquisition of software is capitalised when the expenditure meets the definition and recognition criteria of an asset and when the amount of expenditure is greater than or equal to \$5000. Software is measured at cost unless the asset is acquired for no cost or for a nominal amount and then the asset's fair value is deemed to be cost. All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

Any revaluation increment for plant and equipment and intangible assets is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised in the Statement of Comprehensive Income, in which case the increase is recognised in the Statement of Comprehensive Income. Any revaluation decrease is recognised in the Statement of Comprehensive Income, except to the extent that it reverses a revaluation increase for the same asset class, in which case the decrease is debited directly to the asset revaluation reserve to the extent of the credit balance existing in revaluation reserve for that class of asset.

Plant and equipment and intangible assets are depreciated or amortised on a straight-line basis over their estimated useful lives, commencing from the time the asset is held ready for use. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to physical assets such as plant and equipment.

The depreciation/amortisation rates used for each class of depreciable assets are:

<i>Class of fixed assets</i>	<i>Depreciation rate (percent)</i>
Machines and equipment	20-27
Software	20-27
Office furniture and fittings	33.33

Financial instruments

Financial instruments are carried at fair value determined as below:

Cash and cash equivalents are valued at nominal amounts. This asset consists of cash at bank, on hand and short term money market deposits with maturities of three months or less that is readily converted to cash and which are subject to insignificant risk of changes in value.

Investments on acquisition are brought to account at cost and subsequently revalued at the balance date to fair value. Fixed interest investments are classified as held at fair value through the profit and loss and valued at market value based on independently obtained market yields applying at the balance date. Australian and International equities currently held in pooled funds are valued at the fair value prices established by the managers of the collective investment vehicles in which Public Trustee has invested.

Financial instruments - recognition

Public Trustee recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Financial instruments – measurement

Financial assets and liabilities held at fair value through the profit and loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit and loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

- *Fair value in an active market*
The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.
- *Fair value of unlisted unit trusts*
Investments in other unlisted unit trusts are recorded at the fair value as reported by the managers of such funds.

Financial instruments – classification

Investments in financial assets such as equities and units in unlisted schemes have been classified as 'Fair value through the profit and loss' and recognised in the Statement of Financial Position at fair value, with changes in fair value during the period recognised in the Statement of Comprehensive Income.

If any indication of impairment exists, an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the Statement of Comprehensive Income.

Other non-current assets are valued at market value based on the present value of expected future cash flows.

Receivables and payables are valued on a historical cost basis and it is considered that carrying value approximates market value.

Distributions from trust investments are recognised on a present entitlement basis.

2.6 Rounding

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

2.7 Income and expenses

Income and expenses are recognised in Public Trustee's Statement of Comprehensive Income when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

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

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

2.8 Employee benefits

Provision has been made in the financial statements, where stated, for Public Trustee's liability for employee benefits arising from services rendered by employees to balance date that remain unpaid. Related on-costs consequential to the employment of employees (viz payroll tax and superannuation contributions) have been included under 'Payables' (refer Note 11).

Salaries and wages

Liability for salaries and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

Superannuation

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

Annual leave

Provision has been made for the unused component of annual leave to balance date. The provision has been calculated at nominal amounts based on current salary rates plus four percent inflation rate as recommended in Department of Treasury and Finance APF IV, APS 5.4 and 5.5.

Long service leave

Long service leave is recognised on a pro-rata basis in respect of services provided by Public Trustee employees up to balance date. The liability is measured at the actuarial assessment by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector. This calculation is consistent with Public Trustee's experience of employee retention and leave taken. The liability has been calculated at nominal amounts based on current salary rates. APF IV, APS 5.10 has recommended that a benchmark of 6.5 years (6.5 years) can be used for a shorthand estimation of long service leave liability. This advice has been adopted and the long service leave liability has been calculated on that basis. The current liability portion has been based on the past history of annual payments.

Sick leave

No provision has been made in respect of sick leave, as entitlements are non-vesting. As sick leave taken by employees is considered to be taken from the current year's accrual, no liability is recognised.

2.9 Leases

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

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

2.10 Insurance

Public Trustee has insured for risks through the State Government's insurers, South Australian Government Financing Authority (SAFA), SAICORP Division. The excess payable under this arrangement varies depending on each class of insurance held.

2.11 Current and non-current items

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

2.12 Receivables

Receivables comprise debtors, accrued investment income and prepayments. Debtors arise in the normal course of selling goods and services to the public and other agencies. Trade receivables are payable within 30 days after the issue of an invoice or the services have been provided under a contractual arrangement.

2.13 Payables

Payables include creditors, accrued expenses, employment on-costs, income tax equivalents and GST (refer Note 2.15).

Creditors represent the amounts owing for goods and services received, but not paid prior to the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of Public Trustee.

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

2.13 Payables (continued)

All amounts are measured at their nominal amount and are normally settled within 30 days after Public Trustee receives an invoice.

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

2.14 Government/non-Government disclosures

Public Trustee has included in the notes to the financial statements, details of revenue, expenditure, assets and liabilities according to whether the transactions are with entities internal or external to the SA Government.

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

2.15 Accounting for the GST

In accordance with the requirements of Interpretation 1031, revenues, expenses and assets are recognised net of the amount of GST except that:

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

The net GST payable to the ATO has been recognised as a payable in the Statement of Financial Position.

Cash flows are reported on a gross basis in the Statement of Cash Flows. The GST component of the cash flows arising from investing or financing activities, which are recoverable from, or payable to, the ATO have however been classified as operating cash flows.

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

2.16 Disaggregated reporting

Disaggregated reporting has been deemed not appropriate for Public Trustee, as assets, liabilities, income and expenses attributable to different activities cannot be reliably determined.

2.17 Impairment

All assets are assessed annually for evidence of impairment at reporting date, where there is an indication of impairment, the recoverable amount is estimated. Any amount by which the carrying amount exceeds the recoverable amount is recorded as an impairment loss.

3. New and revised accounting policies

Except for the amendments to AASB 101, which Public Trustee has early-adopted, the AASs and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted for the period ending 30 June 2009. Public Trustee has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements.

4. Income

	2009 \$'000	2008 \$'000
4.1 Revenues from fees and charges comprise:		
Revenue from entities external to the SA Government:		
Commissions ^(1,3)	8 757	9 559
Fees and charges ⁽¹⁾	1 697	1 751
Management fees ⁽²⁾	6 440	7 122
Total fees and charges	16 894	18 432

(1) Commissions and fees are charged against estates pursuant to section 45 of the *Public Trustee Act 1995*.

(2) A management fee is charged against common funds at the rate of one-twelfth of one percent of the value of each fund as at the first business day of the month.

(3) In accordance with section 45(3) of the *Public Trustee Act 1985*, commission to be charged against an estate may be deducted by the Public Trustee from money received for the estate. A change in Common Fund policy has resulted in revenue distributions being made to estates in July rather than June as of June 2009. This has created a one off adverse affect on corporate commission revenue for the year ending 30th June 2009 of approximately \$268 000.

4.2	Interest revenues comprise:	2009	2008
	Revenue from entities external to the SA Government:	\$'000	\$'000
	Interest on fixed term investments	1 078	846
	Total revenue - non-SA Government entities	1 078	846
	Revenue from entities within the SA Government:		
	Interest on operating and reserve accounts	103	198
	Total revenue - SA Government entities	103	198
	Total interest revenue	1 181	1 044
4.3	Other income comprises:		
	Revenue from entities external to the SA Government:		
	Sundry income	7	25
	Distributions from Trusts	142	691
	Total revenue - non-SA Government entities	149	716
	Revenue from entities within the SA Government:		
	Rent and other building income	175	160
	Total revenue - SA Government entities	175	160
	Total other revenue	324	876

5. Expenditure

5.1 Superannuation

During 2008-09 Public Trustee paid an amount of \$1.1 million (\$1 million) to the Department of Treasury and Finance towards the accruing government liability for superannuation in respect of its employees.

5.2 Remuneration of employees

The number of employees whose remuneration received or receivable fell within the following bands was:

	2009 Number	2008 Number
\$100 001 - \$110 000	3	1
\$110 001 - \$120 000	-	2
\$120 001 - \$130 000	1	1
\$140 001 - \$150 000	-	1
\$150 001 - \$160 000	1	-
\$160 001 - \$170 000	-	2
\$170 001 - \$180 000	1	-
\$220 001 - \$230 000	1	-
Total	7	7

Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. Total remuneration received or due and receivable by these employees was \$1 million (\$920 000).

5.3 TVSPs

No employees were paid TVSPs during the 2008-09 or 2007-08 periods.

5.4 Remuneration of Board and Committee members

Members that were entitled to receive remuneration for membership during the 2008-09 financial year were:

Public Trustee Audit and Risk Committee

Mr Michael Barrett of Finlaysons

Mr Peter Whelan of PKF Chartered Accountants

The number of members whose remuneration received or receivable fell within the following bands was:

	2009 Number	2008 Number
\$0 - \$9 999	2	2
Total	2	2

The total remuneration received or receivable by members was \$10 342 (\$6152).

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

In accordance with the Department of the Premier and Cabinet Circular 16, government employees did not receive any remuneration for Board/Committee duties during the financial year.

5.5 Supplies and services	2009	2008
Supplies and services provided by entities external to the SA Government:	\$'000	\$'000
Supplies and services	2 146	2 462
Accommodation expenses	219	169
Total supplies and services non-SA Government entities	2 365	2 631
Supplies and services provided by entities within the SA Government:		
Insurance	150	152
Computing and communication services	620	475
Service contractors	570	802
Accommodation expenses	808	700
Other supplies and services	120	120
Total supplies and services SA Government entities	2 268	2 249
5.6 Auditor's remuneration		
Amounts paid to the Auditor-General's Department during the year for auditing the accounts	157	148
5.7 Payments to consultants		
Below \$10 000: 3 (2) consultancies	19	7
Between \$10 000 and \$50 000: 1 (1) consultancies	10	10
	29	17
Total supplies and services	4 819	5 045

6. Receivables

Current receivables:		
Debtors	25	1 024
Accrued investment income	242	788
Income tax equivalent refund due	168	398
Prepayments	117	128
	552	2 338
Government/non-Government receivables		
Receivables from SA Government entities:		
Debtors	18	90
Accrued investment income	5	11
Income tax equivalent refund due	168	398
Total receivables from SA Government entities	191	499
Receivables from non-SA Government entities:		
Debtors	7	934
Accrued investment income	237	777
Prepayments	117	128
Total receivables from non-SA Government entities	361	1 839
Total receivables	552	2 338

7. Investments

Public Trustee is required pursuant to subsection 46(2)(c) of the *Public Trustee Act 1995* to obtain the Treasurer's approval as to the manner of investment of corporate funds.

Non-current assets:	2009	2008
Non-current investments with entities other than SAFA:	\$'000	\$'000
Australian fixed interest	1 953	3 927
Australian fixed interest (pooled funds)	6 796	6 643
International equities (pooled funds)	1 915	2 681
Australian listed property (pooled funds)	389	666
Australian equities (pooled funds)	2 768	3 635
Long-term investments	13 821	17 552

8. Financial instruments

8.1 Fair value of financial assets and liabilities

Financial instruments are carried at fair value based upon the valuation policies set out in Note 2.5. The aggregate carrying amounts for each class of financial instrument are as disclosed within the notes to the financial statements.

Investments in Australian fixed interest are readily traded on organised markets in standardised form. The value of these investments is disclosed in Note 7.

Other classes of financial instruments are not readily traded on organised markets in standardised form.

8.2 Investment in collective investment vehicles

In addition to holding financial instruments directly, Public Trustee has invested in collective investment vehicles for the purpose of gaining exposure to Australian and International assets. The managers of such vehicles have invested in a variety of financial instruments, which expose Public Trustee to investment risks, including market risk, credit risk, interest risk and currency risk. The Public Trustee has assessed the investment rules of these collective investments and determined their suitability as investments.

8.3 Financial risk management

Public Trustee's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of Public Trustee. Only Australian domiciled pooled funds are used for investments in overseas assets.

Management of risk is focused on both strategic and business process risk. Annually, an analysis of strategic risk is undertaken which is comprehensive and covers investment, financial, operational and administrative responsibilities of Public Trustee. Business processes are documented, key risks are identified and management strategies used to control these risks are put in place.

8.4 Market risk

Price risk

Public Trustee is exposed to equity securities price risk. This arises from investments held by Public Trustee and classified on the Statement of Financial Position as financial assets at fair value through the profit and loss. Public Trustee is not exposed to commodity price risk, as the classes of investments include Australian shares, International shares and listed properties.

To manage its price risk arising from investments, Public Trustee diversifies its portfolio. Diversification of the portfolio is done in accordance with the Investment Guidelines. The Corporate Investment Committee assists Public Trustee in ensuring a sound, efficient and prudent system of investment of corporate funds is in place.

The analysis detailed below is based on the assumption that the market indexes had increased/decreased by a set percentage with all other variables held constant and all instruments moving according to the historical correlation with the index.

Cash flow and interest rate risk

Public Trustee's interest rate risk arises from cash investments, short term investments and Australian fixed interest investments. Instruments issued at fixed interest rates expose Public Trustee to fair value interest rate risk and variable rate instruments expose Public Trustee to cash flow interest rate risk. Public Trustee invest in short-term money market instruments with maturities less than one year and with credit ratings that satisfy the credit ratings of Public Trustee's Cash Common Fund.

A sensitivity analysis is provided below, outlining the exposure to each type of market risk at reporting date, showing how profit or loss would be affected by the changes in the relevant risk variable that were reasonably possible at that date. All instruments are designated as financial assets at fair value through the profit and loss; therefore there is no impact on equity.

Sensitivity analysis

		Interest rate risk		Price risk	
		- 1%	+ 1%	- 20%	+ 10%
	Carrying amount \$'000	Statement of Compre- hensive Income \$'000	Statement of Compre- hensive Income \$'000	Statement of Compre- hensive Income \$'000	Statement of Compre- hensive Income \$'000
2009					
Financial assets:					
Cash and cash equivalents	9 788	(98)	98	-	-
Financial assets at fair value through profit and loss:					
Australian fixed interest	1 953	(20)	20	-	-
Australian fixed interest (pooled funds)	6 796	(68)	68	-	-
International equities (pooled funds)	1 915	-	-	(383)	192
Australian listed property (pooled funds)	389	-	-	(78)	39
Australian equities (pooled funds)	2 768	-	-	(554)	277
Total (decrease) increase		(186)	186	(1 015)	508

Sensitivity analysis (continued)

	Carrying Amount \$'000	Interest Rate Risk		Price Risk	
		- 1% Statement of Compre- hensive Income \$'000	+ 1% Statement of Compre- hensive Income \$'000	- 20% Statement of Compre- hensive Income \$'000	+ 10% Statement of Compre- hensive Income \$'000
2008					
Financial assets:					
Cash and cash equivalents	4 958	(50)	50	-	-
Financial assets at fair value through profit and loss:					
Australian fixed interest	3 927	(39)	39	-	-
Australian fixed interest (pooled funds)	6 643	(66)	66	-	-
International equities (pooled funds)	2 681	-	-	(536)	268
Australian listed property (pooled funds)	666	-	-	(133)	67
Australian equities (pooled funds)	3 635	-	-	(727)	364
Total (decrease) increase		(155)	155	(1 396)	699

8.5 Credit risk

Credit risk is managed at the corporate level. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to outstanding receivables and committed transactions. Public Trustee has no direct exposure to derivative instruments, thus credit risk arises primarily through investments with banking corporations.

Short-term money market instruments must have a short-term Standard & Poor's rating of A1 or in the case of the issuer being a bank under the *Banking Act 1959* a rating of A2 is accepted. Floating rate instruments must have a long-term Standard & Poor's credit rating of A+ or better or where the counter party is a bank under the *Banking Act 1959* a rating of BBB or better is accepted.

If there is no independent rating, Public Trustee assesses the credit quality of the customer, taking into account its financial position and past experience. Pooled investment funds are not rated; however, Public Trustee has made a thorough assessment of all pooled funds managers in regard to credit and other risks prior to investing funds with each manager. The credit risk lies with the pooled fund manager responsible for the management of the underlying investments. Public Trustee continually monitors these assessments via the quarterly Corporate Investment Committee forum.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Public Trustee has no direct exposure to derivative instruments.

	2009	2008
	\$'000	\$'000
Cash at bank and short-term bank deposits: ⁽¹⁾		
A1+	4 988	4 958
A1	1 000	-
A2	3 800	-
Total cash at bank and short-term bank deposits	9 788	4 958
Long-term bank deposits:		
A-	-	1 977
BBB+	1 953	1 950
Total long-term bank deposits	1 953	3 927
Trade receivables:		
Counterparties with external ratings:		
A1+	26	50
A2	39	-
A	-	41
BBB+	5	12
Counterparties without external ratings:		
Existing customers with no defaults in the past	314	1 837
Total trade receivables	384	1 940

(1) Deposit balances up to \$1 million with eligible authorised deposit-taking institutions are guaranteed by the Australian Government. As such deposits have a risk rating of AAA, notwithstanding that the Institute rating is lower.

8.6 Liquidity risk

Public Trustee has working capital policies in place in order to maintain liquidity. Short-term investment analysis assists in determining the amount, if any, to be invested or reinvested in order to maintain working capital. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions. Public Trustee manage the liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

9. Plant and equipment	Opening balance 01.07.08	Additions	Disposals	Depreciation	Closing balance 30.06.09
Plant and equipment:	\$'000	\$'000	\$'000	\$'000	\$'000
Machines and equipment at cost	1 490	324	(55)	-	1 759
Furniture and fittings at cost	1 893	70	-	-	1 963
Work in progress at cost	74	(74)	-	-	-
Total plant and equipment	3 457	320	(55)	-	3 722
Accumulated depreciation:					
Plant and equipment:					
Machines and equipment	(1 348)	-	55	(108)	(1 401)
Furniture and fittings	(1 694)	-	-	(100)	(1 794)
Total accumulated depreciation	(3 042)	-	55	(208)	(3 195)
Net plant and equipment	415	320	-	(208)	527
10. Intangible assets	Opening balance 01.07.08	Additions	Disposals	Amortisation	Closing balance 30.06.09
	\$'000	\$'000	\$'000	\$'000	\$'000
Software at cost	7 512	94	-	-	7 606
Work in progress at cost	38	(38)	-	-	-
Accumulated amortisation	(7 218)	-	-	(135)	(7 353)
Total intangible assets	332	56	-	(135)	253

Work in progress items are transferred to intangible assets when ready for use.

11. Payables	2009	2008
Current liabilities:	\$'000	\$'000
Trade creditors	265	382
GST payable	283	329
Employment on-costs	240	233
	788	944
Non-current liabilities:		
Employment on-costs	343	270
Government/non-Government payables		
Payables to SA Government entities:		
Creditors	165	100
Total payable to SA Government entities	165	100
Payables to non-SA Government entities:		
Trade creditors	100	282
GST	283	329
On-costs on employee benefits	583	503
Total payable to non-SA Government entities ⁽¹⁾	966	1 114
Total payables	1 131	1 214

(1) The total includes payables to SA Government entities where the amount payable to the SA Government entity was less than \$100 000.

12. Employee benefits		
12.1 Employee benefits		
Current liabilities:		
Long service leave	229	176
Accrued salaries	343	204
Accrued recreation leave ⁽¹⁾	706	701
	1 278	1 081
Non-current liabilities:		
Long service leave ⁽²⁾	2 794	2 533
	2 794	2 533

12. Employee benefits (continued)

- (1) An actuarial assessment performed by the Department of Treasury and Finance revised the salary inflation rate (down by 0.5 percent) from the 2008 rate (4.5 percent). The net financial effect of the changes in the current financial year is (\$4000) in the annual leave liability of \$706 000 and employee benefit expenses of \$1.3 million. The estimated impact on future years is not possible to calculate.
- (2) Department of Treasury and Finance APF IV, paragraph 5.24, revised the long service leave taken percentage to 45 percent (35 percent). The net financial effect of the change in on-costs for the current financial year is \$48 000.

12.2 Employee benefits and related on-cost liabilities

	Note	2009 \$'000	2008 \$'000
Current:			
On-costs included in payables	11	240	233
Provision for employee benefits	12.1	1 278	1 081
		1 518	1 314
Non-current:			
On-costs included in payables	11	343	270
Provision for employee benefits	12.1	2 794	2 533
		3 137	2 803
Aggregate employee benefits and related on-cost liabilities		4 655	4 117

13. Provisions

13.1 Dividend

Current liabilities:

Provision for dividend to State Government at 1 July	541	1 290
Additional provision recognised	-	541
Payments to State Government	(541)	(1 290)
Provision for dividend at 30 June	-	541

14. Contingencies

Public Trustee had no contingent assets or liabilities as at balance date.

15. Other reserves

	Deficits & losses reserve \$'000	Workers compensation reserve \$'000	Building replacement reserve \$'000	Total other reserves \$'000
Balance as at 30 June 2007	339	285	7 600	8 224
Transfers from retained earnings	-	103	-	103
Payments from reserves	(75)	(103)	-	(178)
Balance as at 30 June 2008	264	285	7 600	8 149
Transfers from retained earnings	-	-	-	-
Payments from reserves	(119)	-	-	(119)
Total other reserves	145	285	7 600	8 030

The reserve for deficits and other losses was created to cover losses made during the administration of estates. Payments amounting to \$130 000 (\$95 000) were made from this reserve and recoupment of previous years' payments amounting to \$11 000 (\$20 000) were made to the reserve.

Public Trustee established a reserve for workers compensation to cover the expenses incurred during the first two years of any claim, the balance being met from the Government Workers Rehabilitation and Compensation Fund. Payments amounting to \$nil (\$103 000) were made from the reserve.

16. Cash flow reconciliation

	2009 \$'000	2008 \$'000
Reconciliation of net cash provided by operating activities to net profit after income tax equivalent		
Net profit after income tax equivalent	(488)	784
Add (Less): Non-cash items:		
Depreciation and amortisation expense	343	725
Unrealised loss on revaluation of investments	1 765	2 276
Realised (gain) loss on sale of investments	(23)	2
Change in assets and liabilities:		
Decrease in receivables	1 556	233
Decrease in sundry creditors	(116)	(201)
Increase in employee benefits and on-costs	537	549
Increase (Decrease) in provision for income tax	230	(1 336)
Decrease in GST liability	(46)	(763)
Net cash provided by operating activities	3 758	2 269

17. Reconciliation of cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash comprises the Statement of Financial Position item of cash and cash equivalents.

Cash and cash equivalents:

	2009	2008
	\$'000	\$'000
Cash	2 988	2 158
Short-term financial assets held-to-maturity	6 800	2 800
	9 788	4 958

18. Retained earnings

Retained earnings at 1 July	12 077	11 759
Net loss	(488)	784
Transfers from (to) reserves	119	75
Dividend provided for	-	(541)
Retained earnings at 30 June	11 708	12 077

19. Commitments

Public Trustee has no capital contractual arrangements for 2007-08 or 2008-09.

Remuneration commitments:

One year or less	500	617
Later than one year but no longer than five years	734	1 093
Total remuneration commitments	1 234	1 710

Amounts disclosed include commitments arising from executive service contracts. Public Trustee does not offer remuneration contracts greater than five years.

Operating commitments:

One year or less	682	734
Later than one year but no longer than five years	-	756
Total operating commitments	682	1 490

Public Trustee's operating leases are for office accommodation. Office accommodation is leased from Building Management Accommodation and Property Services, a branch of the Department for Transport, Energy and Infrastructure. The leases are non-cancellable and expire in May 2010. Rent is payable monthly in arrears.

Statement of Trusts being Administered as at 30 June 2009

		2009	2008
	Note	\$'000	\$'000
TRUST FUNDS UNDER ADMINISTRATION:	3		
Deceased estates		196 928	158 252
Trusts		103 547	105 026
Administration matters		29 790	31 704
Court award orders		262 626	287 666
Protected estates		191 402	191 306
Workers compensation awards		267	435
Powers of attorney		63 410	74 462
Investors		173 105	156 595
Other		(17)	(23)
Total funds		1 021 058	1 005 423
REPRESENTED BY:			
INVESTMENT IN COMMON FUNDS:	1,3,2		
NON-CURRENT ASSETS:			
Australian equities		94 548	114 349
International equities		68 155	84 153
Listed property securities		12 963	22 231
Australian fixed interest investments		210 512	204 572
International fixed interest investments		18 152	16 695
Total non-current assets		404 330	442 000
CURRENT ASSETS:			
Cash at bank and cash equivalents		6 008	26 851
Australian fixed interest investments		261 347	216 100
Advances to estates		5 204	2 943
Sundry debtors		8 703	15 325
Total current assets		281 262	261 219
CURRENT LIABILITIES:			
Bank overdraft		3 209	-
Income distribution payable		7 723	1 344
Sundry creditors		69	949
Total current liabilities		11 001	2 293
NET COMMON FUNDS ASSETS		674 591	700 926
ESTATE ASSETS:	1,2		
NON-CURRENT ASSETS:			
Real estate		267 151	254 191
Personal chattels		24 247	22 313
Equities		27 983	17 234
Fixed interest and cash assets		25 316	17 433
Mortgages		419	421
		345 116	311 592
CURRENT ASSETS:			
Sundry debtors		9 395	989
CURRENT LIABILITIES:			
Sundry creditors		8 044	8 084
NET ESTATE ASSETS		346 467	304 497
TOTAL NET ASSETS		1 021 058	1 005 423

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

1. Statement of principal accounting policies

1.1 *Format of the accounts*

The Statement of Trusts being Administered and related Notes are special purpose financial statements that provide information on the value and nature of trusts being administered. The Statement consolidates all Trusts being administered by Public Trustee, accordingly, no Accounting Standards and other mandatory reporting requirements are applied in the preparation and presentation of this Statement.

Public Trustee has prepared the Statement, where appropriate, based on the general principles outlined in AASs.

The Statement of Trusts being Administered has been prepared using the accrual basis of accounting. Dividend income is recognised on the date that shares are quoted as ex-dividend. Distributions from trusts are recognised on a present entitlement basis.

1.2 *Basis of valuation for estate assets*

Real Estate: For deceased estates, valuation is at date of death; in other matters, valuation is at the date Public Trustee is being appointed manager, administrator or new trustee. Public Trustee revalues all real estate (except deceased estates) other than accommodation bonds every three years wherever a current valuation is not held. Such revaluations are determined by reference to valuations established by the South Australian Valuer-General, with a revaluation last being carried out as at 30 June 2007.

Personal Chattels: For deceased estates, valuation is at date of death; in other matters, valuation is at the date of Public Trustee being appointed manager, administrator or new trustee. In the case of some sundry minor assets, nominal values are used for valuation purposes.

Investment by Estates in Common Funds: Valuation of estate investment in common funds is based on the underlying fair value of common funds as at balance date.

Other Estate Investments: Investments other than equities are shown at their face value. Valuation is performed at the date of the Public Trustee being appointed manager, administrator or new trustee, or at the date of death in the case of deceased estates. Equities are valued at net fair value as at balance date.

1.3 *Basis of valuation of common fund assets and liabilities*

Australian equities and listed property securities: Are valued at last close price based on the Australian Stock Exchange listed last closing price at balance date. Investments in pooled investment funds are valued in accordance with unit prices at balance date as advised by the managers of the funds.

International equities: All investments in International Equities are held in pooled funds which are valued in accordance with fair value at the balance date as advised by the managers of the funds.

Australian fixed interest investments: Are valued at market value based on independently obtained market yields applying at balance date.

International fixed interest investments: Consist of investments in pooled funds which are valued in accordance with prices at balance date as advised by the managers of the funds.

Advances to estates: Are carried at their nominal amounts. Public Trustee is authorised by the *Public Trustee Act 1995* to advance monies where an estate has insufficient monies to make payments as authorised or required to administer the estate, usually on a short term basis. Funds advanced are a first charge on the estate's property vested under the control of Public Trustee. The interest rate applicable on advances at 30th June 2009 was 3.2 percent (7.4 percent).

Cash at bank and cash equivalents: Are carried at nominal amounts, translated at prevailing exchange rates where applicable. This asset consists of cash at bank and on hand, as well as other short term, highly liquid investments with original maturities of three months or less.

Sundry debtors and creditors: Are carried at their nominal amounts.

2. Operation of the common funds

Common Funds managed by Public Trustee have been established pursuant to section 29 of the *Public Trustee Act 1995* or its predecessor legislation. Financial Statements for each common fund operated by Public Trustee are presented within the annual report of Public Trustee.

Investment in Common Funds (with the exception of direct investment in the Cash Common Fund) are by way of notional unit holdings in the common funds. Contributors may invest in the Cash Common Fund or alternately invest in a selection of common funds in proportions determined by one or more of the following standard investment strategies provided by Public Trustee:

- Capital stable
- Growth
- Balanced
- Equities.

3.	Trust funds under administration	Number		Value	
		2009	2008	2009 \$'000	2008 \$'000
	Deceased estates:				
	Monies and assets held under the administration of the Public Trustee pursuant to the provisions of the <i>Public Trustee Act 1995</i>	1 709	1 649	196 928	158 252
	Trusts:				
	Monies and assets held under the administration of the Public Trustee pursuant to the terms of a will or a deed of trust	1 510	1 561	103 547	105 026
	Administration matters:				
	Monies paid and assets transferred to the Public Trustee on account of minor beneficiaries pursuant to the <i>Public Trustee Act 1995</i>	422	394	29 790	31 704
	Court award orders:				
	Monies directed by the Court to be paid to the Public Trustee on behalf of clients and invested and applied by the Public Trustee as the Court directs, and monies administered by the Public Trustee under the <i>Aged and Infirm Persons' Property Act 1940</i>	876	899	262 626	287 666
	Protected estates:				
	Monies administered by the Public Trustee under the <i>Guardianship and Administration Act 1993</i>	3 040	2 974	191 402	191 306
	Workers compensation awards:				
	Monies directed by the Court to be paid to the Public Trustee on behalf of widows and minors and invested and applied by the Public Trustee as the Court directs	6	9	267	435
	Powers of attorney:				
	Monies and assets held on behalf of donors who have appointed the Public Trustee to act on their behalf	500	531	63 410	74 462
	Investors:				
	Monies invested in common funds pursuant to section 29(1) of the <i>Public Trustee Act 1995</i> , by classes of persons approved by the Minister	398	420	173 105	156 595
		8 461	8 437	1 021 075	1 005 446

4. Unclaimed monies

During the reporting period, unclaimed monies totalling \$520 217 (\$5.2 million) in respect of estates were paid to the Consolidated Account pursuant to section 32(1) of the *Public Trustee Act 1995*.

AUDITOR-GENERAL'S DEPARTMENT

FUNCTIONAL RESPONSIBILITY

Establishment

The PFAA confers wide responsibilities and powers on the Auditor-General to examine any matters relating to the collection, receipt, issue or expenditure of public monies and to report on the efficiency and economy of public sector operations.

The responsibilities and powers are applied in the annual audits of a range of public sector agencies, including government departments, statutory authorities, public corporations, health bodies and various funds.

In addition the Auditor-General has a discretionary right under the *Education Act 1972* to inspect or audit the accounts of school councils and to approve the auditors of certain bodies, such as certain health bodies and statutory boards.

The Auditor-General's Department operates to assist the Auditor-General in the discharge of his/her statutory audit mandate. It is an administrative unit established pursuant to the PSM Act.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Under subsection 35(1) of the PFAA, the Governor, on the recommendation of the Treasurer, has appointed Edwards Marshall as auditor of the Auditor-General's Department.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In Edwards Marshall's opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of the Department as at 30 June 2009, and its financial performance and its cash flows for the financial year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards (including the Australian Accounting Interpretations).
- (b) the financial statements are in accordance with the accounts and records of the Department.

Assessment of controls

In Edwards Marshall's opinion the controls employed by the Department for the financial year ended 30 June 2009 over its financial reporting and preparation of the financial statements are effective.

Communication of audit matters

Edwards Marshall noted in their management letter dated 31 August 2009 that the Department's payroll services were transferred to Shared Services SA during the year and referred to an internal audit conducted by Shared Services SA. The internal audit raised certain control matters relating to the processing of the Department's payroll that required attention by Shared Services SA.

Edwards Marshall also advised that no other matters of interest were discovered during their audit.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS**Highlights of the financial statements**

	2009	2008
	\$'million	\$'million
<i>EXPENSES</i>		
Employee expenses	8.6	8.5
Other expenses	3.0	2.6
Total expenses	11.6	11.1
<i>REVENUES FROM SA GOVERNMENT</i>	11.4	11.4
<i>TOTAL ASSETS</i>	2.9	3.2
<i>TOTAL LIABILITIES</i>	3.5	3.5

Statement of Comprehensive Income for the year ended 30 June 2009

		2009	2008
	Note	\$'000	\$'000
EXPENSES:			
Employee expenses	3	8 573	8 488
Supplies and services:	4		
Contractors		1 296	1 007
Accommodation and service costs		586	513
Other expenses		249	193
Computing and network processing costs		169	191
Staff development and training		151	161
Motor vehicle hire		128	131
Consultancies		80	33
Temporary staff		58	44
FBT		50	56
Report printing		23	25
		2 790	2 354
Depreciation and amortisation		261	252
Net loss from the disposal of non-current assets	6	13	-
Total Expenses		11 637	11 094
INCOME:			
Employee benefits transferred	5	-	245
Other income		1	2
Total Income		1	247
NET COST OF PROVIDING SERVICES		11 636	10 847
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:			
Appropriations and contingency provision grant	7	11 386	11 358
Return of surplus cash pursuant to cash alignment policy	7	-	(925)
NET RESULT		(250)	(414)
TOTAL COMPREHENSIVE RESULT		(250)	(414)

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

Statement of Financial Position as at 30 June 2009

		2009	2008
	Note	\$'000	\$'000
CURRENT ASSETS:			
Cash and cash equivalents	8	2 229	2 590
Receivables	9	144	93
Total Current Assets		2 373	2 683
NON-CURRENT ASSETS:			
Computing and office facilities	10	489	526
Intangible assets	11	40	32
Total Non-Current Assets		529	558
Total Assets		2 902	3 241
CURRENT LIABILITIES:			
Payables	12	279	515
Cash advance - Imprest account		3	3
Employee benefits	13	891	841
Provision for workers compensation	14	4	5
Total Current Liabilities		1 177	1 364
NON-CURRENT LIABILITIES:			
Payables	12	235	210
Employee benefits	13	2 034	1 960
Provision for workers compensation	14	12	13
Total Non-Current Liabilities		2 281	2 183
Total Liabilities		3 458	3 547
NET ASSETS		(556)	(306)
EQUITY:			
Opening balance - (Deficit) Surplus		(306)	108
Decrease in net assets		(250)	(414)
TOTAL EQUITY		(556)	(306)

Total equity is attributable to the SA Government as owner

Commitments 15

Statement of Changes in Equity for the year ended 30 June 2009

		Retained Earnings	Total
	Note	\$'000	\$'000
Balance at 30 June 2007		108	108
Total Comprehensive Result for 2007-08		(414)	(414)
Balance at 30 June 2008		(306)	(306)
Total Comprehensive Result for 2008-09		(250)	(250)
Transactions with SA Government as owner			
Net assets transferred as a result of an administrative restructure	16	-	-
Balance at 30 June 2009		(556)	(556)

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

Statement of Cash Flows for the year ended 30 June 2009

		2009 Inflows (Outflows)	2008 Inflows (Outflows)
	Note	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Employee expenses		(8 414)	(8 327)
Supplies and services		(3 323)	(2 355)
CASH INFLOWS:			
Other income		1	2
GST refunds from Australian Taxation Office		248	278
CASH FLOWS FROM (TO) SA GOVERNMENT:			
Appropriations and contingency provision grant	7	11 386	11 358
Return of surplus cash pursuant to cash alignment policy	7	-	(925)
Net Cash (used in) provided by Operating Activities	17.2	(102)	31
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Payment to Shared Services SA due to administrative restructure	16	(14)	-
Cash used in Financing Activities		(14)	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of computing and office facilities		(215)	(542)
Purchase of intangible assets		(30)	(12)
Cash used in Investing Activities		(245)	(554)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		(361)	(523)
CASH AND CASH EQUIVALENTS AT 1 JULY		2 590	3 113
CASH AND CASH EQUIVALENTS AT 30 JUNE	8,17.1	2 229	2 590

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Department

The Department's main statutory responsibilities are to audit the public accounts and the accounts of public authorities and to report the results to Parliament in accordance with the requirements of the PFAA.

The Department's sole activity is the provision of Auditing Services covering all the audit responsibilities prescribed under the PFAA. Within this activity class there are two activities:

Prescribed Audits

Includes all audit work to be undertaken for agencies where the Auditor-General is the prescribed auditor and the Department must annually conduct the audit as prescribed by the PFAA. During the year the Department spent \$11 637 000 (\$11 094 000) on this activity.

Special Investigations

Includes all work defined in the PFAA that is specifically requested to be undertaken by the Auditor-General. The Auditor-General may be requested to undertake work associated with:

- conducting and reporting on Special Investigations when requested by the Parliament or Treasurer
- reviewing summary documents of confidential government contracts and reporting on the adequacy of each document as a summary of the contents of the contract when requested to do so by a Minister.

These projects have specific Terms of Reference requested by the referring party and are treated as a separate subprogram. Consistent with the legislative requirement of audit independence the reports are presented directly to the Parliament. During 2008-09 and 2007-08 the Department incurred no expenditure on this activity.

2. Statement of Significant Accounting Policies

2.1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with applicable AASs, TIs and APSs issued pursuant to the PFAA.

The accounts are presented on the accrual basis of accounting using historical cost accounting which does not take into account changing money values.

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

Statement of Compliance

AASs and AASB Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2009 with the exception of the revised AASB 101. The Department has assessed the impact of the new and amended Standards and Interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department. The Department has early adopted the revised AASB 101; and AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101).

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

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

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Department's accounting policies. Areas involving a higher degree of judgement, or where assumption and estimates are significant to the financial statements are outlined in the applicable notes;
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following Note disclosures in these financial statements:
 - (a) Revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature.
 - (b) Employees whose normal remuneration is \$100 000 or more and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly to those employees.
 - (c) Expenses incurred as a result of engaging consultants (reported in the Statement of Comprehensive Income).

2.2 Reporting Entity

The Department produces both Departmental and Administered financial statements. The Departmental financial statements report on the use of assets, liabilities, income and expenses controlled or incurred by the Department. The Administered Items financial statements report on the income, expenses, assets and liabilities which the Department administers on behalf of the SA Government but does not control.

2.3 Comparative Information

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

Where applicable the comparatives have been restated to assist users understanding of the current reporting period and do not replace the original financial statements for the preceding period.

2.4 Rounding

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

2.5 Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, FBT and GST. Income, expenses and assets are recognised net of the amount of GST except:

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

The net GST receivable/payable to the ATO has been recognised as a receivable in the Statement of Financial Position.

Cash flows are reported on a gross basis in the Statement of Cash Flows. The GST component of the cash flows arising from investing or financing activities, which are recoverable from, or payable to, the ATO have however been classified as operating cash flows.

2.6 Income and Expenses

Income and expenses are recognised in the Statement of Comprehensive Income only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Income and expenses have been classified according to their nature in accordance with APF II, APS 3.5 and have not been offset unless required or permitted by another accounting standard.

The loss on the disposal of non-current assets is recognised when control of the asset has passed to the buyer.

2.7 Revenues from (Payments to) SA Government

Parliament approved funding appropriations are received for the full accrual cost of services. The appropriation is paid into a Special Deposit Account titled 'Auditor-General's Department Operating Account'. Appropriations for accrued expenses are deposited in a Special Deposit Account in the name of the Auditor-General's Department at the Department of Treasury and Finance titled 'Accrual Appropriation Excess Funds'. Use of the funds requires the approval of the Treasurer. Pursuant to TI 3, paragraph 3.8, this money is deemed to be controlled by the public authority in the name of which the money is recorded.

Payments to the SA Government include the return of surplus cash in 2007-08 pursuant to the cash alignment policy.

Administered items are funded by Parliamentary appropriations on a cash basis.

2.8 Current and Non-Current Classification

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

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

2.9 Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and deposits held at call.

2.10 Receivables

Receivables arise in the normal course of audit services to other agencies. Receivables are payable within 14 days after the issue of an invoice.

2.11 Inventories

Consumable supplies are not recognised in the Statement of Financial Position as the value of these supplies is not considered to be material.

2.12 Non Current Asset Acquisition and Recognition

Assets are recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition, less accumulated depreciation.

All non-current physical assets with a value greater than \$2000 are capitalised in accordance with APF III, APSs 2.15 and 2.16.

The acquisition of software is capitalised when the expenditure meets the definition criteria of an intangible asset and when expenditure is greater than or equal to \$2000 in accordance with APF III, APSs 2.15 and 2.16. The Department has no internally generated intangible assets.

All assets useful lives have been set at three years.

2.13 Revaluation of Non-Current Assets

All non-current assets with a limited useful life are systematically depreciated over three years, hence revaluations are not conducted for non-current assets.

2.14 Depreciation/Amortisation of Non-Current Assets

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. The useful lives of all major assets are reassessed on an annual basis.

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

<i>Class of Assets</i>	<i>Method</i>	<i>Useful Life Years</i>
Computing and office equipment	Straight Line	3
Leasehold improvements	Straight Line	3
Computer software	Straight Line	3

2.15 Payables

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

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid. Creditors include all unpaid invoices received relating to the normal 12 month operating cycle.

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

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

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

2.16 Employee Benefits

Provision has been made for employee benefits liabilities arising from services rendered by employees to balance date in accordance with AASB 119. Employee benefits comprise salaries, annual leave and long service leave.

Salaries

Liabilities for salaries are recognised, and are measured as the amount unpaid at current pay rates in respect of employee service periods up to the reporting date.

Annual Leave

Liabilities for annual leave are recognised, and are measured as the amount unpaid at the pay rate at which the liability is expected to be settled in respect of employee service periods up to the reporting date. Annual leave is expected to be paid within 12 months.

Sick Leave

No liability is recognised, as all sick leave is non-vesting and the average sick leave taken by employees is considered to be taken from the current year's accrual, as it is estimated to be less than the annual entitlement for sick leave.

Long Service Leave

Long service leave is recognised on a pro-rata basis for the employee service periods up to the reporting date. The Department of Treasury and Finance has advised that a benchmark of 6.5 years service can be used for a shorthand estimation of long service leave liability in accordance with the provisions of AASB 119. This advice has been adopted and the long service leave liability as at 30 June 2009 has been calculated at nominal amounts based on current salary rates for employees with 6.5 or more years service.

Long Service Leave (continued)

The long service leave to be taken in the 12 months to 30 June 2010 has been estimated by adding the estimated termination payments in this period to the estimated long service leave to be taken by ongoing employees in the 12 months (based on previous years' experience). The basis of calculation is similar to that used in previous years.

Superannuation

Contributions are paid to several superannuation schemes operated by the SA Government and are treated as an expense when they occur. The liability for payments to beneficiaries is assumed by the South Australian Superannuation Board. The liability outstanding at the reporting date for any contributions due but not yet paid to the South Australian Superannuation Board is included in payables.

2.17 Provisions

The workers compensation provision is an actuarial estimate of the outstanding liability at 30 June 2009 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of the Department of the Premier and Cabinet. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Department is responsible for the payment of workers compensation claims.

2.18 Leases

The Department has entered into two operating leases. The two leases are for office accommodation and motor vehicles.

Operating Leases

Under the operating leases, the lessor effectively retains the entire risks and benefits incidental to ownership of the leased items.

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

2.19 Events after the end of the Reporting Period

There have been no events subsequent to 30 June 2009 that have had a material impact on the information disclosed in these financial statements.

3. Employee Expenses	2009	2008
Employee Benefits:	\$'000	\$'000
Salaries	6 530	6 325
Annual leave	570	593
Long service leave	222	285
Total Employee Benefits	7 322	7 203
Employee On-Costs:		
Superannuation	834	837
Payroll tax	415	442
Total Employee On-costs	1 249	1 279
Workers compensation	2	6
Total Employee Expenses	8 573	8 488
4. Supplies and Services provided by Entities within SA Government		
Accommodation and service costs	582	490
Other expenses	67	38
Staff development and training	5	3
Motor vehicle hire	92	91
5. Employee Benefits Transferred		
The Employee Benefits Transferred relates to the one-off recognition in 2007-08 of the transfer of the Deputy Auditor-General's leave liabilities from the Department's accounts to the Department's administered items accounts upon his appointment as Auditor-General in September 2007. The Employee Expenses and Employee Benefits for administered items reflect the one-off recognition of the transferred liabilities in 2007-08.		
6. Net Loss from the Disposal of Non-Current Assets	2009	2008
	\$'000	\$'000
Proceeds from disposal of plant and equipment	-	-
Net book value of plant and equipment disposed	13	-
Total Net Loss from the Disposal of Non-Current Assets	13	-
7. Funding of the Department		
Appropriations to the Department in 2008-09 amounted to \$11.371 million (\$11.338 million) and there was a contingency provision grant of \$15 000 (\$20 000).		

In 2007-08 the Department sought approval from the Department of Treasury and Finance to pay surplus cash totalling \$925 000 to the consolidated Account in accordance with the principles of the Cash Alignment Policy.

Appropriations under Special Acts are reported under Administered Items.

8. Cash and Cash Equivalents

	2009	2008
	\$'000	\$'000
Deposits with the Treasurer	2 226	2 587
Imprest Account and cash on hand	3	3
Total Cash and Cash Equivalents	2 229	2 590

Deposits with the Treasurer

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

Interest Rate Risk

Deposits with the Treasurer are non-interest bearing for the Department. The Department's only interest bearing asset is an Imprest account and the exposure to interest rate risk is insignificant.

	2009	2008
	Percent	Percent
The weighted average interest rate for the Imprest Account was	5.13	6.79

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

9. Receivables

	2009	2008
	\$'000	\$'000
Current:		
GST input tax recoverable	138	93
Other	6	-
Total Current*	144	93

* The current receivable amount is with a non-SA Government entity.

Interest Rate and Credit Risk

GST input tax credits are recoverable from the ATO and as such there is no interest rate or credit risk and the carrying amount represents fair value. With respect to the other receivable there is no interest rate risk and the carrying amount represents fair value. The credit risk associated with the other receivable is insignificant.

10. Computing and Office Facilities**10.1 Classes of Computing and Office Facilities**

	2009	2008
	\$'000	\$'000
Equipment - At cost	855	780
Accumulated depreciation	(523)	(512)
	332	268
Leasehold improvements - At cost	444	458
Accumulated depreciation	(287)	(200)
	157	258
	489	526

10.2 Reconciliation of Carrying Amount

	Carrying Amount				Carrying Amount
	01.07.08	Additions	Disposals	Depreciation	30.06.09
	\$'000	\$'000	\$'000	\$'000	\$'000
Equipment	268	214	13	137	332
Leasehold improvements	258	1	-	102	157
Total Computing and Office Facilities	526	215	13	239	489
	Carrying Amount				Carrying Amount
	01.07.07	Additions	Disposals	Depreciation	30.06.08
	\$'000	\$'000	\$'000	\$'000	\$'000
Equipment	181	234	-	147	268
Leasehold improvements	-	308	-	50	258
Total Computing and Office Facilities	181	542	-	197	526

11. Intangible Assets**11.1 Classes of Intangible Assets**

	2009	2008
	\$'000	\$'000
Computer software - At cost	549	519
Accumulated amortisation	(509)	(487)
	40	32

11.2 Reconciliation of Carrying Amount

	Carrying Amount				Carrying Amount
	01.07.08	Additions	Disposals	Amortisation	30.06.09
	\$'000	\$'000	\$'000	\$'000	\$'000
Computer software	32	30	-	22	40
Total Intangible Assets	32	30	-	22	40

11.2 Reconciliation of Carrying Amount (continued)

	Carrying Amount 01.07.07 \$'000	Additions \$'000	Disposals \$'000	Amortisation \$'000	Carrying Amount 30.06.08 \$'000
Computer software	75	12	-	55	32
Total Intangible Assets	75	12	-	55	32

The Department has no contractual commitments for the acquisition of intangible assets.

12. Payables	2009	2008
Current	\$'000	\$'000
Employee on-costs	207	202
Creditors	64	311
Accrued expenses	8	2
Total Current	279	515
Non-Current:		
Employee on-costs	235	210
Total Non-Current	235	210
Total Payables	514	725
Payables to entities within the SA Government	220	238

Interest Rate and Credit Risk

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

13. Employee Benefits	2009	2008
Current:	\$'000	\$'000
Salaries	195	155
Annual leave	519	515
Long service leave	177	171
Total Current	891	841
Non-Current:		
Long service leave	2 034	1 960
Total Non-Current	2 034	1 960
Total Employee Benefits	2 925	2 801
14. Provision		
Current:		
Provision for workers compensation	4	5
Total Current	4	5
Non-Current:		
Provision for workers compensation	12	13
Total Non-Current	12	13
Total Provision	16	18
Carrying amount at 1 July	18	50
Workers compensation payments	-	(30)
(Decrease) in the provision	(2)	(2)
Carrying Amount at 30 June	16	18

The workers compensation provision is based on an actuarial assessment provided by the Public Sector Workforce Division of the Department of the Premier and Cabinet.

15. Commitments Operating Lease Commitments

The Department's operating leases are for the leasing of office accommodation and motor vehicles.

Office Accommodation

Office accommodation is leased from the Building Management Division of the Department for Transport, Energy and Infrastructure. The lease expires on 30 June 2010. The rental amount is based on floor space, with the rental rate reviewable by Building Management every two years.

Motor Vehicles

Motor vehicles are leased from the Fleet SA business unit of the Department of Treasury and Finance. The vehicles are leased for a specified time period or a specified number of kilometres, whichever occurs first. The lease rate is determined according to the type of vehicle being leased and the number of months of the lease period. The lease rates are reviewed annually by Fleet SA.

	2009 \$'000	2008 \$'000
At the reporting date the Department had the following obligations under non-cancellable operating leases (these obligations have not been recognised as liabilities):		
Not later than one year	607	602
Later than one year and not later than five years	38	595
Total Operating Lease Commitments	645	1 197

Capital Commitments

Capital expenditure contracted for at the reporting date which is not recognised as a liability

Not later than one year	27	-
Total Capital Commitments	27	-

The Department's capital commitments relate to leasehold improvements.

Remuneration Commitments

At the reporting date the Department had commitments for the payment of salaries and other remuneration under fixed-term employment contracts (these obligations have not been recognised as liabilities):

Not later than one year	866	837
Later than one year and not later than five years	1 654	2 434
Total Remuneration Commitments	2 520	3 271

Amounts disclosed include commitments arising from executive contracts under fixed term employment. The Department does not offer fixed term employment contracts to executives for periods greater than five years.

16. Net Assets Transferred as a Result of an Administrative Restructure

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

As part of this reform on 20 October 2008 the Department's payroll services were transitioned to Shared Services SA.

One employee, budget funding of \$44 000 and the following assets and liabilities were transferred to Shared Services SA.

	2009 \$'000	2008 \$'000
Cash	14	-
Total Assets	14	-
Payables	1	-
Employee benefits	13	-
Total Liabilities	14	-
Total Net Assets Transferred	-	-

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

17. Cash Flow Reconciliations

	2009 \$'000	2008 \$'000
17.1 Reconciliation of Cash and Cash Equivalents		
Cash and Cash Equivalents at 30 June per:		
Statement of Financial Position	2 229	2 590
Statement of Cash Flows	2 229	2 590

17.2 Reconciliation of Net Cost of Providing Services to Net Cash provided by Operating Activities

Net cost of providing services	(11 636)	(10 847)
Net cash flows from government	11 386	10 433
Depreciation and amortisation	261	252
Increase in receivables	(51)	(3)
Increase (Decrease) in employee benefits	137	(91)
Decrease in provision for workers compensation	(2)	(32)
(Decrease) Increase in payables	(210)	319
Loss on sale of assets	13	-
Net Cash (used in) provided by Operating Activities	(102)	31

18. Remuneration of Employees

The number of employees whose remuneration received or receivable exceeded \$100 000 for this period are grouped within the following bands:

	Number of Executives*	2009 Number of Employees	Number of Executives*	2008 Number of Employees
\$100 000 - \$109 999	-	10	-	6
\$110 000 - \$119 999	-	2	-	1
\$150 000 - \$159 999	-	-	2	-
\$160 000 - \$169 999	-	-	1	-
\$170 000 - \$179 999	3	-	2	-
\$180 000 - \$189 999	1	-	-	-
\$190 000 - \$199 999	1	-	-	-
\$320 000 - \$329 999	-	-	1	-
\$350 000 - \$359 999	1	-	-	-
Total Number of Executives/Employees	6	12	6	7

* Based on the Department's executive organisation structure.

Total remuneration received or receivable by Departmental executives was \$1.253 million (\$1.158 million). Total remuneration received or receivable by the non-executive employees was \$1.264 million (\$736 000).

The employee remuneration figures detailed above include employee remuneration recorded in both the Department's Financial Statements and in the Administered Items Financial Statements of the Department.

19. Remuneration of Auditor

	2009 \$'000	2008 \$'000
Remuneration for audit of financial statements	9	8
Remuneration for other services	-	-
	9	8

20. 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.

	2009 \$'000	2008 \$'000
Financial Assets:		
Cash and cash equivalents	2 229	2 590
Receivables*	6	-
Financial Liabilities:		
Payables	514	725
Cash advance - Imprest account	3	3

* Receivables amounts disclosed exclude amounts relating to statutory receivables where rights or obligations have their source in legislation such as the GST.

Statement of Administered Comprehensive Income for the year ended 30 June 2009

		2009	2008
	Note	\$'000	\$'000
EXPENSES:			
Employee expenses		284	665
Amounts paid/payable to consolidated account		10 440	10 277
Total Expenses		10 724	10 942
INCOME:			
Fees for audit services		10 440	10 277
Appropriation - Special Acts	A2.2	283	233
Total Income		10 723	10 510
NET RESULT		(1)	(432)
TOTAL COMPREHENSIVE RESULT		(1)	(432)

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

Statement of Administered Financial Position as at 30 June 2009

		2009	2008
	Note	\$'000	\$'000
ASSETS:			
CURRENT ASSETS:			
Cash and cash equivalents	A4.1	296	1 748
Receivables	A2.1	2 036	352
Total Assets		2 332	2 100
LIABILITIES:			
CURRENT LIABILITIES:			
Employee benefits	A3	118	122
Amounts payable to consolidated account		1 896	1 725
GST payable		236	194
Total Current Liabilities		2 250	2 041
NON-CURRENT LIABILITIES:			
Employee benefits	A3	320	296
Total Non-Current Liabilities		320	296
Total Liabilities		2 570	2 337
NET ASSETS		(238)	(237)
EQUITY:			
Opening balance - (Deficit) Surplus		(237)	195
Decrease in net assets		(1)	(432)
TOTAL EQUITY		(238)	(237)

Total administered equity is attributable to the SA Government as owner

Statement of Administered Changes in Equity for the year ended 30 June 2009

	Retained Earnings	Total
	\$'000	\$'000
Balance at 30 June 2007	195	195
Total Comprehensive Result for 2007-08	(432)	(432)
Balance at 30 June 2008	(237)	(237)
Total Comprehensive Result for 2008-09	(1)	(1)
Balance at 30 June 2009	(238)	(238)

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

Statement of Administered Cash Flows for the year ended 30 June 2009

		2009 Inflows (Outflows)	2008 Inflows (Outflows)
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:	Note		
CASH OUTFLOWS:			
Employee expenses		(264)	(253)
Amounts paid to consolidated account		(10 269)	(9 482)
GST paid to ATO		(1 002)	(1 053)
CASH INFLOWS:			
Fees for audit services	A2.1	9 800	11 379
CASH FLOWS FROM SA GOVERNMENT:			
Appropriations - Special Acts		283	233
Net Cash (used in) provided by Operating Activities	A4.2	(1 452)	824
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS HELD		(1 452)	824
CASH AND CASH EQUIVALENTS AT 1 JULY		1 748	924
CASH AND CASH EQUIVALENTS AT 30 JUNE	A4.1	296	1 748

NOTES TO AND FORMING PART OF THE ADMINISTERED FINANCIAL STATEMENTS

A1. Statement of Significant Accounting Policies

All Auditor-General's Department accounting policies are contained in Note 2. The policies outlined in Note 2 apply to both the Department and the Administered Financial Statements.

A2. Administered Items

A2.1 Auditing Fees

Section 39 of the PFAA provides for the levying of fees for audit services provided by the Department. These are paid into the Consolidated Account.

	2009 \$'000	2008 \$'000
Fees outstanding at 1 July	352	425
Billings (including GST)	11 484	11 306
	11 836	11 731
Receipts (including GST)	9 800	11 379
Fees outstanding at 30 June	2 036	352

At 30 June, the value of audit work in progress was \$5.449 million (\$5.043 million). The Department is of the opinion that this amount is recoverable.

Interest Rate and Credit Risk

Receivables are normally settled within 14 days and are all non-interest bearing. It is not anticipated that counterparties will fail to discharge their obligations and there is no concentration of credit risk. The carrying amount of receivables approximates net fair value due to the amounts being payable on demand.

A2.2 Special Acts

Subsection 24(4) of the PFAA, provides that the salary and allowances of the Auditor-General will be determined by the Governor and will be paid from the Consolidated Account which is appropriated for that purpose and the necessary extent.

A3. Employee Benefits	2009	2008
Current:	\$'000	\$'000
Salaries	7	6
Annual leave	111	116
Total Current	118	122
Non-Current:		
Long service leave	320	296
Total Non-Current	320	296
Total Employee Benefits	438	418

A4. Notes to the Administered Statement of Cash Flows**A4.1 Reconciliation of Cash and Cash Equivalents**

Cash and Cash Equivalents at 30 June per:

Statement of Administered Financial Position	296	1 748
Statement of Administered Cash Flows	296	1 748

A4.2 Reconciliation of Net Operating Surplus to Net Cash provided by Operating Activities

Net operating result	(1)	(432)
(Increase) Decrease in receivables	(1 684)	73
Increase in employee benefits	20	413
Increase in amounts payable to the Consolidated Account	171	796
Increase (Decrease) in GST payable	42	(26)
Net Cash (used in) provided by Operating Activities	(1 452)	824

A5. Specific Disclosure - SA Government

The following discloses revenues, expenses, assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date.

Income excluding appropriations	9 316	9 146
Expenses	10 440	10 277
Financial assets	2 304	2 022
Financial liabilities	1 896	1 725

DEPARTMENT FOR CORRECTIONAL SERVICES

FUNCTIONAL RESPONSIBILITY

Establishment

The Department for Correctional Services (the Department) is an administrative unit established pursuant to the PSM Act. The Department is responsible to the Minister for Correctional Services.

Functions

The primary function of the Department is to work to maintain a safer community while contributing to rebuilding lives affected by crime. For details of the Department's functions refer to Note 1 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 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 2008-09, specific areas of audit attention included:

- expenditure, including purchase cards
- payroll
- revenue, including kitchen, canteen and PRIME revenue
- property, plant and equipment
- financial accounting
- inventory
- governance and risk management
- shared service arrangements.

An understanding of internal audit activities has been obtained in order to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department for Correctional Services as at 30 June 2009, 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 for Correctional Services in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to payroll and expenditure, as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Department for Correctional Services have been conducted properly and in accordance with law.

Communication of audit matters

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

Payroll

Audit review identified a number of control weaknesses in relation to payroll. The significant matters identified were:

- a bona fide certificate register was not maintained by the Department to ensure all bona fide certificates were reviewed on a timely and consistent basis
- the bona fide policy issued by the Department did not include a requirement to check all relevant information on the bona fide certificates and was not consistent with the requirements of the Service Level Determination between the Department and Shared Services SA for human resources services
- documentation, including bona fide certificates, was unable to be provided to Audit relating to some areas of the Department
- human resources delegation documents have not been updated and do not reflect current business practice relating to the approval of certain types of allowances.

The Department has responded to the above matters indicating that a revised bona fide certificate policy has been developed and issued to managers, including:

- expanded requirements for reviewing bona fide information
- the requirement for bona fide certificate registers to be maintained by each location
- clarification on the requirements for managers to report changes to Shared Services SA.

The Department also responded that human resources delegations are in the process of being reviewed and updated with the intention that the review process will be completed by November 2009.

Expenditure

Audit testing of expenditure identified a material payment not approved within delegated authorisations. The Department has responded to this matter indicating that financial authorisations are being reviewed and revised with this process to be finalised in August 2009. At the conclusion of this process, the Department indicated they would reinforce the requirement to adhere to the approved financial authorisations to all staff.

Implementation of the revised TIs 2 and 28

In reviewing the implementation of the revised TIs 2 and 28 requirements within the Department Audit identified the Department had undertaken a detailed process of:

- developing a checklist of financial control requirements for each division of the Department to be signed-off on an annual basis by the relevant Director
- implementing processes within the Department to review, and in some cases test, the effectiveness of key internal controls implemented
- updating a large number of policies.

The audit review identified that the Department had performed a significant amount of work to implement the requirements. Matters outstanding in relation to this implementation related to several policies which required review and update and the need to further develop the divisional checklists to include active testing of compliance with internal controls.

The Department responded to this matter noting the large number of policies and procedures reviewed to date and confirming remaining policies would be finalised early in the 2009-10 financial year.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements

	2009 \$'million	2008 \$'million
EXPENSES		
Employee benefit expenses	115	108
Supplies and services	53	47
Other expenses	19	17
Total expenses	187	172
INCOME		
Income from prison labour and canteen and kitchen sales	5	5
Other income	6	5
Total income	11	10
Net cost of providing services	176	162
Revenues from SA Government	173	161
Net result	(3)	(1)
Total comprehensive result	20	24
ASSETS		
Current assets	15	20
Non-current assets*	273	249
Total assets	288	269
LIABILITIES		
Current liabilities	23	23
Non-current liabilities	34	36
Total liabilities	57	59
EQUITY	231	210

* Includes biological assets

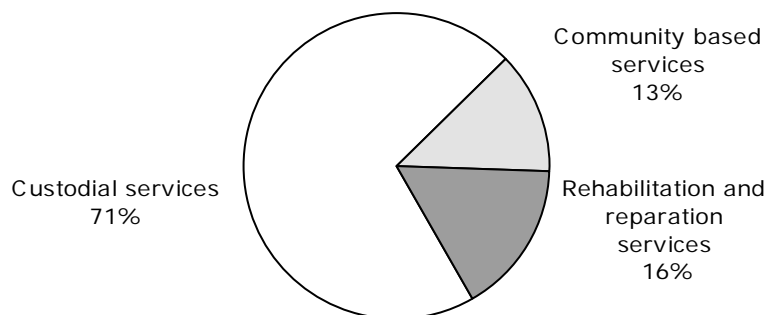
Statement of Comprehensive Income

Expenses

Total expenses increased by \$15 million, or 9 percent, to \$187 million (\$172 million). This increase mainly reflects:

- an increase in employee benefit expenses of \$7 million to \$115 million (\$108 million). This increase was due mainly to award increases and additional custodial staff
- an increase in supplies and services of \$6 million to \$53 million (\$47 million) resulting primarily from an increase in contract expenses of \$1 million and works and equipment costs of \$3 million.

The largest component of the Department's expenditure relates to custodial (ie prison) services. The proportion of expenses on the different programs has remained relatively stable each year. The following chart shows expenditure by program for 2008-09.



Income

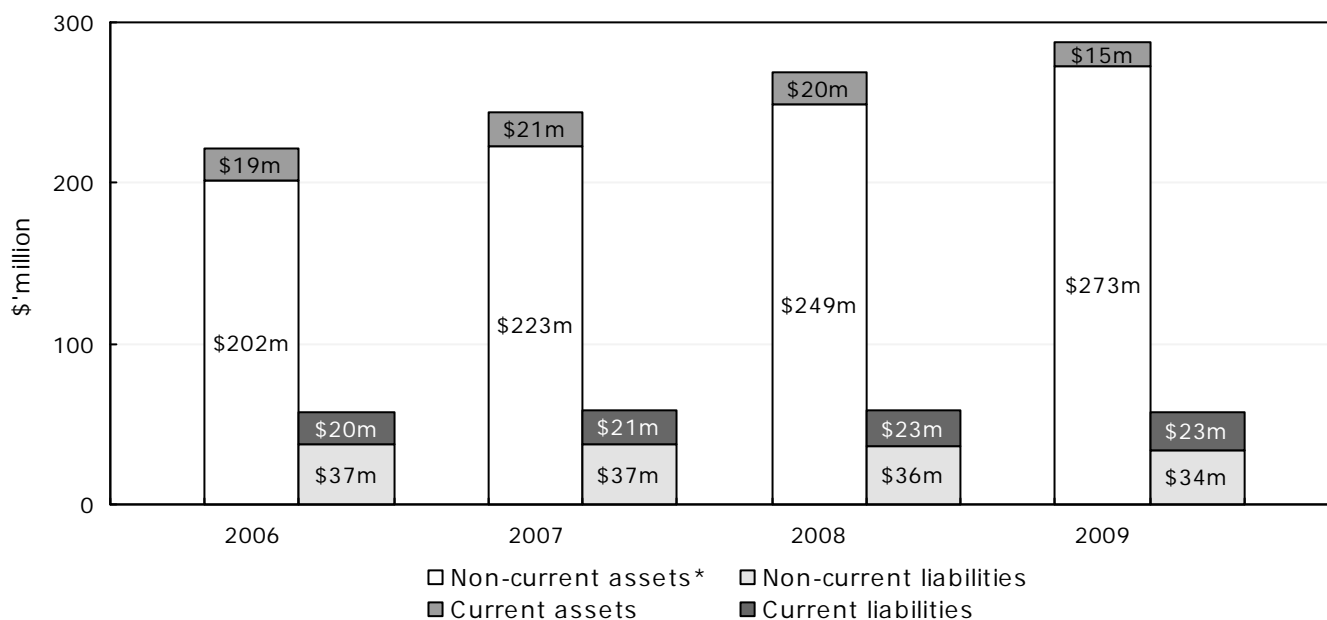
Total income remained relatively stable between 2007-08 and 2008-09.

Net cost of providing services

The net cost of services increased by 9 percent to \$176 million (\$162 million). The increase is mainly a result of the increase in employee benefit expenses previously discussed, combined with other expenses related to increased prisoner numbers and additional expenditure (consultancy, advice and other services provided by other government agencies and sundry type expenditure) related to the New Prisons project prior to the cancellation of this project in June 2009.

Statement of Financial Position

For the four years to 2009, a structural analysis of assets and liabilities is shown in the following chart.



* Includes biological assets.

The chart shows that the largest component of the Department's Statement of Financial Position is its non-current assets, mainly the prison infrastructure. The increase of \$24 million in non-current assets from 2008 to 2009 is principally the result of a revaluation of all departmental land and buildings performed as at 30 June 2009 and an increase in the value of capital works in progress.

Statement of Cash Flows

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	4	9	8	7
Investing	(10)	(10)	(5)	(4)
Change in cash	(6)	(1)	3	3
Cash at 30 June	12	18	19	16

During the year cash decreased by \$6 million to \$12 million. Of this amount \$6 million is held in the Department of Treasury and Finance Special Deposit Account 'Accrual Appropriation Excess Funds - Department for Correctional Services'. Access to these funds is subject to the Treasurer's or Under Treasurer's approval.

FURTHER COMMENTARY ON OPERATIONS

Service contracts

The Department utilises service contracts for prisoner movement and in-court management, home detention monitoring and management of the Mount Gambier Prison. The Department has commitments in respect of these contracts as outlined below:

Prisoner movement and in-court management

This contract expired on 30 June 2007 and was extended twice on the same terms and conditions as the original contract, expiring on 30 June 2009. The Department is currently paying on a monthly basis while negotiations are finalised for a new contract.

Cabinet approved the awarding of a new contract on 27 July 2009, for an initial five year term expiring in 2014 (refer Note 35).

Home detention monitoring

This contract expired on 10 May 2009 and was extended on 11 May 2009 for a six month period, expiring on 11 November 2009.

Management of the Mount Gambier Prison

This contract commenced on 22 December 2005 and is due to expire on 21 December 2010.

Public private partnership - new prisons and secure facilities project

In November 2007, Cabinet approved the calling for expressions of interest from the private sector for the procurement of new prisons and other facilities under a Public Private Partnership (PPP) procurement arrangement.

This project termed the New Prisons and Secure Facilities (NPSF) project, comprised the following new developments:

- a men's prison and women's prison at Mobilong with a co-located Forensic Mental Health Centre
- a youth detention and a pre-release centre at Cavan.

In June 2009, as part of the 2009-10 State Budget, the Government announced the project would not proceed.

Project expenditure incurred by the Department during 2008-09 was \$4.7 million (\$3.8 million). This comprised \$3.9 million relating to consultants and other government agency assistance, and \$800 000 associated with departmental project management and administration.

**Statement of Comprehensive Income
for the year ended 30 June 2009**

		2009	2008
	Note	\$'000	\$'000
EXPENSES:			
Employee benefit expenses	5	115 271	107 776
Supplies and services	6	52 973	47 165
Depreciation and amortisation expense	7	9 093	8 703
Payments to prisoners		2 348	2 340
Accommodation and associated lease costs		5 958	5 003
Grants	8	702	858
Net loss from disposal of assets	9	28	18
Other expenses	10	303	196
Total expenses		186 676	172 059
INCOME:			
Prison labour	12	2 459	2 729
Salaries and goods and services recoups		1 617	1 035
Interest revenues		2	1
Commonwealth revenue	13	496	417
Canteen and kitchen sales	14	2 892	2 610
Other income	15	3 282	3 293
Total income		10 748	10 085
NET COST OF PROVIDING SERVICES		175 928	161 974
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:			
Payments to SA Government	16	-	(2 017)
Revenues from SA Government	16	173 381	162 842
NET RESULT		(2 547)	(1 149)
OTHER COMPREHENSIVE INCOME:			
Changes in property, plant and equipment asset revaluation reserve	20	22 967	25 313
TOTAL COMPREHENSIVE RESULT		20 420	24 164

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

**Statement of Financial Position
as at 30 June 2009**

		2009	2008
	Note	\$'000	\$'000
CURRENT ASSETS:			
Cash and cash equivalents	17	11 945	18 332
Receivables	18	1 695	1 529
Inventories	19	1 281	635
Total current assets		14 921	20 496
NON-CURRENT ASSETS:			
Property, plant and equipment	20	269 799	236 190
Capital works in progress	21	3 283	12 196
Intangible assets	22	35	52
Biological assets	23	266	212
Total non-current assets		273 383	248 650
Total assets		288 304	269 146
CURRENT LIABILITIES:			
Payables	24	6 258	5 744
Employee benefits	25	12 184	11 204
Provisions	26	5 216	5 957
Total current liabilities		23 658	22 905
NON-CURRENT LIABILITIES:			
Payables	24	1 717	1 505
Employee benefits	25	16 898	16 194
Provisions	26	15 095	18 026
Total non-current liabilities		33 710	35 725
Total liabilities		57 368	58 630
NET ASSETS		230 936	210 516
EQUITY:			
Retained earnings	27	99 108	101 594
Prisoner amenities fund reserve	27	100	161
Asset revaluation reserve	27	131 728	108 761
TOTAL EQUITY		230 936	210 516
Total equity is attributable to the SA Government as owner			
Commitments	28		
Contingent assets and liabilities	29		

Statement of Changes in Equity for the year ended 30 June 2009

		Prisoner Amenities Fund Reserve	Asset Revaluation Reserve	Retained Earnings	Total
	Note	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2007		141	83 448	102 743	186 332
Net result for 2007-08		-	-	(1 149)	(1 149)
Gain on revaluation of land and buildings during 2007-08		-	25 313	-	25 313
Net changes in reserves		20	-	-	20
Total comprehensive result for 2007-08		20	25 313	(1 149)	24 184
Balance at 30 June 2008	27	161	108 761	101 594	210 516
Net result for 2008-09		-	-	(2 547)	(2 547)
Gain on transfer to asset revaluation reserve		-	22 967	-	22 967
Transfer to/from prisoner amenities fund reserve		(61)	-	61	-
Total comprehensive result for 2008-09		(61)	22 967	(2 486)	20 420
Transactions with SA Government as owner					
Net assets transferred as a result of an administrative restructure	32	-	-	-	-
Balance at 30 June 2009	27	100	131 728	99 108	230 936

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

Statement of Cash Flows for the year ended 30 June 2009

		2009 Inflows (Outflows) \$'000	2008 Inflows (Outflows) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:	Note		
CASH OUTFLOWS:			
Employee benefit payments		(116 681)	(107 655)
Supplies and services		(59 341)	(51 429)
Prisoner payments		(2 348)	(2 340)
Grants		(702)	(858)
GST payments on purchases		(6 596)	(5 533)
GST remitted to ATO		(742)	(564)
Other payments		(250)	(194)
Cash used in operations		(186 660)	(168 573)
CASH INFLOWS:			
Receipts from prison labour		2 459	2 729
Interest received		2	1
GST recovered from the ATO (receipts on receivables)		666	588
GST recovered from the ATO (input tax credits)		6 431	5 454
Other receipts		7 981	7 454
Cash generated from operations		17 539	16 226
CASH FLOWS FROM (TO) SA GOVERNMENT:			
Payments to SA Government		-	(2 017)
Receipts from SA Government		173 381	162 842
Cash generated from SA Government		173 381	160 825
Net cash provided by operating activities	33	4 260	8 478
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of property, plant and equipment		(10 521)	(9 475)
Cash used in investing activities		(10 521)	(9 475)
CASH INFLOWS:			
Proceeds from sale of property, plant and equipment		3	5
Cash generated from investing activities		3	5
Net cash used in investing activities		(10 518)	(9 470)
CASH FLOWS FROM FINANCING ACTIVITIES			
CASH OUTFLOWS:			
Cash transferred as a result of restructuring activities		(129)	-
Cash used in financing activities		(129)	-
Net cash used in financing activities		(129)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(6 387)	(992)
CASH AND CASH EQUIVALENTS AT 1 JULY		18 332	19 324
CASH AND CASH EQUIVALENTS AT 30 JUNE	33	11 945	18 332

Disaggregated Disclosure - Expenses and Income for the year ended 30 June 2009

(Activities - refer Note 4)		1	2	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
EXPENSES:				
Employee benefit expenses	76 414	72 140	17 534	15 443
Supplies and services	42 386	38 865	4 376	3 011
Depreciation and amortisation expense	7 803	7 471	261	249
Payments to prisoners	1 917	1 939	-	-
Accommodation and associated lease costs	2 280	1 953	2 328	1 931
Grants	282	344	65	79
Net loss from disposal of non-current assets	28	18	-	-
Other expenses	230	151	33	21
Total expenses	131 340	122 881	24 597	20 734
INCOME:				
Prison labour	-	-	-	-
Salaries and goods and services recoups	336	215	170	109
Interest revenues	2	1	-	-
Commonwealth and Northern Territory grants and recoups	-	-	496	417
Canteen and kitchen sales	2 892	2 610	-	-
Other income	2 266	2 270	483	485
Total income	5 496	5 096	1 149	1 011
NET COST OF PROVIDING SERVICES	125 844	117 785	23 448	19 723
REVENUES FROM SA GOVERNMENT	121 479	115 887	24 271	20 057
NET RESULT	(4 365)	(1 898)	823	334

(Activities - refer Note 4)		3	Total	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
EXPENSES:				
Employee benefit expenses	21 323	20 193	115 271	107 776
Supplies and services	6 211	5 289	52 973	47 165
Depreciation and amortisation expense	1 029	983	9 093	8 703
Payments to prisoners	431	401	2 348	2 340
Accommodation and associated lease costs	1 350	1 119	5 958	5 003
Grants	355	435	702	858
Net loss from disposal of non-current assets	-	-	28	18
Other expenses	40	24	303	196
Total expenses	30 739	28 444	186 676	172 059
INCOME:				
Prison labour	2 459	2 729	2 459	2 729
Salaries and goods and services recoups	1 111	711	1 617	1 035
Interest revenues	-	-	2	1
Commonwealth and Northern Territory grants and recoups	-	-	496	417
Canteen and kitchen sales	-	-	2 892	2 610
Other income	533	538	3 282	3 293
Total income	4 103	3 978	10 748	10 085
NET COST OF PROVIDING SERVICES	26 636	24 466	175 928	161 974
REVENUES FROM SA GOVERNMENT	27 631	24 881	173 381	160 825
NET RESULT	995	415	(2 547)	(1 149)

Disaggregated Disclosure - Assets and Liabilities as at 30 June 2009

(Activities - refer Note 4)		1		2		3	
		2009	2008	2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS:							
Cash and cash equivalents		29	29	5	5	1	1
Receivables		-	-	-	-	277	541
Inventories		306	294	-	-	649	341
Total current assets		335	323	5	5	927	883
NON-CURRENT ASSETS:							
Property, plant and equipment		246 631	216 566	13 520	13 097	9 036	6 233
Capital works in progress		2 378	11 917	495	140	11	-
Intangible assets		-	-	-	-	-	-
Biological assets		-	-	-	-	266	212
Total non-current assets		249 009	228 483	14 015	13 237	9 313	6 445
Total assets		249 344	228 806	14 020	13 242	10 240	7 328
CURRENT LIABILITIES:							
Payables		1 820	1 562	416	391	303	312
Employee benefits		8 547	7 753	1 572	1 530	2 065	1 921
Provisions		-	-	-	-	-	-
Total current liabilities		10 367	9 315	1 988	1 921	2 368	2 233
NON-CURRENT LIABILITIES:							
Payables		973	834	196	190	230	228
Employee benefits		11 610	10 992	2 387	2 490	2 901	2 712
Provisions		-	-	-	-	-	-
Total non-current liabilities		12 583	11 826	2 583	2 680	3 131	2 940
Total liabilities		22 950	21 141	4 571	4 601	5 499	5 173
NET ASSETS		226 394	207 665	9 449	8 641	4 741	2 155

(Activities - refer Note 4)		General/Not attributable		Total	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS:					
Cash and cash equivalents		11 910	18 297	11 945	18 332
Receivables		1 418	988	1 695	1 529
Inventories		326	-	1 281	635
Total current assets		13 654	19 285	14 921	20 496
NON-CURRENT ASSETS:					
Property, plant and equipment		612	294	269 799	236 190
Capital works in progress		399	139	3 283	12 196
Intangible assets		35	52	35	52
Biological assets		-	-	266	212
Total non-current assets		1 046	485	273 383	248 650
Total assets		14 700	19 770	288 304	269 146
CURRENT LIABILITIES:					
Payables		3 719	3 479	6 258	5 744
Employee benefits		-	-	12 184	11 204
Provisions		5 216	5 957	5 216	5 957
Total current liabilities		8 935	9 436	23 658	22 905
NON-CURRENT LIABILITIES:					
Payables		318	253	1 717	1 505
Employee benefits		-	-	16 898	16 194
Provisions		15 095	18 026	15 095	18 026
Total non-current liabilities		15 413	18 279	33 710	35 725
Total liabilities		24 348	27 715	57 368	58 630
NET ASSETS		(9 648)	(7 945)	230 936	210 516

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Department for Correctional Services

The Department for Correctional Services (the Department) is an administrative unit established pursuant to the PSM Act.

The Department contributes to a safer community by working in partnership with other criminal justice organisations and the community to prevent crime and reduce repeat offending.

The Department safely, securely and humanely manages people ordered by the courts to serve a community based or prison sanction and provides them with opportunities to lead law-abiding and productive lives.

2. Significant accounting policies

(a) Statement of compliance

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

Except for the amendments to AASB 101 including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), 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 2009. These are discussed in Note 3.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Department's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA, by authority of TI 19. In the interest of public accountability and transparency the APSs require the following Note disclosures, that have been included in these financial statements:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature
 - (b) expenses incurred as a result of engaging consultants
 - (c) employees whose normal remuneration is \$100 000 or more (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees
 - (d) Board/Committee member and remuneration information, where a board/Committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

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

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

(c) Reporting entity

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

The financial statements include all the controlled activities of the Department. The transactions and balances relating to administered resources are not recognised as departmental income, expense, assets and liabilities. As administered resources are insignificant in relation to the Department's overall financial performance and position, they are disclosed in Note 36. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

(d) Transferred functions

The Public Sector Management (Shared Services SA (2)) Proclamation 2008 (dated 17 July 2008) declared that the accounts receivable function transitioned from Finance and Asset Services to Shared Services SA from July 2008.

The Public Sector Management (Shared Services SA (4)) Proclamation 2008 (dated 31 July 2008) declared that the payroll function transitioned from Human Resources to Shared Services SA from August 2008.

The Public Sector Management (Shared Services SA (6)) Proclamation 2008 (dated 16 October 2008) declared that the accounts payable function transitioned from Finance and Asset Services to Shared Services SA from October 2008.

These transitions were approved by Cabinet (refer to Note 32).

(e) Comparative information

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

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

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

(f) Rounding

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

(g) Taxation

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

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

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

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

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

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

(h) Events after balance date

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

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years. Refer Note 35.

(i) Income and expenses

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

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

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

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

Income

The following are specific recognition criteria:

Disposal of non-current assets

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

Any gain (loss) on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deduction of proceeds of the asset at that time.

Revenues from SA Government

Appropriations for program funding are recognised as revenues when the Department obtains control over the funding. Control over appropriations is normally obtained upon receipt.

Resources received/provided free of charge

Resources received/provided free of charge are recorded as income and expenditure in the Statement of Comprehensive Income at their fair value. Resources provided free of charge are recorded in the expense line items to which they relate.

Grants received/paid

Grants paid are amounts provided by the Department to entities for general assistance or for a particular purpose. Such grants may be for capital, current or recurrent purposes and the name or category reflects the use of the grant. Grants received are recognised as income at the time the Department obtains control over the funds. Grants paid/received are usually subject to terms and conditions set out in the contract, correspondence, or by legislation governing the provision of the grant.

Expenses

Employee benefits

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

Superannuation

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

Payments to SA Government

Payments to the SA Government represent the return of surplus cash pursuant to the cash alignment policy paid directly to the Consolidated Account.

(j) Current and non-current classification

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

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

(k) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand and cash equivalents that are readily convertible to cash and are used in the cash management function on a day to day basis.

Cash is measured at nominal value.

(l) Receivables

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

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

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

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

(m) Inventories

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

Inventory in institutional stores is held for distribution at no cost and is measured at cost and adjusted when applicable for any loss of service potential.

Inventory held in prison canteens is held-for-sale at nominal cost and is measured at cost and assigned on the basis of average cost.

Inventory held by prison industries is measured at historical cost.

Locksmith inventory is held for distribution at no cost and is measured at cost and adjusted when applicable for any loss of service potential.

(n) Non-current asset acquisition and recognition

Assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental costs involved with the acquisition. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position.

Since the Department controls a large number of low value items, the cost of accounting for the capitalisation of items costing less than \$10 000 is expected to outweigh the benefits that would be gained from reporting this information. As a result, items with an acquisition cost less than \$10 000 are expensed in the period in which they are acquired.

Capital works in progress are recognised as the cumulative costs of capital projects to balance date. Projects completed during the year have been recognised as buildings, plant or equipment and are valued at cost.

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

(o) Revaluation of non-current assets

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

Every three years, a full revaluation of the Department's land, buildings and leasehold improvements is undertaken. A 'desk-top' revaluation is undertaken by a licensed valuer for the two interim years. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset class previously recognised in the Statement of Comprehensive Income, in which case the increase is recognised in the Statement of Comprehensive Income.

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

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

(p) Impairment

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

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

(q) Depreciation and amortisation of non-current assets

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

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

(q) Depreciation and amortisation of non-current assets (continued)

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

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

Land is not depreciated.

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

<i>Class of asset</i>	<i>Depreciation method</i>	<i>Useful life (years)</i>
Plant and equipment	Straight-line	4-20
Buildings (including prisons)	Straight-line	1-60
Intangibles	Straight-line	3-5
Leasehold improvements	Straight-line	Life of lease

(r) Intangible assets

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

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

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

(s) Biological assets

Biological assets such as cattle and sheep are measured at fair value less estimated point of sales costs. The fair value is determined based on current market values of the biological assets.

The olive grove is measured at cost plus any gains arising from changes in fair value less estimated point-of-sale costs attributable to physical changes.

The Department accounts for these items in accordance with AASB 141.

(t) Payables

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

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

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

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

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

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

(u) Employee benefits

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

Wages, salaries, annual leave and sick leave

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

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

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

Long service leave

The liability for long service leave is recognised after an employee has completed 6.5 years of service. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Department's experience of employee retention and leave taken.

Unclaimed salaries and wages have been included as a current liability for employee benefits.

Employee benefit on-costs

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

Provisions

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

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

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

(v) Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement. The Department has assessed whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The Department has entered into a number of operating lease agreements for buildings and motor vehicles.

Operating Leases

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

The Department does not have any finance lease agreements.

(w) Prisoner Amenities Fund

Net proceeds from the sale of canteen goods to prisoners are used for the acquisition of items for the benefit of prisoners. The net proceeds are accounted for in the Prisoner Amenities Fund.

(x) Payments to prisoners

These include payments made on behalf of prisoners and payments made to prisoners upon release.

3. Changes in accounting policies

Details of the accounting policies that the Department has changed during 2008-09 are detailed below. Details of the impact, where significant, on the Department's financial statements from new and amended AASs that are applicable for the first time in 2008-09 are also detailed below.

3.1 Restructure of administrative arrangements

In accordance with the revised AASB 1004, the Department records restructures of administrative arrangements as transactions with owners in their capacity as owners rather than recording these events as a revenue/expense item.

3.2 Accounting for locksmith inventory

The Department has capitalised all locksmith inventory on hand for the first time in 2008-09 (refer Note 10). In prior years these purchases were expensed when paid.

3.3 Other

The Department has early adopted the September 2007 version of AASB 101 including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101) - this includes the preparation of a single Statement of Comprehensive Income. In accordance with the new accounting standard AASB 1052, the amounts of assets and liabilities reliably attributable to each activity has been disclosed. In addition, Note 36 provides the identity of the recipient of transfer payments classified as administered expenses consistent with the requirement of AASB 1050.

Issued or amended but not yet effective

Except for the amendments to AASB 101, 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 2009. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department.

4. Activities of the Department

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

Activity 1: Custodial services

The Department provides secure containment and supervision for adults on remand and those sentenced by the courts to serve a custodial sanction. The Custodial Services program includes costs associated with operating the State's prison system, the humane treatment of prisoners while in custody and the secure movement of prisoners.

Activity 2: Community based services

The Department case manages and supervises offenders in the community on probation, parole or under home detention and clients on supervised bail.

Activity 3: Rehabilitation and reparation services

The Department provides a range of educational, vocational and rehabilitative activities designed to assist offenders to address their offending behaviour and provide them with opportunities to lead law abiding and productive lives.

General/not attributable:

Certain assets and liabilities of the Department are unable to be allocated reliably between activities.

5. Employee benefit expenses

	2009 \$'000	2008 \$'000
Salaries and wages	87 856	80 481
Employment on-costs - superannuation	9 705	8 645
Employment on-costs - payroll tax	5 353	5 191
Annual leave	7 446	6 950
Long service leave	2 521	3 155
Workers compensation salary payments	2 390	3 354
Total employee benefit expenses	115 271	107 776

Salaries and wages in 2008-09 include \$746 000 relating to underpayment of salaries and wages and annual leave loading entitlements dating back to 2003. Salaries and wages on termination are included in salaries and wages.

Remuneration of employees

	2009 Number	2008 Number
The number of employees whose remuneration received or receivable falls within the following bands:		
\$100 000 - \$109 999	26	28
\$110 000 - \$119 999	9	5
\$120 000 - \$129 999	2	1
\$130 000 - \$139 999	2	1
\$140 000 - \$149 999	1	2
\$150 000 - \$159 999	2	1
\$160 000 - \$169 999	1	-
\$180 000 - \$189 999	1	1
\$190 000 - \$199 999	-	1
\$200 000 - \$209 999	2	-
\$280 000 - \$289 999	-	1
\$300 000 - \$309 999	1	-
Total number of employees	47	41

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, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$5.8 million (\$4.9 million).

There was no net increase in the number of executives in the Department in 2008-09.

Targeted Voluntary Separation Packages (TVSPs)

No TVSPs were provided to any departmental employees in 2008-09 (nil).

6. Supplies and services	2009	2008
Supplies and services provided:	\$'000	\$'000
Contracts ⁽¹⁾	14 660	13 316
Works and equipment costs ⁽²⁾	6 700	4 026
Cost of goods sold - prison labour	2 669	2 847
Cost of goods sold - canteen and kitchen sales	2 691	2 434
Offender related costs	5 071	4 777
Utilities	4 977	4 610
Consultants ⁽³⁾	3 254	2 557
Travel expenses	1 065	1 050
IT costs	3 513	3 339
Workers compensation related payments	(442)	198
Staff related costs	1 454	1 299
Contracted staff	1 335	1 164
Shared Services SA processing charges	943	-
Insurance charges	801	810
OHS&W expenses	199	272
Materials and consumables	310	499
Sundry other expenses	3 773	3 967
Total supplies and services⁽⁴⁾	52 973	47 165

(1) The main contracts for the Department include the Mount Gambier prison management, prisoner movement and in-court management and Electronic Monitoring Services South Australia.

(2) 2008-09 includes \$944 000 of expenses relating to repairs associated with the Port Augusta Prison incident in October 2008.

(3) 2008-09 includes \$3.2 million (\$2.5 million) associated with the New Prisons and Secure Facilities project. This excludes consultancy payments to other State Government departments.

(4) Supplies and services expenses included \$11.5 million (\$8.5 million) to South Australian Government entities in 2008-09.

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

	2009		2008	
	Number	\$'000	Number	\$'000
Below \$10 000	-	-	4	18
Between \$10 000 and \$50 000	1	12	6	98
Above \$50 000	4	3 242	4	2 441
	5	3 254	14	2 557

7. Depreciation and amortisation expense	2009	2008
Depreciation:	\$'000	\$'000
Buildings	8 584	8 112
Plant and equipment	259	271
Total depreciation	8 843	8 383
Amortisation:		
Leasehold improvements	233	216
Intangible assets	17	104
Total amortisation	250	320
Total depreciation and amortisation	9 093	8 703

8. Grants	2009	2008
Grants paid or payable to entities external to the SA Government:		
Recurrent grant	702	858
Total grants provided	702	858

9. Net (gain) loss from disposal of assets		
Plant and equipment:		
Proceeds from disposal of non-current assets	(3)	(5)
Net book value of assets disposed	-	23
Net (gain) loss from disposal of plant and equipment	(3)	18

Leasehold Improvements:

Proceeds from disposal of non-current assets	-	-
Net book value of assets disposed	31	-
Net loss from disposal of plant and equipment	31	-

Total Assets:

Total proceeds from disposal of non-current assets	(3)	(5)
Total value of assets disposed	31	23
Net loss from disposal of plant and equipment	28	18

10. Other expenses	2009	2008
Other expenses paid or payable to entities external to the SA Government:	\$'000	\$'000
Bad and doubtful debts expense	12	-
Bank charges	13	12
FBT	372	308
Inventory capitalised for the first time ⁽¹⁾	(260)	-
Other	166	(124)
Total other expenses - non-SA Government entities	303	196
Total other expenses	303	196

(1) In 2008-09 the Department capitalised \$260 000 of locksmith inventory for the first time.

11. Auditor's remuneration		
Audit fees paid/payable to the Auditor-General's Department	99	99
Total audit fees	99	99

Other services

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

12. Net income (loss) from prison labour

	Yatala Labour Prison		Mabilong Prison		Cadell Training Centre		Adelaide Women's Prison/Pre-release Centre	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales income	355	331	1 215	1 102	553	554	175	101
Internal sales	355	331	1 215	1 102	553	554	175	101
External sales	816	898	1 340	1 429	138	107	46	37
Total sales income	1 171	1 229	2 555	2 531	691	661	221	138
Cost of goods sold	(404)	(492)	(1 665)	(1 633)	(486)	(528)	(75)	(55)
Gross profit	767	737	890	898	205	133	146	83
Other income	-	1	1	1	2	12	-	-
Other expenses	1 724	1 854	1 131	1 123	1 121	1 050	209	205
Net loss	(957)	(1 116)	(240)	(224)	(914)	(905)	(63)	(122)

	Port Augusta Prison		Port Lincoln Prison		Total	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales income	1	39	26	12	2 325	2 139
Internal sales	1	39	26	12	2 325	2 139
External sales	17	45	102	213	2 459	2 729
Total sales income	18	84	128	225	4 784	4 868
Cost of goods sold	(11)	(50)	(28)	(89)	(2 669)	(2 847)
Gross profit	7	34	100	136	2 115	2 021
Other income	-	-	6	-	9	14
Other expenses	337	425	302	294	4 824	4 951
Net loss	(330)	(391)	(196)	(158)	(2 700)	(2 916)

External Sales includes \$376 000 (\$752 000) resulting from work undertaken by prisoners for projects that are part of the capital works program.

Internal sales have been eliminated from part of consolidated income and are therefore not included in the Statement of Comprehensive Income.

Other expenses include employee benefits, supplies and services, offender related costs and depreciation associated with generating prison industry income at each location.

13. Commonwealth revenue	2009	2008
Commonwealth revenue	\$'000	\$'000
	496	417
Net Commonwealth revenue	496	417

Commonwealth revenue is for the Remote Areas Program. The agreement has been extended to 30 June 2010. The Department is currently working with the Australian Government Department of Families, Community Services and Indigenous Affairs to establish a new agreement.

14. Net income from canteen and kitchen sales	2009	2008
Canteen and kitchen sales	\$'000	\$'000
	2 892	2 610
Cost of goods sold	(2 691)	(2 434)
Net income from canteen and kitchen sales	201	176

15. Other income	2009	2008
Other Income received from entities within the SA Government	\$'000	\$'000
Grants received	1 545	1 647
Revenue from recoveries	398	140
Total other income - SA Government entities	1 943	1 787
Other income received from entities external to the SA Government		
Prisoner telephone receipts	927	832
Sales revenue	148	334
Revenue from recoveries	96	239
Other	168	101
Total other income - non-SA Government entities	1 339	1 506
Total other income	3 282	3 293
16. Revenues from (payments to) SA Government		
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i> and other revenues from the Consolidated Account	173 381	162 842
Total revenues from SA Government	173 381	162 842
Payments to SA Government:		
Return of surplus cash pursuant to cash alignment policy	-	2 017
Total payments to SA Government	-	2 017
17. Cash and cash equivalents		
Deposits with the Treasurer	11 909	18 297
Prison imprest accounts	28	28
Petty cash	8	7
Total cash and cash equivalents	11 945	18 332

Deposits with the Treasurer

Includes funds held in the Accrual Appropriation Excess Funds Account totalling \$6 million (\$9.5 million). The balance of this fund is not available for general use, ie funds can only be used in accordance with the Treasurer's/Under Treasurer's approval.

During 2008-09, the Department transferred \$nil (\$2 million) of its cash balance to the Consolidated Account in accordance with the Cash Alignment Policy.

Interest rate risk

Petty cash and deposits at call and with the Treasurer are non-interest bearing. Prison imprest accounts earn a floating interest rate based on daily bank deposit rates. The carrying amount of cash approximates fair value.

18. Receivables	2009	2008
Current:	\$'000	\$'000
Receivables	633	700
Provision for doubtful debts	-	-
	633	700
Accrued revenue	6	65
GST receivable	1 047	759
Prepayments	9	5
Total receivables	1 695	1 529
Receivables from SA Government entities:		
Receivables	225	200
Accrued revenue	-	60
Total receivables from SA Government entities	225	260
Receivables from non-SA Government entities:		
Receivables	408	500
Accrued revenue	6	5
GST receivable	1 047	759
Prepayments	9	5
Total receivables from non-SA Government entities	1 470	1 269
Total receivables	1 695	1 529

Provision for doubtful debts

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

18. Receivables (continued)	2009	2008
Movements in the provision for doubtful debts (impairment loss):	\$'000	\$'000
Carrying amount at 1 July	-	48
Decrease in the provision	-	(47)
Amounts written-off	-	(1)
Carrying amount at 30 June	-	-

Interest rate and credit risk

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

Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than recognised in the provision for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand.

There is no concentration of credit risk.

The Department does not have any material interest bearing assets and liabilities and is not exposed to any interest rate risk.

19. Inventories	2009	2008
Current - held for distribution:	\$'000	\$'000
Stores ⁽¹⁾	632	294
Total current inventories held for distribution	632	294
Current - other than those held for distribution:		
Raw materials and work in progress	421	261
Finished goods	225	77
Stores	3	3
Total current inventories other than those held for distribution	649	341
Total current inventories	1 281	635

(1) 2009 includes the locksmith inventory capitalised for the first time in 2008-09. At 30 June 2009 the value of the locksmith inventory was \$293 000.

20. Property, plant and equipment		
Land and buildings:		
Land at fair value (market value)	-	58 904
Land at fair value (existing use)	55 544	15 283
Land at cost	1 855	-
Buildings at fair value	402 240	375 406
Accumulated depreciation	(194 131)	(217 513)
Total land and buildings	265 508	232 080
Leasehold improvements:		
Leasehold improvements at fair value	3 113	2 900
Accumulated amortisation	(763)	(538)
Total leasehold improvements	2 350	2 362
Plant and equipment:		
Plant and equipment at fair value	4 626	4 331
Accumulated depreciation	(2 685)	(2 583)
Total plant and equipment	1 941	1 748
Total property, plant and equipment	269 799	236 190

Valuation of land and buildings

The valuation of land and buildings was performed by Andrew Lucas of Valcorp as at 30 June 2009. The valuer arrived at fair value based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use. Where land was held to support on-going operations of the entity, the land was valued at its existing use.

At June 2008 land at Northfield (Yatala Labour Prison, Adelaide Women's Prison and Adelaide Pre-Release Centre) was valued on the basis of market value as the land was not expected to be held in the long term for existing use. This was due to the New Prison and Secure Facilities project that was underway. In June 2009 the New Prison and Secure Facilities project was cancelled and therefore at June 2009 the land at Northfield has been valued based on its existing use. As a result of this decision, the remaining useful lives of the buildings at Northfield have increased resulting in a decrease in the recorded accumulated depreciation.

Impairment

There were no indications of impairment of property, plant and equipment and infrastructure assets at 30 June 2009.

Reconciliation of property, plant and equipment

The following table shows movement in property, plant and equipment during 2008-09:

	Land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at 1 July	232 080	2 362	1 748	236 190
Additions	1 891	-	457	2 348
Transfers from capital works in progress	17 154	252	35	17 441
Disposals	-	(31)	-	(31)
Revaluation increment	22 967	-	-	22 967
Depreciation and amortisation	(8 584)	(233)	(259)	(9 076)
Write off of assets incorrectly capitalised ⁽¹⁾	-	-	(40)	(40)
Carrying amount at 30 June	265 508	2 350	1 941	269 799

(1) In 2008-09 the Department wrote off assets with a written down value of \$40 000 which had been incorrectly capitalised as their cost was less than \$10 000.

21. Capital works in progress

	2009 \$'000	2008 \$'000
Capital works in progress	3 283	12 196
Total capital works in progress	3 283	12 196

Reconciliation of capital works in progress

The following table shows movement in capital works in progress during 2008-09:

	2009 \$'000
Carrying amount at 1 July	12 196
Additions	8 536
Transfers to property, plant and equipment	(17 441)
Expense of prior years capital costs	(8)
Carrying amount at 30 June	3 283

22. Intangible assets

	2009 \$'000	2008 \$'000
Software Licences:		
Software licences	346	346
Accumulated amortisation	(311)	(294)
Total software licences	35	52
Carrying amount at 1 July	52	156
Amortisation	(17)	(104)
Carrying amount at 30 June	35	52

23. Biological assets

	Livestock \$'000	Olive grove \$'000	2009 Total \$'000
Carrying amount at 1 July	97	115	212
Increases due to purchases	5	-	5
Gain arising from changes in fair value less estimated point-of-sale costs attributable to physical changes	11	46	57
Gain arising from changes in fair value less estimated point-of-sale costs attributable to price changes	1	-	1
Decreases due to sales	(9)	-	(9)
Carrying amount at 30 June	105	161	266
			2008 Total \$'000
Carrying amount at 1 July	88	115	203
Increases due to purchases	4	-	4
Gain arising from changes in fair value less estimated point-of-sale costs attributable to physical changes	29	9	38
Gain arising from changes in fair value less estimated point-of-sale costs attributable to price changes	1	-	1
Decreases due to sales	(25)	(9)	(34)
Carrying amount at 30 June	97	115	212

Livestock

Currently there are 146 (147) cattle and sheep held at Cadell Training Centre and Port Lincoln Prison for the purpose of milk and meat production for internal use within the prison system. The cattle and sheep are at various stages of life. As at reporting date there are no commitments for the development or acquisition of livestock.

Financial risk is considered to be extremely low with any losses being absorbed in the year of exposure. No government grants have been issued in relation to the livestock.

Plants

The olive grove is situated on approximately 32 hectares of land at the Cadell Training Centre. The grove has been developed to produce commercially viable olive oil. The olive grove harvest for 2008-09 commenced in May. At 30 June 2009 the Department estimated that they would harvest 62 tonnes.

24. Payables	2009	2008
Current:	\$'000	\$'000
Creditors and unearned revenue	2 328	1 943
Accruals	1 982	2 092
GST payable	54	6
Employment on-costs	1 894	1 703
Total current payables	6 258	5 744
Non-current:		
Employment on-costs	1 717	1 505
Total non-current payables	1 717	1 505
Total payables	7 975	7 249
Payables to SA Government entities:		
Creditors and unearned revenue	991	563
Accruals	680	1 276
Employment on-costs	3 611	3 208
Total payables to SA Government entities	5 282	5 047
Payables to non-SA Government entities:		
Creditors and unearned revenue	1 337	1 379
Accruals	1 302	817
GST payable	54	6
Total payables to non-SA Government entities	2 693	2 202
Total payables	7 975	7 249

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave has changed from the 2008 rate 35 percent to 45 percent and the average factor for the calculation of employer superannuation cost on-cost has changed from the 2008 rate 11 percent to 10.5 percent. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$129 000 and employee benefit expense of \$38 000. It is impracticable to estimate the impact on future years.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit they relate to is discharged.

All payables are non-interest bearing.

The carrying amount of payables represents fair value due to the amounts being payable on demand.

25. Employee benefits	2009	2008
Current:	\$'000	\$'000
Annual leave	7 142	6 844
Long service leave	1 913	1 768
Accrued salaries and wages	3 125	2 588
Unclaimed salaries and wages	4	4
Total current employee benefits	12 184	11 204
Non-current:		
Annual leave	284	281
Long service leave	16 614	15 913
Total non-current employee benefits	16 898	16 194
Total employee benefits	29 082	27 398

The total current and non-current employee liability (ie aggregate employee benefit plus related on-costs) for 2009 is \$14 million (\$12.9 million) and \$18.6 million (\$17.7 million) respectively.

Based on an actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of the long service leave liability has remained at 6.5 years.

26. Provisions	2009	2008
Current:	\$'000	\$'000
Workers compensation - medical and other costs	2 843	2 931
Workers compensation - income maintenance	2 373	3 026
Total current provisions	5 216	5 957
Non-current:		
Workers compensation - medical and other costs	7 438	7 352
Workers compensation - income maintenance	7 657	10 674
Total non-current provisions	15 095	18 026
Total provisions	20 311	23 983
Carrying Amount at 1 July:	23 983	27 005
Workers compensation payments	(5 012)	(6 255)
Increase in the provision	1 340	3 233
Carrying amount at 30 June	20 311	23 983

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

27. Equity	2009	2008
	\$'000	\$'000
Retained earnings	99 108	101 594
Asset revaluation reserve	131 728	108 761
Prisoner Amenities Fund reserve	100	161
Total equity	230 936	210 516

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets to the extent that they offset one another. Relevant amounts are transferred to retained earnings on disposal of an asset.

The Prisoner Amenities Fund reserve reflects the funds available to purchase amenities, such as gym equipment, for the specific benefit and use of prisoners. Prison canteen net profit less any associated prisoner amenities expenditure incurred during the financial year is transferred to or from the fund at year end.

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

	2009	2008
	\$'000	\$'000
Within one year	1 460	1 456
Later than one year but not later than five years	3 684	2 491
Total remuneration commitments	5 144	3 947

Amounts disclosed include commitments arising from executive and other limited tenure employment contracts. The Department does not offer remuneration contracts greater than five years.

Contract service commitments

	2009	2008
	\$'000	\$'000
Within one year	7 464	13 574
Later than one year but not later than five years	3 177	8 183
Total contract service commitments	10 641	21 757

The prisoner movement and in-court management contract was extended on 1 July 2008 for a further 12 months under the same terms and conditions. The contract expired on 30 June 2009 (refer Note 35).

The home detention monitoring contract was extended on 11 May 2009 for a six month period until 11 November 2009.

The management of Mount Gambier Prison contract is due to expire on 21 December 2010.

The above contracts have provisions for termination by the Crown without penalty to the Crown. However, a termination for convenience by the Crown would attract variable payments and reimbursements specified in the contract depending on the circumstance and amount of termination notice. The ongoing cancellable commitments (which have not been recognised as liabilities) are noted above.

The above figures:

- are subject to an escalation based on indices not yet published by the Australian Bureau of Statistics, and as a result are not adjusted for inflation and are based on 2008-09 prisoner populations
- are exclusive of GST.

Operating lease commitments	2009	2008
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:	\$'000	\$'000
Within one year	3 571	2 969
Later than one year but not later than five years	5 547	3 775
Later than five years	1 513	956
Total operating lease commitments	10 631	7 700

The Department's operating leases are for office accommodation and for motor vehicles. Office accommodation is leased from Building Management – Accommodation and Property Services, a branch of the Department for Transport, Energy and Infrastructure. Motor vehicles are leased from Fleet SA. The leases are non-cancellable and are payable monthly in advance.

29. Contingent assets and liabilities

The Department has a number of common law claims made against it by various claimants. The maximum exposure facing the Department in respect of these claims is \$241 000 (\$291 000).

These contingent liabilities are not actual liabilities and have therefore not been included in the financial statements. They represent a potential financial obligation in circumstances which have been deemed to be possible but not probable.

The Department has a potential exposure in respect of a possible underpayment of officer in charge duties entitlements for correctional officers and the underpayment of salary increments for correctional officers and PSM Act employees. This is disclosed as a contingent liability as its potential value had not been determined at balance date.

The Department has submitted an insurance claim to recover losses as a result of the Port Augusta Prison incident. At 30 June the estimated recovery from SAICORP is \$900 000.

30. Remuneration of directors and related party disclosure

Members that were entitled to receive remuneration for membership during the 2008-09 financial year were:

Parole Board

Frances Nelson (Presiding Member)	David Haebich
Andrew Kyprianou	Janina Gipslis
Timothy Bourne (Deputy Presiding Member)	Janice Steinert
Robin Durant (Deputy Member)	Garth Dodd
Vanessa Swan	Denis Edmonds

Department for Correctional Services Advisory Council

Ian Shephard (Presiding Member)	Elizabeth Anne Bachmann
John Forster (appointment ended February 2009)	Lindsay Thompson
Joyleen Thomas (appointment ended February 2009)	Helena Jasinski
Cheryl Axleby (appointed February 2009)	Vince Monterola (appointed February 2009)

Prisoner Assessment Committee

Elizabeth Anne Bachmann	Lorraine Williams
Deirdre Butler	Michael Dawson
Laurent Sagrillo	Kerin Sava
Robert Richardson (appointed 1 January 2009)	Shirley Lee
Volker Steppart	Kevin Fielke
David Kerr	

The number of members whose income from the entity falls within the following bands:	2009	2008
	Number	Number
\$0 - \$9 999	20	18
\$10 000 - \$19 999	1	2
\$20 000 - \$29 999	4	5
\$30 000 - \$39 999	2	1
\$40 000 - \$49 999	1	-
Total number of members	28	26

Remuneration of members reflects all costs of performing board member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by Board Members was \$248 000 (\$219 000).

Amounts paid to a superannuation plan for Board Members was \$20 000 (\$19 000).

In accordance with the *Correctional Services Act 1982* the Department has established Community Service Advisory Committees within each region (Northern Metro, Southern Metro, Western Metro, Northern Country and Southern Country) to formulate guidelines for the approval of projects and tasks suitable for the performance of community service by offenders and to perform other functions as directed by the Minister. The members are entitled to remuneration however the majority of members volunteer. The total remuneration received or receivable by Community Service Advisory Committee members was \$1160 (\$1935).

30. Remuneration of directors and related party disclosure (continued)

In accordance with the Department of the Premier and Cabinet Circular 16, government employees did not receive any remuneration for board duties during the financial year.

Transactions between members are on conditions no more favourable to the recipient than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arms length in the same circumstances.

31. Trust funds

The Department holds prisoner monies in a trustee capacity. These monies are excluded from the financial statements as the Department cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

	2009 \$'000	2008 \$'000
Balance at 1 July	522	362
Prisoner monies receipts	5 402	4 864
Prisoner monies payments	(5 369)	(4 704)
Balance at 30 June	555	522

32. Transferred functions

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

The business services of SA Government agencies are transferring to Shared Services SA in a series of transition programs known as Tranches. In most cases, these services transition in their current state with the current employees, who have been providing these services within the agencies. Cabinet approved Tranche 1 services on 15 October 2007, which comprised accounts payable, accounts receivable and payroll services.

As part of this reform:

- From July 2008, the accounts receivable service transitioned from the Finance and Asset Services Division to Shared Services SA. The effective date of the transfer is 21 July 2008.
- From August 2008, the payroll service transitioned from the Human Resources Division to Shared Services SA. The effective date of the transfer is 4 August 2008.
- From October 2008, the accounts payable service transitioned from the Finance and Asset Services Division to Shared Services SA. The effective date of the transfer is 20 October 2008.

12 employees of the Human Resources and Finance and Asset Services Divisions, budget funding of \$775 000 and the following assets and liabilities were transferred to Shared Services SA.

	2009 \$'000
Cash	129
Total assets	129
Payables	13
Employee benefits	116
Total liabilities	129
Total net assets transferred	-

33. Cash flow reconciliation

Reconciliation of cash - cash at 30 June as per:

Statement of Cash Flows

Statement of Financial Position

2009 \$'000	2008 \$'000
11 945	18 332
11 945	18 332

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

Net cash provided by operating activities	4 260	8 478
Revenues from SA Government	(173 381)	(160 825)
Net Amenities Fund reserve payments	-	(20)
Add: Non-cash items:		
Net loss on disposal of assets	(28)	(18)
Depreciation and amortisation expense	(9 093)	(8 703)
Assets written off	(40)	-
Write-off of prior year capital works in progress expense	(8)	-
Changes in assets and liabilities:		
Increase (Decrease) in receivables	166	(15)
Increase in inventories	646	5
Increase in biological assets	54	9
Increase in payables	(376)	(516)
Increase in employee benefits	(1 800)	(3 391)
Decrease in provisions	3 672	3 022
Net cost of providing services	(175 928)	(161 974)

34. Financial instruments**(a) Categorisation of financial instruments***Financial assets*

Cash and receivables are recorded at the carrying amount as per the Statement of Financial Position, which approximates net fair value.

Financial liabilities

Payables are recorded at the carrying amount which is considered to be a reasonable estimate of net fair value.

(b) Credit risk

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

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

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently the Department does not hold any collateral as security to any of its financial assets.

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

	Overdue for less than 30 Days \$'000	Overdue for 30-60 Days \$'000	Overdue for more than 60 Days \$'000	Total \$'000
2009				
Not impaired:				
Receivables	43	17	21	81
Impaired:				
Receivables	-	-	-	-
2008				
Not impaired:				
Receivables	159	4	28	191
Impaired:				
Receivables	-	-	-	-

(c) 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.

(d) Market risk

Market risk for the Department is primarily through interest rate risk. The Department currently holds no interest bearing financial instruments and is not exposed to any market risk.

35. Events after balance date

On 27 July 2009 Cabinet approved the awarding of the prisoner movement and in-court management contract for an initial five year term with extension options of 18 months followed by a further five year term. The Department anticipates that the contract service commitments (refer Note 28) will increase by \$46.2 million.

36. Disclosure of administered items

	2009 \$'000	2008 \$'000
Administered income:		
Revenues from Victims of Crime Levy	83	87
Other	2	2
Total administered income	85	89
Administered expenses:		
Victims of Crime Levy payments	83	98
Other	-	-
Total administered expenses	83	98
Net result	2	(9)
Administered current assets:		
Cash	13	11
Total administered assets	13	11

36. Disclosure of administered items (continued)

	2009	2008
	\$'000	\$'000
Administered current liabilities:		
Victims of Crime Levy payables	8	14
Other	6	-
Total administered liabilities	14	14
Net administered assets	(1)	(3)
Administered equity:		
Retained earnings	(1)	(3)
Total administered equity	(1)	(3)
Changes in equity:		
Balance at 1 July	(3)	6
Net result	2	(9)
Balance at 30 June	(1)	(3)
Cash flows from operating activities:	2009	2008
	Inflows	Inflows
	(Outflows)	(Outflows)
	\$'000	\$'000
Cash inflows:		
Victims of Crime Levy	83	87
Other	2	2
Total cash inflows	85	89
Cash outflows:		
Victims of Crime Levy payments	(83)	(98)
Other	-	-
Total cash outflows	(83)	(98)
Net cash inflows (outflows) from operating activities	2	(9)
Net increase in cash	11	(9)
Cash at 1 July	2	20
Cash at 30 June	13	11

Administered items of the Department

The Department administers but does not control certain resources on behalf of the Attorney-General (Victims of Crime Levy). It is accountable for the transactions involving these administered resources but does not have the discretion to deploy these resources for the achievement of the Department's objectives. Transactions and balances relating to these administered resources are not recognised as departmental income, expenses, cash inflows or cash outflows, assets or liabilities, but are recognised as administered income, expenses, cash inflows, cash outflows, assets or liabilities.

COURTS ADMINISTRATION AUTHORITY

FUNCTIONAL RESPONSIBILITY

Establishment

The Courts Administration Authority (the Authority) was established pursuant to the *Courts Administration Act 1993*. The Authority is constituted of the State Courts Administration Council (SCAC), the State Courts Administrator, and other staff of the Council.

Functions

The function of the SCAC, as an administrative authority independent of control of executive government, is to provide courts with the administrative facilities and services necessary for the proper administration of justice.

For more information about the Authority's objectives and priorities refer to Note 1 of the financial statements.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Subsection 31(1)(b) of the PFAA and section 27 of the *Courts Administration Act 1993* provide for the Auditor-General to audit the accounts of the SCAC for each financial year.

Assessment of controls

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

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

Scope of audit

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

During 2008-09, specific areas of audit attention included:

- governance, including risk management
- cash
- payroll
- expenditure
- revenue, including fines
- fixed assets, including revaluations
- financial accounting
- trust accounts
- suitor funds.

Internal audit activities have been reviewed to assess the risks of material misstatement of the financial statements and to design and perform audit procedures.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Courts Administration Authority as at 30 June 2009, 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 Courts Administration Authority in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to Cash at Bank, Registrar's Certificate and the implementation of the revised TIs 2 and 28, as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Courts Administration Authority have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the State Courts Administrator. Responses to the management letters were generally considered to be satisfactory. Major matters raised with the Authority and the related responses are detailed below.

Fines policy

The Authority, through the Fines Payment Unit (FPU) is responsible for managing and collecting significant fines and other payments. The total debt outstanding at 30 June 2009 was approximately \$158 million (excluding third party suitors' debtors).

Previous Audit and central agency reviews have recommended that the Authority develop an overall fines policy. Discussions with management as part of the audit revealed that a draft policy was developed during the year and has been provided to various stakeholders for comment, including Audit.

Review of the draft fines policy identified that the Authority had intended that on an ongoing basis, the Council, State Courts Administrator and delegated employees be vested with responsibility for write-off and waiver of FPU management debt.

Audit considers this approach to be consistent with the requirements of TI 5, however, given that monies received by the Authority are returned to the South Australia Police Department (via the Consolidated Account) or direct to various local government agencies if not written off or waived, it was important to clarify who is legally able to authorise these transactions.

Audit recommended that legal opinion be sought on this matter. In response, the Authority advised that it had received advice from Crown Law that it does not need to consult with an issuing authority before writing off a debt.

The fines policy was sent to the Attorney-General for consideration.

Cash at bank

Audit review of bank reconciliations prepared by the Authority revealed that they had not been prepared on a timely basis during the year and a number of reconciling items were present each month.

Review of reconciliations prepared during 2008-09 identified a number of reconciling items that were outstanding for a period of time and un-presented cheque listings had a number of stale cheques.

It was acknowledged that aspects of the cash at bank reconciliation were complex or took time to adequately investigate and determine the appropriate course of action to take. Also, transactions associated with each variance were identified by management and plans were in place to address these issues.

These matters were followed up as part of the financial statement audit. A satisfactory bank reconciliation was prepared as at 30 June 2009.

In response to these issues, the Authority advised that:

- bank reconciliations had fallen behind due to significant staff turnover
- during 2008-09, a significant number of variations occurred although not of a material value
- reconciliations are now up to date.

Registrar's Certificate

The Monthly Registrar's Certificate, prepared by the Adelaide Magistrates Court is used to evidence the review of key financial processes and procedures, including income activities.

The Monthly Registrar Certificate should be completed and signed by the Registrar on a monthly basis. The certificate also acts as an independent check on the activities performed by other staff that may perform multiple tasks.

Review of prepared Monthly Registrar Certificates revealed:

- staff other than the Registrar had reviewed and signed the certificates
- staff involved in completing the certificate were involved in performing many of the processes and procedures required to be reviewed as part of the Monthly Registrar's Certificate
- not all review activities listed on the Monthly Registrar's Certificate were being undertaken.

Audit recommended that the Monthly Registrar's Certificates should be completed and signed by the Registrar to evidence that each task was undertaken and to maintain an adequate level of segregation of duties.

The Authority advised that the Monthly Registrar's Certificate was reviewed and signed by the Registrar. Completion of future certificates will be reviewed as part of the Authority's new Financial Management Compliance Program.

Fixed asset reconciliations

TI 2.12 requires the Chief Executive to:

ensure that reconciliations between the general and relevant subsidiary ledgers (eg asset register) are performed on a regular and timely basis.

Review of the fixed asset register and general ledger reconciliations throughout the year revealed that they were not certified or dated for the first six months of 2008-09. Consequently, Audit could not be assured that the reconciliations were reviewed and that the correction of identified errors had been performed on a timely basis.

Audit recommended that the preparation and review of the fixed asset register and general ledger reconciliation be completed on a timely basis, dated and certified to evidence the performance of this responsibility.

The Authority responded that fixed asset reconciliations and certifications would be performed on a monthly basis.

Implementation of the revised TIs 2 and 28

Policies and procedures

TI 2.5 requires Chief Executives to ensure policies and procedures are reviewed at least annually and revised where necessary.

Review of the Authority's policies and procedures noted instances where the annual review requirement had not been met. It was recommended that all policies and procedures be reviewed to ensure they had been reviewed in accordance with TI 2.

The Authority advised that the instances of policies and procedures identified by Audit have now been reviewed and endorsed by management.

Risk management

TI 2 requires the Chief Executive to establish and maintain effective policies for the identification, assessment, monitoring and management of risks. Included in this requirement is the annual review of financial and tax risks. TI 2 also requires the Chief Executive to establish and review on an annual basis its fraud policies.

During 2008-09 the Authority advised Audit that it had reviewed its risk management activities and, as a result, revised the Risk Management Policy.

Review and inquiry into the Authority's approach to the risk of fraud revealed a number of processes for identifying and responding to the risks of fraud. This included communicating its views on business practices and behaviours to staff and actions for addressing instances of suspected or actual fraud. Audit could not however, locate a documented fraud policy or evidence of a formalised process for an annual review required by the Treasurer.

In response to the issues raised, the Authority advised:

- following discussions with Audit regarding the Authority's approach to the risk of fraud, the Authority widened its Risk Management Policy and Framework to cover fraud

- the new policy had been endorsed by the SCAC.

Delegations of authority

TI 8 requires approval of payment delegations by the Minister. Previous audits had identified that only the Authority had authorised the annual delegation of authority document.

Review of advice received by the Authority from the Crown Solicitor in January 2009 identified that the Authority's Delegations of Authority should be approved by the Attorney-General. Audit acknowledged the Authority intended to obtain the Attorney-General's approval for the Delegations of Authority, however, at the time of the completion of the audit, this approval had not been finalised.

The authority subsequently advised that it received the Attorney-General's standing approval for its delegations of authority.

Register of public monies/property losses

TI 2.13 requires the Chief Executive to ensure a register is maintained of individual instances where public money (in excess of \$1000) or public property (with a value in excess of \$10 000) has been lost or stolen, or irregularities have occurred. The Chief Executive must also review the register at least on an annual basis and review any proposed action plan.

Audit understands the majority of the Authority's divisions have a cash shortages register, which includes public money that has been lost, stolen, or where irregularities have occurred. Audit noted, however, the Authority currently does not have a central register. As part of the financial management compliance checklists, the State Courts Administrator will, however, review and sign the public money and public property registers.

Audit recommended that a register of individual instances where public money (in excess of \$1000) or public property (with a value in excess of \$10 000) has been lost or stolen, or irregularities have occurred, be centrally maintained and independently reviewed by the State Courts Administrator on an annual basis.

The Authority advised that a central register has been established and will be signed by the State Courts Administrator annually.

Unclaimed monies

Review of the Authority's unclaimed monies policy indicated that it had not been updated and refers to TI 18 and *Unclaimed Monies Act 1891*, which were no longer applicable as of 1 July 2008.

Audit was advised that the unclaimed monies policy and procedures have been updated and the register has been altered to specifically identify items that have been held for more than six years.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements

	2009	2008
	\$'million	\$'million
EXPENSES		
Employee benefit expenses	48	45
Supplies and services	31	30
Other expenses	8	7
Total expenses	87	82
INCOME		
Revenues from fees and charges	5	5
Other revenues	2	2
Total income	7	7
Net cost of providing services	(80)	(75)
NET REVENUES FROM SA GOVERNMENT	81	78
Net result and total comprehensive result	1	3
NET CASH PROVIDED BY OPERATING ACTIVITIES	7	8

	2009 \$'million	2008 \$'million
ASSETS		
Current assets	27	23
Non-current assets	206	132
Total assets	233	155
LIABILITIES		
Current liabilities	10	10
Non-current liabilities	29	29
Total liabilities	39	39
EQUITY	194	116

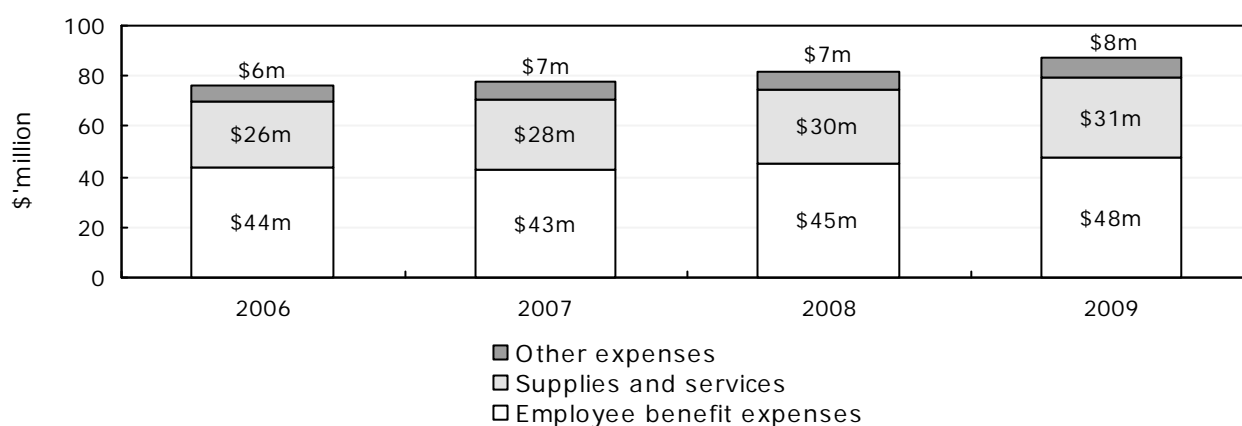
Statement of Comprehensive Income

Expenses

Employee benefit expenses are the major expense category for the Authority accounting for 55 percent of total expenses.

Supplies and services increased by \$1 million or 4 percent to \$31 million during 2009. The increase is due mainly to an increase in coronial expenses (forensic and autopsy) and accommodation expenses.

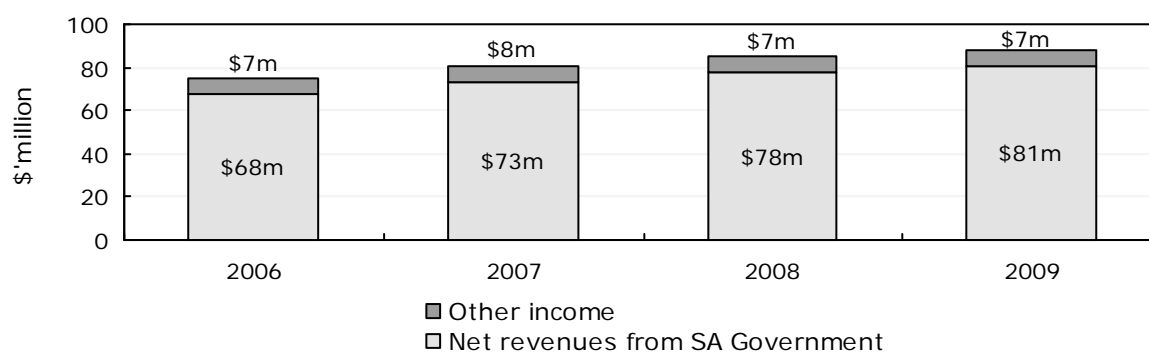
For the four years to 2009, a structural analysis of the main expense items for the Authority is shown in the following chart.



The Authority's expenses reflect the costs incurred in performing its statutory responsibilities including the collection of administered income such as fines and court fees on behalf of the Government. This income is directly credited to the Consolidated Account and is reported under Administered Income.

Income

Revenues from SA Government are the major source of funding for the Authority accounting for 92 percent of total income. Revenues from government have been increasing to meet the additional costs of the Authority. A structural analysis of income for the Authority in the four years to 2009 is presented in the following chart.



Net result

The Authority's operations for 2008-09 resulted in a surplus of \$504 000 (\$3 million). The reported surplus is attributable to a small increase in the appropriation received from the SA Government, offset by higher employee benefit expenses and supplies and services.

Statement of Financial Position

Non-current assets increased by \$74 million or 56 percent to \$206 million due mainly to the addition of computing and library assets during the period and the revaluation of buildings and improvements in accordance with the Authority's three year revaluation cycle. Refer to Note 20.

Current assets increased by \$4 million or 16 percent due mainly to additional deposits for excess accrual funding by the Department of Treasury and Finance.

Statement of Cash Flows

Included in cash at 30 June 2008 is \$18 million (\$14 million), being accrual appropriation, which is only accessible for specific purposes with the approval of the Treasurer/Under Treasurer.

Administered items

The financial statements relating to administered items forms part of the Authority's financial statements and follows Note 31.

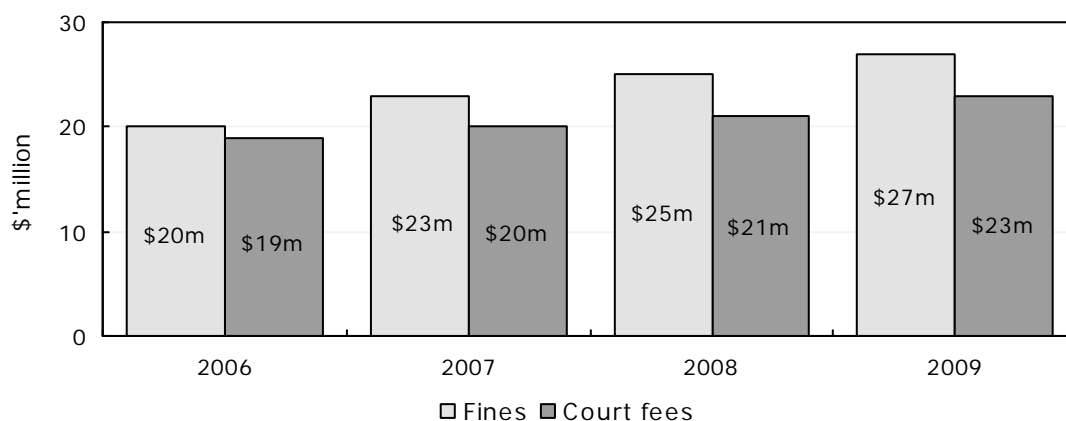
Fines and court fees

Fines and court fees are raised and collected by the Authority on behalf of, and paid directly to, the Government.

During the year, income from fines and court fees increased by \$4 million or 9 percent to \$50 million. The Authority advised that the main factors which have contributed to the increased income, include:

- increases in court lodgement fees and expiation revenue (including from red light and speed cameras)
- increased collection rates by the FPU.

For the four years to 2009, a structural analysis of income from fines and court fees is shown in the following chart.



Victims of Crime Levy

The Authority collects monies associated with the *Victims of Crime Act 2001* that have progressed to the courts. The *Victims of Crime Act 2001* provides for payment of compensation to persons who suffer injury as a result of criminal acts and recovery of monies from offenders.

The Authority collects monies and remits them to a special interest bearing deposit account managed by the Attorney-General's Department.

During 2008-09 Victims of Crime Levy receipts increased by \$2 million to \$11 million or 22 percent due to an increase in the levy rate and the full year effect of additional collections during the year.

Other comments

Revenues from the SA Government are received by the Authority to fund the payment of employment expenses of the Judiciary. During 2008-09 revenues of \$32 million were received from the SA Government. The funding received covers the recurrent expenditure and does not extend to the Judiciary's accrued leave liability.

FURTHER COMMENTARY ON OPERATIONS

Fines, fees and levies

As detailed under the heading 'Communication of audit matters', the Authority through the FPU is responsible for managing the recovery of debts associated with criminal monetary penalties that relate to:

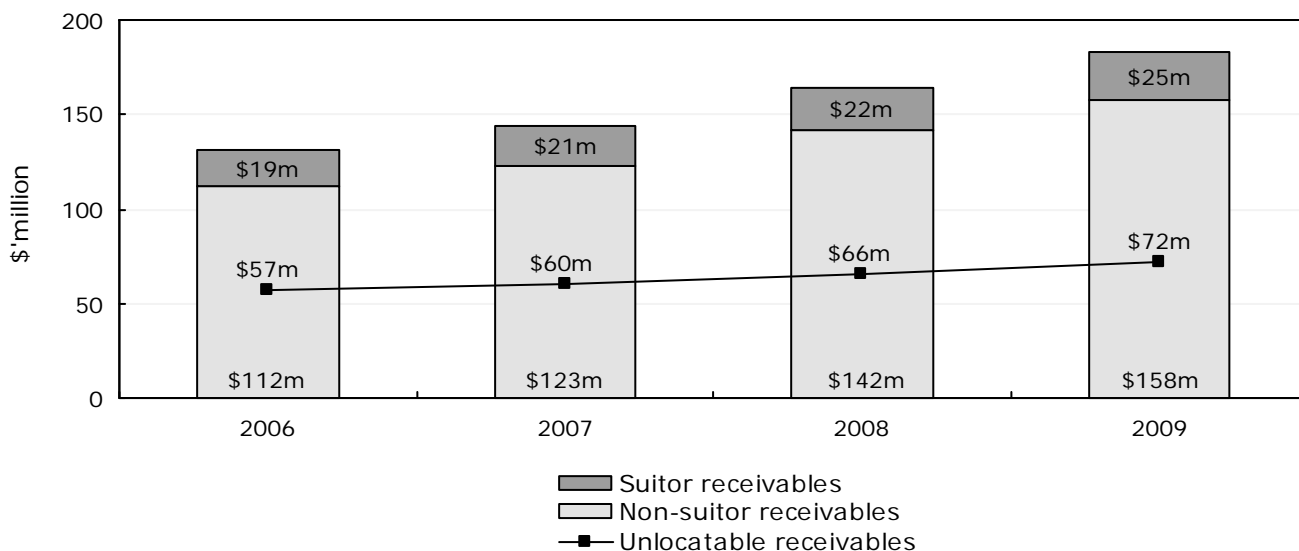
- overdue and current expiation fees
- court fees and fines
- Victims of Crime levies
- third party suitor amounts such as local government overdue rates and parking fines.

The FPU operates from registries in the city and country and has a Fines Payment Call Centre. The FPU also manages a range of external payment options such as Australia Post, Centrelink, Direct Debit and BPay in addition to a web based payment facility.

These receivables are not recorded in the Statement of Administered Assets and Liabilities as there is significant uncertainty as to the amount that will be collected. Instead, revenues are recorded in the Statement of Administered Income and Expenses when monies are received.

At 30 June 2009, the FPU recorded approximately \$183 million (\$164 million) in receivables for fines and other payments including suitor related debts of approximately \$25 million (\$22 million). Of the total amount referred to the Authority for management and collection, the FPU has determined that some debtors are no longer locatable and the amounts are unlikely to be collected. At 30 June 2009, unlocatable debtors totalled \$72 million (\$66 million).

For the four years to 2009, these amounts receivable and the value of those that are unlocatable are shown in the following chart.



Public Private Partnership

In May 2005, Cabinet approved the execution of a 25 year service contract with a private company for regional South Australia Police Stations and Courts Administration Authority courts under a Public Private Partnership project.

In June 2005, the Minister for Infrastructure signed a Project Agreement detailing the design, construction, maintenance, operation and ownership of facilities by a private sector contractor.

The bundled Public Private Partnership project involved the sale of land at unimproved market value to the contractor and the lease back by the Government of new police stations and courts at:

- Port Lincoln new Court and Police Station
- Victor Harbor new Court and Police Station
- Port Pirie new Court
- Berri new Court and refurbished Police Station
- Mount Barker new Police Station
- Gawler new Police Station.

The Project Agreement provides for the Minister for Infrastructure to enter into leases for the privately owned facilities on behalf of the State. The last facility (Port Lincoln) was completed in 2006-07. Indexed annual service payments which are subject to performance abatements consistent with the Project Agreement and other administrative payments are being made to the contractor.

For accounting purposes, the arrangement has been assessed as an operating lease consistent with the requirements of AASB 117.

**Statement of Comprehensive Income
for the year ended 30 June 2009**

		2009	2008
	Note	\$'000	\$'000
EXPENSES:			
Employee benefit expenses	5	48 122	45 043
Supplies and services	6	31 218	29 905
Depreciation and amortisation expenses	7	5 661	5 125
Borrowing costs	8	1 155	1 205
Net loss from the disposal of assets	15	-	92
Other expenses	9	732	575
Total expenses		86 888	81 945
INCOME:			
Revenues from fees and charges	13	4 873	4 610
Sale of goods and services	12	710	737
Grants and transfers	11	1 130	1 106
Commonwealth revenue	14	14	-
Total income		6 727	6 453
NET COST OF PROVIDING SERVICES		80 161	75 492
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:			
Revenues from SA Government	16	80 665	79 075
Payment to SA Government	16	-	(448)
NET REVENUES FROM SA GOVERNMENT		80 665	78 627
NET RESULT		504	3 135
TOTAL COMPREHENSIVE RESULT		504	3 135

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

Statement of Financial Position as at 30 June 2009

		2009	2008
	Note	\$'000	\$'000
CURRENT ASSETS:			
Cash and cash equivalents	17	25 919	21 698
Receivables	18	892	1 244
		26 811	22 942
Non-current assets classified as held-for-sale	19	-	211
Total current assets		26 811	23 153
NON-CURRENT ASSETS:			
Property, plant and equipment	20	206 318	131 636
Intangible assets	21	62	78
Other non-current assets	22	26	39
Total non-current assets		206 406	131 753
Total assets		233 217	154 906
CURRENT LIABILITIES:			
Payables	23	3 644	3 426
Financial liabilities	27	972	919
Employee benefits	24	4 972	4 543
Provisions	25	496	522
Other current liabilities	26	236	365
Total current liabilities		10 320	9 775
NON-CURRENT LIABILITIES:			
Payables	23	738	654
Financial liabilities	27	19 115	20 088
Employee benefits	24	7 306	7 033
Provisions	25	1 637	1 777
Total non-current liabilities		28 796	29 552
Total liabilities		39 116	39 327
NET ASSETS		194 101	115 579
EQUITY:			
Contributed capital		3 140	3 140
Retained earnings		83 358	82 827
Asset revaluation reserve		107 603	29 585
Amounts recognised directly in equity relating to non-current assets classified as held-for-sale		-	27
TOTAL EQUITY		194 101	115 579
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 2009

		Contributed	Asset revaluation	Retained	Total
	Note	capital	reserve	earnings	Equity
		\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2007		3 140	29 555	79 749	112 444
Error correction	19	-	228	(228)	-
Restated balance at 30 June 2007		3 140	29 783	79 521	112 444
Transfer between equity on disposal of revalued assets		-	(171)	171	-
Net result for 2007-08		-	-	3 135	3 135
Total comprehensive result for 2007-08		-	(171)	3 306	3 135
Balance at 30 June 2008		3 140	29 612	82 827	115 579
Transfer between equity on disposal of revalued assets		-	(27)	27	-
Gain or revaluation of land and buildings	20(b)		78 018		78 018
Net result for 2008-09		-	-	504	504
Total comprehensive result for 2008-09		-	77 991	531	78 522
Balance at 30 June 2009		3 140	107 603	83 358	194 101

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

Statement of Cash Flows for the year ended 30 June 2009

		2009	2008
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:	Note	\$'000	\$'000
Employee benefit payments		(47 275)	(44 827)
Payments for supplies and services		(34 318)	(33 008)
Borrowing cost		(1 155)	(1 205)
Other payments		(693)	(649)
Cash used in operations		(83 441)	(79 689)
CASH INFLOWS:			
Grants and transfers		1 130	955
Fees and charges		5 957	5 316
GST recovered from the ATO		3 074	2 673
Receipts from Commonwealth		40	-
Cash generated from operations		10 201	8 944
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		80 665	79 075
Payments to SA Government		-	(448)
Cash generated from SA Government		80 665	78 627
Net cash provided by operating activities	30	7 425	7 882
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of intangibles		(4)	(51)
Purchase of property, plant and equipment		(2 281)	(2 064)
Cash used in investing activities		(2 285)	(2 115)
CASH INFLOWS:			
Proceeds from sales of property, plant and equipment		-	364
Cash generated from investing activities		-	364
Net cash used in investing activities		(2 285)	(1 751)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Repayment of finance lease		(919)	(869)
Cash used in financing activities		(919)	(869)
NET INCREASE IN CASH AND CASH EQUIVALENTS		4 221	5 262
CASH AND CASH EQUIVALENTS AT 1 JULY		21 698	16 436
CASH AND CASH EQUIVALENTS AT 30 JUNE	17	25 919	21 698

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2009

(Activities - refer Note 4)	1		2		3	
	2009	2008	2009	2008	2009	2008
EXPENSES:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses	39 925	38 421	2 172	2 117	6 025	4 505
Supplies and services	25 917	25 988	685	678	4 616	3 239
Depreciation and amortisation expense	5 429	5 121	14	1	218	3
Borrowing cost	1 147	1 205	-	-	8	-
Net loss from the disposal of non-current assets	-	92	-	-	-	-
Other expenses	579	503	18	20	135	52
Total expenses	72 997	71 330	2 889	2 816	11 002	7 799
INCOME:						
Revenues from fees and charges	727	539	-	-	4 146	4 071
Sales of goods and services	679	707	2	-	29	30
Grants and transfers	1 127	1 106	-	-	3	-
Commonwealth revenues	14	-	-	-	-	-
Total income	2 547	2 352	2	-	4 178	4 101
NET COST OF PROVIDING SERVICES	(70 450)	(68 978)	(2 887)	(2 816)	(6 824)	(3 698)
SA GOVERNMENT:						
Net revenue from SA Government	66 202	68 442	3 077	2 702	11 386	7 483
NET RESULT	(4 248)	(536)	190	(114)	4 562	3 785

(Activities - refer Note 4)	General/ Not attributable		Total	
	2009	2008	2009	2008
EXPENSES:	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses	-	-	48 122	45 043
Supplies and services	-	-	31 218	29 905
Depreciation and amortisation expense	-	-	5 661	5 125
Borrowing cost	-	-	1 155	1 205
Net loss from the disposal of non-current assets	-	-	-	92
Other expenses	-	-	732	575
Total expenses	-	-	86 888	81 945
INCOME:				
Revenues from fees and charges	-	-	4 873	4 610
Sales of goods and services	-	-	710	737
Grants and transfers	-	-	1 130	1 106
Commonwealth revenues	-	-	14	-
Total income	-	-	6 727	6 453
NET COST OF PROVIDING SERVICES	-	-	(80 161)	(75 492)
Net revenue from SA Government	-	-	80 665	78 627
NET RESULT	-	-	504	3 135

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2009

(Activities - refer Note 4)	1		2		3	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS:						
Cash and cash equivalents	-	-	-	-	-	-
Receivables	853	1 193	3	-	36	51
Non-current assets classified as						
held-for-sale	-	193	-	8	-	10
Property, plant and equipment	190 747	120 211	8 099	5 285	7 473	6 140
Intangibles	57	71	2	3	2	4
Other assets	24	35	1	2	1	2
Total assets	191 680	121 703	8 106	5 298	7 512	6 207
LIABILITIES:						
Payables	3 638	3 546	96	93	648	442
Financial liabilities/borrowings	19 954	20 868	-	-	133	139
Employee benefits	10 187	9 874	554	544	1 536	1 158
Provisions	1 687	2 011	52	80	393	208
Other liabilities	226	350	1	-	10	15
Total liabilities	35 692	36 649	703	717	2 720	1 961

(Activities - refer Note 4)	General/ Not attributable		Total	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
ASSETS:				
Cash and cash equivalents	25 919	21 698	25 919	21 698
Receivables	-	-	892	1 244
Non-current assets classified as				
held-for-sale	-	-	-	211
Property, plant and equipment	-	-	206 318	131 636
Intangibles	-	-	62	78
Other assets	-	-	26	39
Total assets	25 919	21 698	233 217	154 906
LIABILITIES:				
Payables	-	-	4 382	4 080
Financial liabilities/borrowings	-	-	20 087	21 007
Employee benefits	-	-	12 278	11 576
Provisions	-	-	2 133	2 299
Other liabilities	-	-	236	365
Total liabilities	-	-	39 116	39 327

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Courts Administration Authority

The Courts Administration Authority (the Authority) operates within the *Courts Administration Act 1993*. It is overseen by the State Courts Administration Council and is independent of the Government.

Its principal objective is to provide quality administration to the Judiciary and to ensure an effective and accessible courts system.

Currently, the major priorities of the Authority and the State Courts Administration Council are to:

- provide administrative support to the courts of this State
- increase the community's understanding of the operations of the courts and provide new avenues for community comment on the operations of the courts and their registries
- improve court facilities
- foster an environment in which judicial officers, staff and volunteers can contribute to improved performance of the courts system
- keep up to date with technological developments and apply those that are appropriate to improve the performance of the courts system
- cooperate with other parts of the justice system to improve access to justice and the overall performance of the justice system.

2. Summary of significant accounting policies

(a) Statement of compliance

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

Except for the amendments to AASB 101 including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), which the Authority has early-adopted, AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Authority for the reporting period ending 30 June 2009. These are outlined in Note 3.

(b) Basis of preparation

The preparation of the financial report requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, are outlined in the applicable Notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following Note disclosures that have been included in these financial statements:
 - (a) Revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature.
 - (b) Expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income).
 - (c) Employees whose normal remuneration is \$100 000 or more (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees.
 - (d) Board/Committee member and remuneration information, where a Board/Committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

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

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

(c) Reporting entity

The Authority was established by the *Courts Administration Act 1993* as a statutory authority independent of executive government. The State Courts Administration Council (governing body), the State Courts Administrator and staff of the Council are collectively referred to as the Authority.

The financial statements and accompanying Notes include all the controlled activities of the Authority. Transactions and balances relating to administered resources are not recognised as departmental income, expense, assets and liabilities. As administered items are significant in relation to the Authority's overall financial performance and position, they are disclosed in the Administered Financial Statements at the back of the controlled General Purpose Financial Statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the controlled items.

(d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where adjusted to reflect the early-adoption of AASB 101 and specific revised accounting standards and APSS.

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

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required, eg preparation of a single Statement of Comprehensive Income.

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

(e) Rounding

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

(f) Taxation

The Authority is not subject to income tax. The Authority is liable for payroll tax, FBT, GST, emergency services levy, land tax equivalents and local government rate equivalents.

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

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

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

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

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

(g) Events after the end of the reporting period

There were no events occurring after balance date.

(h) Income

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

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

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

The following are specific recognition criteria:

Fees and charges

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

Fees and charges (continued)

The Authority performs activities on behalf of the Government and other government agencies and reports these in the Administered Financial Statements. Fines income from infringements issued to offenders, court fees and Victims of Crime levies are recognised at the time cash is received due to the uncertainty of the amounts to be collected. Transcript fees are recognized upon delivery of the service. Recovery from other SA Government entity for witness fees paid is included in other income when the witness fee expense is paid.

Sale of goods and services

Revenues from sales of goods and services are derived from the provision of goods and recouping of services to other SA Government agencies and to the public.

Revenues from SA Government

Appropriations for activity funding are recognised as revenues when the Authority obtains control over the funding. Control over appropriations is normally obtained upon receipt.

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

Contributions received (grants and transfers)

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

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

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

The majority of contributions received by the Authority have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Disposal of non-current assets

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

(i) Expenses

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

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

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

The following are specific recognition criteria:

Employee benefit expenses

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

Superannuation

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

Depreciation and amortisation

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

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

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

Depreciation and amortisation (continued)

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

Land, non-current assets held-for-sale and works of art are not depreciated. The Authority does not depreciate the works of art because it believes that works of art do not diminish in value over time.

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

<i>Class of asset</i>	<i>Useful life (years)</i>
Buildings and improvements	30-60
Building under finance lease	Life of lease
Leasehold improvements	Life of lease
Computing and office furniture equipment	3-10
Library collections	5-25
Intangibles	5

Borrowing costs

All borrowing costs are recognised as expenses.

Payments to SA Government

Payments to the SA Government include taxation revenues and expiation fees received on behalf of the Government and paid directly to the Consolidated Account.

The Authority makes payments pursuant to the *Remuneration Act 1990* to members of the Judiciary and receives reimbursement for these and other expenses paid on behalf of other agencies. It is dependent on support from the Crown to meet accruing judicial entitlement obligations recognised in the financial statements.

(j) Current and non-current classification

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

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

(k) Assets

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

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

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

Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above. Cash is measured at nominal value.

Receivables

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

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

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

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

Non-current assets (or disposal groups) are classified as held-for-sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed one year from the date of classification.

Non-current assets classified as held-for-sale and the assets of a disposal group classified as held-for-sale are presented separately from the other assets in the Statement of Financial Position.

Non-current assets

- *Acquisition and recognition*

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

Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recorded at the value recorded by the transferor prior to the restructure.

All non-current tangible assets with a value equal to or in excess of \$5000 are capitalised. Items of property, plant and equipment and infrastructure costing less than \$5000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

- *Revaluation of non-current assets*

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

Every three years, the Authority revalues its land and buildings improvements with the exception of the Authority's finance lease relating to the Sir Samuel Way Building. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

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

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

Upon disposal or derecognition, any revaluation reserve 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 reserve.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance and is measured at cost. The intangible assets of the Authority are primarily software. 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 Authority only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets are reviewed on an annual basis.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$5000.

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

Subsequent expenditure on intangible assets has not been capitalised. This is because the Authority has been unable to attribute this expenditure to the intangible asset rather than to the Authority as a whole.

(I) Liabilities

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

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

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

Payables

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

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

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

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

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

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

Financial liabilities

The Authority measures financial liabilities at historical cost.

Leases

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

The Authority has entered into finance leases and operating leases.

- *Finance leases*

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

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

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

- *Operating leases – the Authority as lessee*

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

Courts premises in four country centres are provided by a Public Private Partnership arrangement between the State and Plenary Justice Pty Ltd. It is accounted for as an operating lease. As the arrangement is for a 25 year period from 2005 the Authority has a substantial future commitment for servicing costs but has no right to obtain ownership.

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

- *Operating leases – the Authority as lessor*

The Authority leases commercial spaces to external parties through operating leases. Income derived from these leases is recognised as rental recovery income in the Statement of Comprehensive Income in the period in which it is earned.

Employee benefits

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

- *Wages, salaries, annual leave and sick leave*
The liability for salary and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

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

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

- *Long service leave*
The liability for long service leave is recognised after an employee has completed 6.5 years of service. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Authority's experience of employee retention and leave taken.

Provisions

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

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

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

Unrecognised contractual commitments

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

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

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

3. New and revised accounting standards and policies

The Authority has early-adopted AASB 101 including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101) - this includes the preparation of a single Statement of Comprehensive Income.

In accordance with the new accounting standard AASB 1052, the amounts of assets and liabilities reliably attributable to each activity has been disclosed.

Issued or amended but not yet effective

Except for the amendments to AASB 101, which the Authority has early-adopted, the AASs and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Authority for the reporting period ending 30 June 2009. The Authority has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial report of the Authority.

4. Activities of the Authority

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

Activity 1: Court and Tribunal Case Resolution Services

The resolution of criminal, civil, appellate, coronial and probate matters in the State's courts and tribunals.

Activity 2: Alternative Dispute Resolution Services

Services for resolving disputes between citizens, and disputes between citizens and the State, as well as the education, training, information and advice processes, which aim to prevent disputes.

Activity 3: Penalty Management Services

The management of penalties arising from court orders, the enforcement of court orders as well as the recovery of debts, and the administration and execution of warrants.

The Disaggregate Disclosures - Expenses and Income, and Assets and Liabilities, presents expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2008 and 30 June 2009.

5. Employee benefit expenses	2009	2008
	\$'000	\$'000
Salaries, wages and annual leave	39 812	37 106
Employment on-costs	6 825	6 360
Long service leave	1 263	1 373
Board and committee fees	66	78
Other employee related expenses	156	126
Total employee benefit expenses	48 122	45 043

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:

	2009	2008
	Number	Number
\$100 000 - \$109 999	8	6
\$110 000 - \$119 999	3	3
\$120 000 - \$129 999	2	2
\$130 000 - \$139 999	2	2
\$150 000 - \$159 999	1	2
\$160 000 - \$169 999	1	-
\$170 000 - \$179 999	1	1
\$180 000 - \$189 999	1	1
\$200 000 - \$209 999	1	-
\$240 000 - \$249 999	-	1
\$250 000 - \$259 999	1	1
Total number of employees	21	19

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 \$2.8 million (\$2.7 million).

6. Supplies and services	2009	2008
	\$'000	\$'000
Supplies and services provided by entities within the SA Government:	9 058	8 356
Accommodation and services	2 527	2 347
Computing and communication	3 321	2 557
Coronial charges	237	238
Operating leases	1 287	1 223
Other administration expenses	16 430	14 721
Total supplies and services - SA Government entities	16 430	14 721

Supplies and services provided by entities external to the SA Government:

Accommodation and services	2 268	2 242
Circuit and travel expenses	1 537	1 274
Computing and communications	1 940	2 547
Consultancy, contractors and temp staff	1 481	1 325
Court expenses	766	646
Operating leases	113	178
Staff development and training	540	591
Equipment purchases and repairs	221	766
Other administration expenses	2 722	2 775
Coronial charges	326	234
Jurors' expenses	1 884	1 500
Sheriff's officer payments	990	1 106
Total supplies and services - non-SA Government entities	14 788	15 184
Total supplies and services	31 218	29 905

Consultancies

Individual consultancies costing between \$10 000 and \$50 000

4 (4) consultancies	90	68
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Total cost of consultancies less than \$10 000

10 (13) consultancies	44	51
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Total paid/payable to the consultants engaged

134	119
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7. Depreciation and amortisation expenses	2009	2008
Depreciation:	\$'000	\$'000
Buildings and improvements	2 249	2 251
Computing and office furniture and equipment	526	168
Library collections	1 952	1 782
Total depreciation	4 727	4 201
Amortisation:		
Leasehold improvements	84	84
Building under finance lease	830	830
Intangibles	20	10
Total amortisation	934	924
Total depreciation and amortisation expenses	5 661	5 125
8. Borrowing costs		
Finance lease provided by entities within the SA Government:		
Interest expense on financial lease liability	1 155	1 205
Total borrowing costs	1 155	1 205
The Authority occupies the Sir Samuel Way Building under a 40 year non-cancellable finance lease which expires in 2023. The nominal interest rate on the lease remains at 5.61 percent (5.61 percent).		
The Authority is responsible for all maintenance costs and paid a contingent rental of \$3.441 million (\$3.204 million) which will increase each year by the amount obtained by applying the rate of CPI increase in the previous year to the combined total of the previous year's rental and finance lease repayments.		
9. Other expenses	2009	2008
Other expenses paid/payable to entities within the SA Government:	\$'000	\$'000
Audit fees (refer Note 10)	185	164
Other expenses paid/payable to entities external to the SA Government:		
Workers compensation	336	403
Land and building held for sale de-recognised	211	-
Others	-	8
Total other expenses	732	575
10. Auditor's remuneration		
Audit fees paid/payable to the Auditor-General's Department	105	105
Total audit fees	105	105
No other services were provided by the Auditor-General's Department.		
11. Grants and transfers		
Intra-government transfers received/receivable from entities within the SA Government:		
Court Assessment Referral Drug Scheme	510	513
Industrial Court - Sheriff's officer services	53	52
Guardianship Board	27	27
Drug Court - transfer of function	512	502
Other	28	12
Total intra-government transfers	1 130	1 106
12. Sale of goods and services		
Sales of goods and services to entities external to the SA Government:		
Sale of electronic information	308	308
Services	191	204
Rent recoveries	211	225
Total sales of goods and services	710	737
13. Revenues from fees and charges		
Regulatory fees received/receivable from entities external to the SA Government:		
Licence disqualification and reminder fees	2 459	2 443
Sheriff's officer fees	1 132	1 104
Other regulatory fees	1 282	1 063
Total revenues from fees and charges	4 873	4 610
14. Commonwealth revenue		
Grant for APY Lands Restorative Justice	14	-
Total Commonwealth revenues	14	-

15. Net (loss) gain from the disposal of assets	2009	2008
	\$'000	\$'000
Proceeds from disposal of assets	-	364
Carrying value of assets disposed	-	(456)
Total loss from the disposal of assets	-	(92)
16. Revenues from (payments to) SA Government		
Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	80 665	79 075
Total revenues from SA Government	80 665	79 075
Payments to SA Government:		
Return of surplus cash from sale of asset	-	448
Total payments to SA Government	-	448
17. Cash and cash equivalents		
Deposits with the Treasurer	25 886	21 666
Cash on hand	33	32
Total cash and cash equivalents	25 919	21 698

Deposits with the Treasurer

Include \$18.05 million (\$13.6 million) held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use, ie funds can only be used in accordance with the Treasurer's/Under Treasurer's approval.

Interest rate risk

Cash on hand and deposits with the Treasurer are non-interest bearing. The carrying value of cash and cash equivalents represents fair value.

18. Receivables	2009	2008
Receivables from non-SA Government entities:	\$'000	\$'000
Receivables	100	440
Allowance for doubtful debts	(4)	(5)
Accrued revenue	2	6
GST input tax recoverable	295	384
Prepayments	182	184
Total receivables from non-SA Government entities	575	1 009
Receivables from SA Government entities:		
Receivables	228	12
Accrued revenue	89	223
Total receivables from SA Government entities	317	235
Total receivables	892	1 244

Movement in the allowance for doubtful debts

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

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

Movements in the allowance for doubtful debts:	2009	2008
	\$'000	\$'000
Carrying amount at 1 July	5	-
Increase in the allowance	-	5
Amounts recovered during the year	(1)	-
Carrying amount at 30 June	4	5

Interest rate and credit risk

Receivables are raised at the time service is provided only where it is probable that the revenue will be received. The Authority cannot be certain of receiving items such as reminder fees and Sheriff's officer fees until the payment is made. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing and the carrying amounts approximate fair value. There is no concentration of credit risk.

19. Non-current assets classified as held-for-sale	2009	2008
	\$'000	\$'000
Land	-	81
Buildings and improvements	-	130
Total non-current assets classified as held-for-sale	-	211

19. Non-current assets classified as held-for-sale (continued)

As a result of construction, or leasing of newly constructed court buildings, in regional centres several properties became available for disposal. Remaining land and associated improvements were transferred during the year to the Department of Environment and Heritage. Refer Note 9. Proceeds from the sale of improvements will be returned to the Authority upon disposal. Two properties were disposed of during 2008. Refer Note 15.

Correction of errors

Related asset revaluation reserves (\$228 000) on properties sold prior to the current financial year have been identified and transferred to retained earnings at 30 June 2007.

20. (a) Property, plant and equipment

	2009 \$'000	2008 \$'000
Land and buildings:		
Land at fair value	46 634	24 769
Buildings and improvements at cost/fair value	137 040	87 047
Accumulated depreciation at the end of the period	-	(4 313)
Total land and buildings	183 674	107 503
Assets under finance lease:		
Buildings and improvements at net present value	33 191	33 191
Accumulated amortisation at the end of the period	(21 574)	(20 744)
Total assets under finance and lease	11 617	12 447
Leasehold improvements:		
Leasehold improvements at cost (deemed fair value)	1 033	1 033
Accumulated amortisation at the end of the period	(790)	(706)
Total leasehold improvements	243	327
Computing and office furniture and equipment:		
Plant and equipment at cost (deemed fair value)	3 665	4 648
Accumulated depreciation at the end of the period	(1 891)	(3 147)
Total plant and equipment	1 774	1 501
Others:		
Library collections at cost/fair value	14 331	13 226
Accumulated depreciation at the end of the period	(5 391)	(3 438)
Works of art and collections at fair value	70	70
Total other plant and equipment	9 010	9 858
Total property, plant and equipment	206 318	131 636

Valuations

The valuation of land, buildings and improvements were performed by Liquid Pacific Holdings Pty Ltd, an independent valuer from the Australian Valuation Office, as at 30 June 2009. The valuer arrived at the fair value based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

The valuation of library collections was performed by Valcorp Australia Pty Ltd as at 30 June 2006.

The valuation of works of art and collections was performed by Rushton Valuers Pty Ltd as at 30 June 2006.

Impairment

There were no indications of material impairment of property, plant and equipment assets at 30 June 2009.

Grouping of assets

The Authority has grouped items of computing equipment that individually are below the capitalisation threshold of \$5000 but, as a group, are considered significant. This change commenced from 1 July 2009 following the implementation of the operational asset replacement program.

(b) Reconciliation of non-current assets

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

	Land \$'000	Buildings and improve- ments \$'000	Building under finance lease \$'000	Buildings - leasehold improve- ments \$'000	2009 Total Land and buildings \$'000
2009					
Carrying amount at 1 July	24 769	82 734	12 447	327	120 277
Additions	-	402	-	-	402
Depreciation and amortisation	-	(2 249)	(830)	(84)	(3 163)
Revaluation increment	21 865	56 153	-	-	78 018
Carrying amount at 30 June	46 634	137 040	11 617	243	195 534

(b) Reconciliation of non-current assets (continued)

	Computing and office furniture and equipment \$'000	Library collections \$'000	Works of Art and Collections \$'000	Total property plant and equipment \$'000
Carrying amount at 1 July	1 501	9 788	70	131 636
Additions	799	1 104	-	2 305
Depreciation and amortisation	(526)	(1 952)	-	(5 641)
Revaluation increment	-	-	-	78 018
Carrying amount at 30 June	1 774	8 940	70	206 318

	In-house developed computer software \$'000	Other computer software \$'000	Total intangible assets \$'000
Carrying amount at 1 July	-	78	78
Additions	-	4	4
Depreciation and amortisation	-	(20)	(20)
Carrying amount at 30 June	-	62	62

	Land \$'000	Buildings and improve- ments \$'000	Building under finance lease \$'000	Buildings - leasehold improve- ments \$'000	2008 Total Land and buildings \$'000
Carrying amount at 1 July	24 769	84 964	13 277	411	123 421
Additions	-	21	-	-	21
Depreciation and amortisation	-	(2 251)	(830)	(84)	(3 165)
Carrying amount at 30 June	24 769	82 734	12 447	327	120 277

	Computing and office furniture and equipment \$'000	Library collections \$'000	Works of art and collections \$'000	Total property plant and equipment \$'000
Carrying amount at 1 July	614	10 506	70	134 611
Additions	1 055	1 064	-	2 140
Depreciation and amortisation	(168)	(1 782)	-	(5 115)
Carrying amount at 30 June	1 501	9 788	70	131 636

	In-house developed computer software \$'000	Other computer software \$'000	Total intangible assets \$'000
Carrying amount at 1 July	-	37	37
Additions	-	51	51
Depreciation and amortisation	-	(10)	(10)
Carrying amount at 30 June	-	78	78

21. Intangible assets

	2009 \$'000	2008 \$'000
Computer software:		
Internally developed computer software	7 688	7 688
Accumulated amortisation	(7 688)	(7 688)
Other computer software	569	673
Accumulated amortisation	(507)	(595)
Total intangible assets	62	78

The Authority has no contractual commitments for the acquisition of intangible assets.

Impairment

There were no indications of impairment on intangible assets at 30 June 2009.

22. Other non-current assets

	2009 \$'000	2008 \$'000
Prepayments	26	39
Total other non-current assets	26	39

23. Payables

Current:

Creditors	1 074	526
Accrued expenses	1 715	2 129
Accrued capital expenditure	147	122
Employment on-costs	708	649
Total current payables	3 644	3 426

Non-current:

Employment on-costs	738	654
Total non-current payables	738	654
Total payables	4 382	4 080

Government/non-Government payables:

Payable to SA Government entities:

Creditors	809	310
Accrued expenses	903	1 088
Employment on-costs	646	613
Total payables to SA Government entities	2 358	2 011

Payable to non-SA Government entities:

Creditors	265	216
Accrued expenses	959	1 163
Employment on-costs	800	690
Total payables to non-SA Government entities	2 024	2 069
Total payables	4 382	4 080

As a result of the actuarial assessment performed by the Department of Treasury and Finance, the percentage of the proportion of long service leave taken has changed from the 2008 rate 35 percent to 45 percent and the average factor for the calculation of employer superannuation cost on-cost has changed from the 2008 rate 11 percent to 10.5 percent. These rates are used in the employment oncost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$78 000. The estimated impact on future years is anticipated to be similar.

Interest rate and credit risk

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

24. Employee benefits

Current:

	2009	2008
	\$'000	\$'000
Accrued salaries and wages	1 136	910
Short-term long service leave	1 399	1 324
Annual leave	2 437	2 309
Total current employee benefits	4 972	4 543

Non-current:

Annual leave	228	240
Long service leave	7 078	6 793
Total non-current employee benefits	7 306	7 033
Total employee benefits	12 278	11 576

The total current and non-current employee expense (ie aggregate employee benefit plus related on-costs) for 2009 is \$5.68 million and \$8.044 million respectively. For 2008 the expense was \$5.192 million and \$7.68 million respectively.

Based on actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of long service leave liability has not changed from the 2008 benchmark (6.5 years).

However, the actuarial assessment performed by the Department of Treasury and Finance revised the inflation rate down by 0.5 percent from the 2008 rate 4.5 percent. The net financial effect of the changes in the current financial year is a decrease in the annual leave liability and long service leave liability of \$13 000 and \$41 000 respectively, and total employee benefit expenses of \$60 000. The estimated impact on future years is anticipated to be similar.

25. Provisions	2009	2008
Current:	\$'000	\$'000
Provision for workers compensation	496	522
Total current provisions	496	522
Non-current:		
Provision for workers compensation	1 637	1 777
Total non-current provisions	1 637	1 777
Total provisions	2 133	2 299
Carrying amount at 1 July	2 299	2 394
Reductions arising from payments other sacrifice of future economic benefits	(503)	(478)
Reductions resulting from re-measurement or settlement without cost	(147)	(144)
Additional provisions recognised	484	527
Carrying amount at 30 June	2 133	2 299

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

26. Other current liabilities	2009	2008
Payable to SA Government entities:	\$'000	\$'000
Unearned revenue	50	42
Payable to non-SA Government entities:		
Unearned revenue	98	234
Unclaimed money	88	89
Total payables to non-SA Government entities	186	323
Total other current liabilities	236	365

27. Unrecognised contractual commitments

Remuneration commitments

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

	2009	2008
	\$'000	\$'000
Within one year	1 717	1 510
Later than one year but not longer than five years	3 348	2 027
Total remuneration commitments	5 065	3 537

Amounts disclosed include commitments arising from executive and other contracts for non-executives. The Authority does not offer fixed term remuneration contracts greater than five years.

Other commitments

Commitments in relation to a public private partnership arrangement for regional court premises not recognised as liabilities in the financial report, are payable as follows:

	2009	2008
	\$'000	\$'000
Within one year	1 919	1 873
Later than one year but not longer than five years	8 186	7 983
Later than five years	42 406	44 528
Total other commitments	52 511	54 384

Operating lease commitments as lessee

Commitments in relation to equipment and accommodation operating leases contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:

	2009	2008
	\$'000	\$'000
Within one year	623	570
Later than one year but not longer than five years	1 084	565
Later than five years	59	-
Total operating lease commitments - all non-cancellable	1 766	1 135

Operating lease commitments as lessor

Commitments in relation to accommodation operating leases contracted for at the reporting date but not recognised as receivable in the financial report, are receivable as follows:

	2009	2008
	\$'000	\$'000
Within one year	147	190
Later than one year but not longer than five years	563	633
Later than five years	366	430
Total operating lease commitments - all non-cancellable	1 076	1 253

Finance lease commitments

Future minimum lease payments under finance lease of the Sir Samuel Way Building, expiring in 2023, together with the present value of net minimum lease payments are as follows:

	2009	2008
	\$'000	\$'000
Payable no later than one year	5 642	5 515
Payable later than one year and not later than five years	22 567	22 060
Payable later than five years	50 776	55 152
Total minimum lease payments	78 985	82 727
Future finance charges and contingent rentals	(58 898)	(61 720)
Total finance lease commitments - non-cancellable	20 087	21 007

Present value of finance leases payable as follows:

Within one year	972	919
Later than one year but not longer than five years	4 482	4 238
Later than five years	14 633	15 850
Total present value of minimum lease payments	20 087	21 007

Included in the financial statements as:

Current borrowings	972	919
Non-current borrowings	19 115	20 088
Total present value of minimum lease payments	20 087	21 007

The weighted average interest rate implicit in the leases is 5.61 percent.

28. Contingent assets and liabilities

The Authority has no material contingent assets or liabilities as at 30 June 2009 (nil).

29. Remuneration of Board and Committee members

Members that were entitled to receive remuneration for membership during the 2008-09 financial year were:

Administrative and Disciplinary Committee

Ms Samantha Battams	Ms Janina Gipslis
Mr Christopher Branson	Ms Polly Sumner-Dodd
Ms Jean Hutchinson	

ERDC Environment Protection Act Panel

Mr Brooke Hill (appointed 1 Jul 08)	Dr Megan Lewis
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Dental Professional Conduct Tribunal

Mr Frank John Van Der Linden (appointed 23 June 08)	Mr William Squire
Mr Anthony Lake (resigned 22 June 08)	

ERDC Native Title Panel

Ms Barbara Wingard (appointed 1 Jul 08)	Mr Francis Lampard
Mr Olec Morozow	

ERDC Development Act Panel

Ms Judith Brine	Mr Alan Hutchings
Mr Demetrius Poupoulas	Mr John Schenk (appointed 1 Jul 08)
Mr Peter Koukourou	

ERDC Natural Resources Panel

Mr John Botting	Dr Megan Lewis
Ms Carolyn Ireland (retired 30 June 08)	Ms Jennifer McKay
Ms Megan Dyson	Mr Philip Read
Mr Bryan Harris	

ERDC Irrigation Act Panel

Ms Toni Robinson

Equal Opportunity Tribunal

Mr Richard Altman	Mr David Shetliffe
Mrs Elizabeth Bachmann	Mr Hau Yapp
Ms Helena Jasinski	

ERDC Native Vegetation Act Panel

Mr John Lothian	Mr David Moyle
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ERDC Soil Conservation and Land Care Panel

Ms Mary Crawford	Ms Carolyn Ireland
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29. Remuneration of Board and Committee members (continued)***Plumbers, Gas Fitters and Electricians Industry/Consumer Panel***

Mr Rodger Stainer

Medical Professional Conduct Tribunal

Mr David Blaikie

Mr Frederick Henning

Mr Graham West

Training Centre Review Board

Mr David Branson

Ms Branka King

Ms Sandra Miller

Ms Irene Watson

Mr John Eaton

Security and Investigation Agents Industry/Consumer Panel

Mr Harald Klavins

Ms Jean Hutchinson

Second-hand Vehicle Dealers Industry/Consumer Panel

Ms Elaine Attwood

Mr Ian MacDonald

Mr Michael Richer

Electricity Act 1996 Assessors Panel

Mr David Round

Supported Residential Facilities Assessor Panel

Mr Keith Moorman (resigned 26 Aug 08)

Mr Paul Pledger (resigned 29 Jul 08)

The number of members whose remuneration received or receivable falls within the following bands:

\$0 - \$9 999

\$20 000 - \$29 999

\$40 000 - \$49 999

Total number of members

2009 Number	2008 Number
48	53
-	1
-	1
48	55

Remuneration of members reflects all costs of performing Board/Committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received by members was \$81 000 (\$164 000).

In accordance with the Department of the Premier and Cabinet Circular 16, government employees did not receive any remuneration for Board/Committee duties during the financial year.

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

30. Cash flow reconciliation

Reconciliation of cash and cash equivalents at 30 June:

Cash and cash equivalents disclosed in Statement of Financial Position

Balance as per the Statement of Cash Flows

2009 \$'000	2008 \$'000
25 919	21 698
25 919	21 698

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

Net cash provided by operating activities

Revenues from SA Government

Payment to SA Government

Add/less: Non-cash items:

Depreciation/amortisation

Loss from disposal of assets

Allowance for doubtful debts

Assets de-recognised

Changes in assets/liabilities:

(Decrease) Increase in receivables

(Decrease) Increase in other assets

Increase in employee benefits

Increase in payables

Decrease in provisions

Increase (Decrease) in other liabilities

Net cost of providing services

2009	2008
7 425	7 882
(80 665)	(79 075)
-	448
(5 661)	(5 125)
-	(92)
-	(8)
(211)	-
(354)	687
(13)	39
(703)	(211)
(300)	(58)
166	95
155	(74)
(80 161)	(75 492)

31. Financial instruments/financial risk management**(a) Categorisation of financial instruments**

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

		2009	2008
		Carrying amount*	Carrying amount*
		\$'000	\$'000
Financial assets:	Note		
Cash and cash equivalents	17	25 919	21 698
Loans and receivables:	18,22		
Receivables*		623	899
Total financial assets at cost		26 542	22 597
Financial liabilities:			
Financial liabilities at cost:			
Payables*	23	4 350	4 050
Borrowings	27	20 087	21 007
Total financial liabilities at cost		24 437	25 057

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

(b) Credit risk

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

The Authority has no significant concentration of credit risk. The Authority has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Authority does not engage in any hedging activity.

Allowance for impairment of financial assets is calculated on past experience and current and expected changes in client credit rating. The Authority's financial assets are mainly cash and receivables which do not require any collateral as security. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer to Note 18 for information on the allowance for impairment in relation to receivables.

(c) Ageing analysis of receivables

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

	Past Due By			
	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	Total
	\$'000	\$'000	\$'000	\$'000
2009				
Not impaired:				
Receivables	320	3	1	324
Accrued revenue	91	-	-	91
Prepayments	208	-	-	208
Impaired:				
Receivables	-	-	4	4
Total	619	3	5	627
2008				
Not impaired:				
Receivables	431	4	-	435
Accrued revenue	229	-	-	229
Prepayments	223	-	-	223
Impaired:				
Receivables	-	-	5	5
Total	883	4	5	892

(d) Maturity analysis

The financial assets and liabilities of the Authority are all current with maturity within the next 12 months, except finance lease liabilities (refer to Note 27 for the split of maturity by band of years) and employee on-costs which are not practical to split the maturity by band of years.

(e) Liquidity risk

The Authority is funded principally from appropriations by the SA Government. The Authority works with the Department of Treasury and Finance to determine the cash flows associated with its government-approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The continued existence of the Authority is dependent on State Government policy and on continuing appropriations by Parliament for the Authority's administration and programs. The Authority settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

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

The carrying amount of financial liabilities recorded in Note 31(a) represent the Authority's maximum exposure to financial liabilities.

(f) Market risk

Market risk for the Authority is primarily through interest rate risk. Exposure to interest rate risk may arise through its borrowings from Funds SA. There is no exposure to foreign currency or other price risk.

(g) Sensitivity disclosure analysis

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

Statement of Administered Comprehensive Income for the year ended 30 June 2009

		2009	2008
	Note	\$'000	\$'000
ADMINISTERED EXPENSES:			
Judicial benefits expenses	A4	32 188	30 525
Victims of Crime payments		11 400	9 498
Payments to Consolidated Account		50 688	46 955
Other expenses		938	881
Total administered expenses		95 214	87 859
ADMINISTERED INCOME:			
Revenues from SA Government		32 188	32 250
Fines		26 952	24 914
Court fees		22 688	21 170
Victims of Crime levies		11 400	9 498
Transcript fees		1 059	974
Other income		927	777
Total administered income		95 214	89 583
TOTAL COMPREHENSIVE RESULT		-	1 724

Total comprehensive result is attributable to the SA Government as owner

Statement of Administered Financial Position as at 30 June 2009

		2009	2008
	Note	\$'000	\$'000
ADMINISTERED CURRENT ASSETS:			
Cash and cash equivalents	A5	2 679	2 132
Receivables	A6	4 969	4 264
Total current assets		7 648	6 396
ADMINISTERED CURRENT LIABILITIES:			
Payables	A7	6 476	6 051
Judicial benefits	A8	2 772	2 764
Other current liabilities	A9	57	48
Total current liabilities		9 305	8 863
ADMINISTERED NON-CURRENT LIABILITIES:			
Payables	A7	904	691
Judicial benefits	A8	5 407	4 810
Total non-current liabilities		6 311	5 501
Total liabilities		15 616	14 364
NET ASSETS		(7 968)	(7 968)
ADMINISTERED EQUITY:			
Accumulated deficit		(7 968)	(7 968)
TOTAL ADMINISTERED EQUITY		(7 968)	(7 968)

Total administered equity is attributable to the SA Government as owner

Statement of Administered Changes in Equity as at 30 June 2009

	Retained earnings \$'000
Balance at 30 June 2007	(9 692)
Net result for 2007-08	1 724
Total comprehensive result for 2007-08	1 724
Balance at 30 June 2008	(7 968)
Net result for 2008-09	-
Total comprehensive result for 2008-09	-
Balance at 30 June 2009	(7 968)

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

Statement of Administered Cash Flows for the year ended 30 June 2009

		2009 Inflows (Outflows) \$'000	2008 Inflows (Outflows) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:	Note		
CASH OUTFLOWS:			
Judicial benefits		(31 483)	(30 478)
Payments to Consolidated Account		(50 284)	(46 872)
Victims of Crime payments		(11 257)	(9 024)
Other payments		(927)	(777)
Total cash outflows		(93 951)	(87 151)
CASH INFLOWS:			
Receipts from SA Government		31 517	30 455
Fines		26 922	24 914
Court fees		22 688	21 170
Victims of Crime receipts		11 383	9 498
Transcript fees		1 059	974
GST recovered from the ATO		2	-
Other receipts		927	777
Total cash inflows		94 498	87 788
Net cash provided by from operating activities	A10	547	637
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		547	637
CASH AND CASH EQUIVALENTS AT 1 JULY		2 132	1 495
CASH AND CASH EQUIVALENTS AT 30 JUNE	A5	2 679	2 132

**Schedule of Expenses and Income
attributable to Administered Activities
for the year ended 30 June 2009**

	(Activities - refer Note A3)			
	1		2	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
EXPENSES:				
Employee benefit expenses	32 188	30 525	-	-
Victims of Crime payments	-	-	-	-
Payments to Consolidated Account	11 806	10 951	-	-
Other expenses	927	881	-	-
Total administered expenses	44 921	42 357	-	-
INCOME:				
Revenues from SA Government	32 188	32 250	-	-
Fines	-	20	-	-
Court fees	10 747	10 060	-	-
Victims of Crime levies	-	-	-	-
Transcript fees	1 059	974	-	-
Other income	927	777	-	-
Total administered income	44 921	44 081	-	-
TOTAL COMPREHENSIVE RESULT	-	1 724	-	-

	(Activities - refer Note A3)		Total	
	3			
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
EXPENSES:				
Employee benefit expenses	-	-	32 188	30 525
Victims of Crime payments	11 400	9 498	11 400	9 498
Payments to Consolidated Account	38 882	36 004	50 688	46 955
Other expenses	11	-	938	881
Total expenses	50 293	45 502	95 214	87 859
INCOME:				
Revenues from SA Government	-	-	32 188	32 250
Fines	26 952	24 894	26 952	24 914
Court fees	11 941	11 110	22 688	21 170
Victims of Crime levies	11 400	9 498	11 400	9 498
Transcript fees	-	-	1059	974
Other income	-	-	927	777
Total income	50 293	45 502	95 214	89 583
TOTAL COMPREHENSIVE RESULT	-	-	-	1 724

NOTES TO AND FORMING PART OF THE ADMINISTERED FINANCIAL STATEMENTS

A1. Objectives of the Courts Administration Authority

The objectives of the Courts Administration Authority (the Authority) outlined in Note 1 for operating items apply equally to the Administered Financial Statements.

A2. Summary of significant accounting policies

The policies of the Authority outlined in Note 2 for operating items apply equally to the Administered Financial Statements.

A3. Activities of the Authority**Activity 1: Court and Tribunal Case Resolution Services**

The resolution of criminal, civil, appellate, coronial and probate matters in the State's courts and tribunals.

Activity 2: Alternative Dispute Resolution Services

Services for resolving disputes between citizens, and disputes between citizens and the State; as well as the education, training, information and advice processes, which aim to prevent disputes.

No Administered activity under this activity - Controlled only activity.

Activity 3: Penalty Management Services

The management of penalties arising from court orders, the enforcement of court orders as well as the recovery of debts, and the administration and execution of warrants.

The Authority does not track assets and liabilities at activity level and therefore figures can not be reliably measured.

A4. Judicial benefits

	2009 \$'000	2008 \$'000
Salaries, wages and annual leave	22 346	21 562
Employment on-costs	6 722	6 145
Long service leave	1 159	990
Other judicial related expenses	1 961	1 828
Total judicial benefits	32 188	30 525

Remuneration of judiciary

The number of judicial officers whose remuneration received or receivable falls within the following bands:

	2009 Number	2008 Number
\$100 000 - \$109 999	-	2
\$110 000 - \$119 999	1	1
\$120 000 - \$129 999	-	3
\$130 000 - \$139 999	1	2
\$140 000 - \$149 999	2	-
\$160 000 - \$169 999	-	1
\$170 000 - \$179 999	1	1
\$230 000 - \$239 999	-	2
\$240 000 - \$249 999	1	8
\$250 000 - \$259 999	5	8
\$260 000 - \$269 999	11	7
\$270 000 - \$279 999	5	4
\$280 000 - \$289 999	8	8
\$290 000 - \$299 999	4	7
\$300 000 - \$309 999	5	1
\$310 000 - \$319 999	2	-
\$320 000 - \$329 999	2	-
\$330 000 - \$339 999	-	1
\$350 000 - \$359 999	1	-
\$360 000 - \$369 999	1	1
\$370 000 - \$379 999	-	8
\$380 000 - \$389 999	2	13
\$390 000 - \$399 999	14	1
\$400 000 - \$409 999	7	-
\$420 000 - \$429 999	-	8
\$430 000 - \$439 999	-	4
\$440 000 - \$449 999	8	1
\$450 000 - \$459 999	5	-
\$490 000 - \$499 999	-	1
\$500 000 - \$509 999	1	-
Total number of judicial officers	87	93

The table includes all judicial officers who received remuneration of \$100 000 or more during the year.

Remuneration of judicial officers reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these judicial officers for the year was \$29 million (\$28.4 million).

A5. Administered cash and cash equivalents

	2009 \$'000	2008 \$'000
Deposits with the Treasurer	2 679	2 132

A6. Administered receivables	2009	2008
Receivables from non-SA Government entities:	\$'000	\$'000
Debtors	369	362
Allowance for doubtful debts	(70)	(65)
GST input tax recoverable	10	12
	309	309
Receivables from SA Government entities:		
Debtors	27	11
Accrued revenue	4 633	3 944
	4 660	3 955
Total current administered receivables	4 969	4 264

Movements in the allowance for doubtful debts:

Carrying amount at 1 July	65	-
Amounts written off	(1)	
Increase in the allowance	6	65
Carrying amount at 30 June	70	65

A7. Administered payables	2009	2008
Current:		
Creditors and accrued expenses	5 817	5 453
Judicial benefits on-costs	659	598
Total current payables	6 476	6 051
Non-current:		
Judicial benefits on-costs	904	691
Total administered payables	7 380	6 742
Government/non-Government payables:		
Payables to SA Government entities:		
Creditors	3	114
Accrued expenses	5 623	5 098
Judicial benefits on-costs	466	427
Total payable to other SA Government entities	6 092	5 639
Payables to non-SA Government entities:		
Creditors	191	241
Judicial benefits on-costs	1 097	862
Total payable to non-SA Government entities	1 288	1 103
Total payables	7 380	6 742

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave has changed from the 2008 rate 35 percent to 45 percent which is used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$145 000 and employee benefit expenses of \$145 000. The estimated impact on future years is anticipated to be similar.

A8. Judicial benefits	2009	2008
Current:	\$'000	\$'000
Accrued salaries and wages	617	487
Long service leave	980	1 089
Annual leave	1 175	1 188
Total current judicial benefits	2 772	2 764
Non-current:		
Annual leave	448	511
Long service leave	4 959	4 299
Total non-current judicial benefits	5 407	4 810
Total judicial benefits	8 179	7 574

The total current and non-current judicial benefit expense (ie aggregate judicial benefit plus related on-costs) for 2009 is \$3.46 million and \$6.31 million respectively. For 2008, the expense was \$3.36 million and \$5.5 million respectively.

The benchmarks for the measurement of long service leave has not changed from the 2008 benchmarks of 6.5 to 7 years.

A9. Other liabilities	2009	2008
Current:	\$'000	\$'000
Unclaimed money	57	48
Total other liabilities	57	48

A10. Administered cash flow reconciliation	2009	2008
Reconciliation of cash - cash at 30 June as per:	\$'000	\$'000
Statement of Administered Cash Flows	2 679	2 132
Statement of Administered Financial Position	2 679	2 132

Reconciliation of net cash provided by administered activities to total comprehensive result

Net cash provided by operating activities	547	637
Non-cash item:		
Doubtful debts and bad debts expenses	(11)	(104)
Changes in administered assets/liabilities:		
Increase in receivables	716	1 795
Increase in judicial entitlements	(605)	(9)
Increase in payables	(647)	(595)
Total comprehensive result from administered activities	-	1 724

T1. Trust monies

The Authority holds monies pending the outcome of court decisions. These monies are excluded from the financial statements as the Authority cannot use them for the achievement of its objectives. The following is a summary of the transactions in the jurisdictions' Trust Accounts.

Supreme Court Suitor Account

	2009	2008
	\$'000	\$'000
Balance at 1 July	24 537	7 759
Receipts	17 553	23 790
	42 090	31 549
Payments	(20 292)	(7 012)
Balance at 30 June	21 798	24 537

District Court Suitor Account

	2009	2008
	\$'000	\$'000
Balance at 1 July	2 925	3 008
Receipts	1 441	1 576
	4 366	4 584
Payments	(1 534)	(1 659)
Balance at 30 June	2 832	2 925

Sheriff's Office Trust Account

	2009	2008
	\$'000	\$'000
Balance at 1 July	249	57
Receipts	1 467	1 488
	1 716	1 545
Payments	(1 288)	(1 296)
Balance at 30 June	428	249

Magistrates' Courts Suitor Account

	2009	2008
	\$'000	\$'000
Balance at 1 July	4 086	4 012
Receipts	12 801	12 146
	16 887	16 158
Payments	(12 598)	(12 072)
Balance at 30 June	4 289	4 086

DEFENCE SA

FUNCTIONAL RESPONSIBILITY

Establishment

Defence SA is an administrative unit established on 1 September 2007 pursuant to the PSM Act, reporting to the Premier as Minister for Economic Development.

Defence SA assumed responsibility for the functions formerly performed by the Port Adelaide Maritime Corporation (the Corporation) and the Defence Unit and Defence-related activities of the Department of Trade and Economic Development.

The Defence SA Advisory Board provides high-level advice to the Government of South Australia on strategy and policy required to deliver defence industry and facility growth in South Australia.

Functions

The functions of Defence SA are to:

- facilitate the development and growth of a sustainable defence industry in South Australia based on existing, created and new market opportunities in accordance with South Australia's Strategic Plan objectives
- advise and deliver strategies and policies required to deliver defence industry growth in South Australia
- deliver the SA Government commitments in support of defence industry growth in South Australia
- maximise the defence presence, including personnel and facilities, in South Australia.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

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

Assessment of controls

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

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

Scope of audit

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

During 2008-09, specific areas of audit attention included:

- policies and procedures
- reconciliations between the general ledger and subsidiary systems
- cash
- processing and review of general ledger journals
- expenditure processing
- payroll review – bona fides
- fixed asset processing
- procurement review
- contracts register.

At the time of the preparation of this Report the review of aspects of a material Defence SA procurement project was in progress.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements presents fairly, in all material respects, the financial position of Defence SA as at 30 June 2009, 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 Defence SA in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of Defence SA have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Chief Executive. The response to the management letter was considered to be satisfactory. The main matters raised with Defence SA and the related responses are considered herein.

Documented policies and procedures

Audit review of Defence SA compliance with TIs 2 and 28 identified that documented policies and procedures were not in a consistent format or were only available as draft.

Audit recommended that policies and procedures be documented and authorised as required by TI 2.

Defence SA responded that they will engage a specialist policy and procedure writer to document outstanding matters and standardise the format of existing policies and procedures.

Contracts register

Audit review of the contracts register identified contracts which were not disclosed on the SA Government's Tenders and Contracts website as required by the Department of the Premier and Cabinet Circular PC027 'Disclosure of Government Contracts'. Audit also identified that a number of contracts were not documented in the contracts register.

Audit recommended that the contract register be reviewed for accuracy, completeness and disclosure requirements of PC027.

Defence SA responded that the contract register policy will be updated to include a quarterly review. Data entry responsibility of the contract register will be transferred from an administrative officer to a finance officer. It also committed to provide the SA Government tender and contract website with relevant details of contracts that meet the disclosure requirements of PC027.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements

	2009 \$'million	2008 \$'million
EXPENSES		
Employee benefit expenses	4	3
Supplies and services	7	6
Grants and subsidies	6	-
Other expenses	-	1
Total expenses	17	10

	2009 \$'million	2008 \$'million
INCOME		
Fees and charges	1	-
Grant revenues	-	16
Net gain on asset disposal	2	-
Techport Australia recoveries	4	-
Property revenues	1	1
Other income	1	1
Total income	9	18
Net cost of providing services	(8)	8
REVENUES FROM SA GOVERNMENT		
Revenues from SA Government	16	16
Payments to SA Government	(2)	-
Net result and comprehensive result	6	24
ASSETS		
Current assets	22	50
Non-current assets	319	208
Total assets	341	258
LIABILITIES		
Current liabilities	5	20
Non-current liabilities	1	-
Total liabilities	6	20
EQUITY	335	238

Statement of Comprehensive Income

Income

Defence SA has developed land at Techport Australia to form a Supplier Precinct to attract defence industry to the site for the Air Warfare Destroyer project. The net gain from land sales in the Supplier Precinct was \$2.2 million.

Defence SA has transferred the development of the Commercial Campus Precinct to a private developer. Recoveries resulting from the transfer totalled \$3.3 million.

Expenses

Grants and subsidies include \$5.1 million expenditure relating to the Air Warfare Destroyer Systems Centre assistance deed for accommodation assistance and contribution to the fitout costs.

Defence SA attend and host various defence industry events on an annual and bi-annual basis. Expenditure for promotion and events was \$2.1 million (\$1.2 million).

Statement of Financial Position

This statement shows that non-current assets of \$318.5 million represent 93 percent of total assets. The main assets held are land (\$83.7 million) and capital works in progress related to harbour and port infrastructure (\$208.8 million).

Defence SA received a capital contribution which was recognised directly in equity.

Statement of Cash Flows

The following table summarises the net cash flows for 2009.

	2009 \$'million	2008 \$'million
Net cash flows		
Operating	2	24
Investing	(129)	(120)
Financing	91	141
Change in cash	(36)	45
Cash at 30 June	9	45

Expenditure on Defence SA projects and land purchases during the year are reflected in the cash used in investing activities.

The cash generated from financing activities reflects the contributed capital received.

FURTHER COMMENTARY ON OPERATIONS

Techport Australia

In May 2005, the Australian Government announced the selection of the wholly-owned Australian Submarine Corporation Pty Ltd (ASC) subsidiary, ASC AWD Shipbuilder Pty Ltd, as the preferred shipbuilder for the Navy's Air Warfare Destroyer project which has an estimated cost up to \$8 billion. The selection of the company was part of the Government's first pass approval of the Air Warfare Destroyer project.

The Government of South Australia established the Port Adelaide Maritime Corporation (abolished 31 August 2007) to deliver the State's commitments to the Air Warfare Destroyer project at the Techport Australia site at Osborne. This became the responsibility of Defence SA from 1 September 2007.

Techport Australia will include:

- a Common User Facility (CUF)
- Commercial and Education Precinct and Supplier Precinct
- Maritime Skills Centre
- Air Warfare Destroyer Systems Centre.

Common User Facility

The CUF will comprise a ship lift, transfer system and wharf. This infrastructure will enable the ASC to build the air warfare destroyers and attract other shipbuilding opportunities to Techport Australia.

The CUF is being developed in a number of stages with completion due in the first quarter of 2010. The first and current stage incorporates the construction of a new wharf, installation of the ship lift and construction of a transfer runway and separate dry berths. Works include dredging the Port Adelaide River adjacent to the wharf and ship lift to create a berth basin and providing a transfer system to move ships and modules to and from the ship lift and around the site. The estimated cost of construction is \$260.2 million.

The CUF development was split into two components for contracting purposes:

- The appointment of a managing contractor.
- Design and construction of the ship lift and transfer system.

The project is approximately 85 percent complete. The runway, dry berth, wharf, administration building and services (gas, electricity and water) are completed. Load testing of the ship lift beams is occurring on site. Dredging, installation and commissioning of the ship lift and transfer system will progressively be completed over the next eight months.

Total expenditure on the project to 30 June 2009 was \$208.4 million. An estimated \$41.1 million is forecast for 2009-10.

Commercial and Education Precinct and Supplier Precinct

The Supplier Precinct at Techport Australia will accommodate naval shipbuilding and related defence business involved in supporting and supplying the Air Warfare Destroyer construction program and other naval/defence projects.

The Commercial and Education Precinct will house the Maritime Skills Centre, the Air Warfare Destroyer Commercial Campus, commercial and retail buildings and car parking.

During 2008-09 the upgrade of infrastructure head works (roads, water, sewer and electricity) was effectively completed as was landscaping of Veitch Road West and directional signage for the precinct. Contract work on site preparation of Stage 3 and 4 of Techport Australia commenced in January 2009.

Total expenditure on the project to 30 June 2009 was \$33.2 million. An estimated \$4.1 million is forecast for 2009-10.

Maritime Skills Centre

The Maritime Skills Centre is a training facility within the Commercial and Education Precinct which is used primarily to train and enhance the skills of the workforce of ASC. Construction of the centre was completed in May 2008 at a cost of \$5 million and operational responsibility handed to ASC. A general manager to oversee the ASC training program and promote third-party use is in place.

Air Warfare Destroyer Commercial Campus

The Commercial Campus will house the Air Warfare Destroyer Systems Centre and other office accommodation at Techport Australia. The Systems Centre will accommodate project management staff engaged in the design, delivery and commissioning of the air warfare destroyers.

In February 2008 Cabinet endorsed an alternative delivery method with the private sector taking responsibility for funding, building and managing the facility, with the Government providing an accommodation support package to the Air Warfare Destroyer Alliance and its members. In November 2008 Defence SA executed the development and support package agreements with the selected developer Prime Space Projects Pty Ltd (selected through a request for proposal process) and ASC AWD Shipbuilder Pty Ltd (on behalf of the Alliance).

Construction of the facility commenced in April 2009 and forecast completion is March 2010.

Secure Electronic Common User Facility

Defence SA will establish a Secure Electronic Common User Facility (SECUF) at Technology Park. The SECUF will provide a multi-level, common use environment for the defence community in the integration of complex defence systems. The facility will provide office space and laboratory space to support advanced engineering and research activities including modelling and simulation.

The cost of the establishing the facility is estimated at \$8.7 million. Planning and design for anchor tenants was undertaken in 2008-09 and construction will commence in the fourth quarter of 2009 to enable occupation by the anchor tenants in early 2010.

Northern Lefevre Peninsula Master Plan

Defence SA is involved in preparing a master plan for the Lefevre Peninsula that will identify the long-term infrastructure requirements to support a sustainable precinct and the creation of Techport Australia.

The master plan includes the consolidation of government-owned land holdings to develop sustainable industrial precincts and appropriate open space and buffers from established residential areas. To 30 June 2009 Defence SA has purchased \$48.7 million of land from the Land Management Corporation and the Department for Environment and Heritage. Proposed expenditure for 2009-10 is \$1.2 million.

Osborne North Industrial Precinct

The Osborne North Industrial Precinct is adjacent (north) of the Techport Australia Supplier Precinct. The precinct is approximately 35ha and will provide serviced industrial allotments for sale to defence and other industries. Geotechnical site preparation work commenced in January 2009 and detailed planning and design of infrastructure upgrades (water, gas, sewer, electricity and roads) will commence in 2009-10. Proceeds from the sale of allotments are forecast to commence in 2010-11.

Total expenditure on the project to 30 June 2009 was \$6.3 million. An estimated \$11.1 million is forecast for 2009-10.

**Statement of Comprehensive Income
for the year ended 30 June 2009**

		2009	2008
	Note	\$'000	\$'000
EXPENSES:			
Employee benefit expenses	5	3 671	2 832
Supplies and services	6	6 527	6 030
Depreciation and amortisation	7	268	14
Grants and subsidies	8	5 873	595
Other expenses	9	157	755
Total expenses		16 496	10 226
INCOME:			
Revenues from fees and charges	11	594	-
Grants	12	-	16 640
Net gain on disposal of non-current assets	13	2 184	-
Techport Australia recoveries	14	4 381	-
Property revenues	15	1 230	747
Other income	16	518	690
Total income		8 907	18 077
NET (COST) SURPLUS FROM PROVISION OF SERVICES	30	(7 589)	7 851
REVENUES FROM (PAYMENTS) TO SA GOVERNMENT:			
Revenues from SA Government	17	16 036	15 730
Payments to SA Government	17	(2 135)	-
NET RESULT		6 312	23 581
TOTAL COMPREHENSIVE RESULT		6 312	23 581

Comparative figures for the period ended 30 June 2008 represent the 10 months of operation following the establishment of Defence SA on 1 September 2007.

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

Statement of Financial Position as at 30 June 2009

		2009	2008
	Note	\$'000	\$'000
CURRENT ASSETS:			
Cash	18	8 813	44 646
Receivables	19	3 781	3 291
		<u>12 594</u>	<u>47 937</u>
Land classified as held-for-sale	20	9 714	1 644
Total current assets		<u>22 308</u>	<u>49 581</u>
NON-CURRENT ASSETS:			
Land	21	83 721	67 104
Buildings and improvements, plant and equipment	21	5 299	4 605
Capital works in progress	22	229 507	136 751
Total non-current assets		<u>318 527</u>	<u>208 460</u>
Total assets		<u>340 835</u>	<u>258 041</u>
CURRENT LIABILITIES:			
Payables	23	4 805	19 604
Employee benefits	24	581	436
Other current liabilities	25	21	-
Total current liabilities		<u>5 407</u>	<u>20 040</u>
NON-CURRENT LIABILITIES			
Other non-current liabilities	25	126	-
Total non-current liabilities		<u>126</u>	<u>-</u>
Total liabilities		<u>5 533</u>	<u>20 040</u>
NET ASSETS		<u>335 302</u>	<u>238 001</u>
EQUITY:			
Contributed capital	26	200 656	109 428
Retained earnings*		134 646	128 573
TOTAL EQUITY		<u>335 302</u>	<u>238 001</u>

* Includes \$94.6 million of contributed equity received from the Port Adelaide Maritime Corporation following the establishment of Defence SA on 1 September 2007.

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	27
Contingent assets and liabilities	28

Statement of Changes in Equity for the year ended 30 June 2009

		Contributed capital \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 September 2007	Note	-	-	-
Net result for 2007-08		-	23 581	23 581
Total comprehensive result for the period 1 September 2007 to 30 June 2008		-	23 581	23 581
Transactions with SA Government as owner				
Equity contribution received		109 428	-	109 428
Net assets received from an administrative restructure*		-	104 992	104 992
Balance at 30 June 2008		109 428	128 573	238 001
Error correction		-	(239)	(239)
Restated balance at 30 June 2008		109 428	128 334	237 762
Net result for 2008-09		-	6 312	6 312
Total comprehensive result for 2008-09		-	6 312	6 312
Transactions with SA Government as owner				
Equity contribution received	26	100 339	-	100 339
Equity contribution repaid	26	(9 111)	-	(9 111)
Balance at 30 June 2009		200 656	134 646	335 302

* Includes \$94.6 million of contributed equity received from the Port Adelaide Maritime Corporation following the establishment of Defence SA on 1 September 2007.

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

Statement of Cash Flows for the year ended 30 June 2009

		2009	2008
		Inflows (Outflows)	Inflows (Outflows)
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:	Note		
CASH OUTFLOWS:			
Employee benefit payments		(3 513)	(2 650)
Payments for supplies and services		(6 647)	(6 327)
Payments of grants and subsidies		(5 872)	(595)
GST payments on purchases		(14 420)	(12 318)
GST paid to the ATO		(1 752)	(1 755)
Cash used in operations		(32 204)	(23 645)
CASH INFLOWS:			
Grants		-	16 640
Fees and charges		376	-
Techport Australia recoveries		4 345	-
Property revenues		1 279	639
GST receipts on receivables		1 767	1 756
GST recovered from the ATO		12 670	11 559
Deposits on sale of land		(412)	412
Other receipts		599	682
Cash generated from operations		20 624	31 688
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		16 036	15 730
Payments to SA Government		(2 135)	-
Cash generated from SA Government		13 901	15 730
Net cash provided by operating activities	30	2 321	23 773
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of land		(19 024)	(15 997)
Payments for property, plant and equipment		(1 202)	(3 119)
Payments for capital work in progress		(120 402)	(101 196)
Cash used in investing activities		(140 628)	(120 312)
CASH INFLOWS:			
Proceeds from sale of land		11 246	-
Cash generated from investing activities		11 246	-
Net cash used in investing activities		(129 382)	(120 312)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Capital contributions repaid to government		(9 111)	-
Cash used in financing activities		(9 111)	-
CASH INFLOWS:			
Capital contributions from SA Government		100 339	109 428
Cash received from restructuring activities		-	31 757
Cash generated from financing activities		100 339	141 185
Net cash provided by financing activities		91 228	141 185
NET (DECREASE) INCREASE IN CASH		(35 833)	44 646
CASH AT THE BEGINNING OF THE PERIOD		44 646	-
CASH AT THE END OF THE PERIOD	18,30	8 813	44 646

Comparative figures for the period ended 30 June 2008 represent the 10 months of operation following the establishment of Defence SA on 1 September 2007.

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2009

	(Activities - refer Note 4)			
	1		2	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
EXPENSES :				
Employee benefit expenses	2 858	2 264	813	562
Supplies and services	4 469	3 132	2 058	2 884
Depreciation and amortisation	110	14	158	-
Grants and subsidies	684	573	2 637	-
Other expenses	37	62	120	693
Total expenses	8 158	6 045	5 786	4 139
INCOME:				
Revenues from fees and charges	-	-	594	-
Grants	-	-	-	16 640
Net gain from disposal of non-current assets	3	-	2 181	-
Techport Australia recoveries	-	-	4 381	-
Property revenues	-	-	1 230	747
Other income	169	648	240	15
Total income	172	648	8 626	17 402
NET (COST) SURPLUS FROM PROVISION OF SERVICES	(7 986)	(5 397)	2 840	13 263
REVENUES FROM SA GOVERNMENT:				
Revenues from SA Government	16 036	15 730	-	-
Payments to SA Government	(2 135)	-	-	-
NET RESULT	5 915	10 333	2 840	13 263

	(Activities - refer Note 4)		Total	
	3			
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
EXPENSES :				
Employee benefit expenses	-	6	3 671	2 832
Supplies and services	-	14	6 527	6 030
Depreciation and amortisation	-	-	268	14
Grants and subsidies	2 552	22	5 873	595
Other expenses	-	-	157	755
Total expenses	2 552	42	16 496	10 226
INCOME:				
Revenues from fees and charges	-	-	594	-
Grants	-	-	-	16 640
Net gain from disposal of non-current assets	-	-	2 184	-
Techport Australia recoveries	-	-	4 381	-
Property revenues	-	-	1 230	747
Other income	109	27	518	690
Total income	109	27	8 907	18 077
NET (COST) SURPLUS FROM PROVISION OF SERVICE	(2 443)	(15)	(7 589)	7 851
REVENUES FROM SA GOVERNMENT:				
Revenues from SA Government	-	-	16 036	15 730
Payments to SA Government	-	-	(2 135)	-
NET RESULT	(2 443)	(15)	6 312	23 581

Comparative figures for the period ended 30 June 2008 represent the 10 months of operation following the establishment of Defence SA on 1 September 2007.

Disaggregated Disclosures - Assets and Liabilities for the year ended 30 June 2009

	(Activities - refer Note 4)			
	1		2	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
ASSETS :				
Cash	7 810	43 623	1 003	1 023
Receivables	131	249	3 650	3 028
Land held-for-sale	-	-	9 714	1 644
Land	-	-	83 721	67 104
Buildings and improvements, plant and equipment	790	18	4 509	4 587
Capital works in progress	-	47	229 507	136 704
Total assets	8 731	43 937	332 104	214 090
LIABILITIES:				
Payables	590	667	4 206	18 912
Employee benefits	527	436	54	-
Other liabilities	147	-	-	-
Total liabilities	1 264	1 103	4 260	18 912
NET ASSETS	7 467	42 834	327 844	195 178

	(Activities - refer Note 4)		Total	
	3			
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
ASSETS :				
Cash	-	-	8 813	44 646
Receivables	-	14	3 781	3 291
Land held-for-sale	-	-	9 714	1 644
Land	-	-	83 721	67 104
Buildings and improvements, plant and equipment	-	-	5 299	4 605
Capital works in progress	-	-	229 507	136 751
Total assets	-	14	340 835	258 041
LIABILITIES:				
Payables	9	25	4 805	19 604
Employee benefits	-	-	581	436
Other liabilities	-	-	147	-
Total liabilities	9	25	5 533	20 040
NET ASSETS	(9)	(11)	335 302	238 001

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of Defence SA

Defence SA is South Australia's lead government agency for all defence-related matters. The agency's mission is to facilitate the development and growth of Defence and defence industries in South Australia on a competitive and sustainable basis in accordance with South Australia's Strategic Plan.

To achieve this mission, the agency is focused on delivering the Government of South Australia's commitments to the Air Warfare Destroyer (AWD) project, as well as capturing further defence work in the four defence sectors - maritime, land, aerospace and electronics and weapons systems.

Defence SA is also striving to ensure the right climate exists for defence industry growth, and is working with a number of partners to deliver results for industry in the areas of workforce development and innovation, in particular.

2. Summary of significant accounting policies

(a) **Statement of compliance**

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

As disclosed in Note 3, Defence SA has early-adopted the amendments to AASB 101 (September 2007 version) including AASB 2007 - 08 and AASB 2007 - 10 (these standards make consequential amendments to other standards as a result of the revised AASB 101). All other AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by Defence SA for the reporting period ending 30 June 2009.

(b) **Basis of preparation**

The preparation of the financial statement requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying Defence SA's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following Note disclosures, which have been included in these financial statements:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature
 - (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)
 - (c) employees whose remuneration is \$100 000 or more (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees
 - (d) Board/Committee member and remuneration information, where a Board/Committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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 2009 and the comparative information presented.

(c) **Reporting entity**

Defence SA is a government agency of the State of South Australia, established pursuant to the PSM Act. Defence SA is an administrative unit acting on behalf of the Crown and has no subsidiaries.

(d) **Comparative information**

The presentation and classification of items in the financial statements are consistent with prior periods except where adjusted to reflect the early adoption of AASB 101 and specific revised accounting standards and APSs. Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required. Comparative figures for the period ended 30 June 2008 represent the 10 months of operation following the establishment of Defence SA on 1 September 2007.

(e) **Rounding**

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

(f) **Project overheads**

Defence SA adopts a full cost approach to the costing of its capital works. This method entails the allocation of a proportionate share of project specific overheads to all activities based upon a regime of cost drivers in accordance with AASB 116.

(g) **Taxation**

Defence SA is not subject to income tax. Defence SA is liable for payroll tax, FBT, GST and emergency services levy. Defence SA is only liable for land tax on properties for which a contract for sale is held as at 30 June annually.

(g) Taxation (continued)

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

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

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

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

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

(h) Events after the end of the reporting period

Adjustments are made to amounts recognised in the financial statements where an event occurs after 30 June and before the date the financial statements are authorised for issue, where 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 Defence SA will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event. The notes accompanying the financial statements disclose income where the counterparty/ transaction is with an entity within the SA Government as at the reporting date, classified according to its nature.

The following are specific recognition criteria:

Revenues from SA Government

Appropriations to fund activities are recognised as revenues when Defence SA obtains control over the funding. Control over appropriations is normally obtained upon receipt.

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

Net gain on disposal of non-current assets

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

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

Other income

Rental income is derived from property holdings and includes lease income and recoveries of tenant outgoings. Lease income is accounted for on a straight-line basis over the lease term.

(j) Expenses

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

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event. The notes accompanying the financial statements disclose expenses where the counterparty/ transaction is with an entity within the SA Government as at the reporting date, classified according to its nature.

The following are specific recognition criteria:

Employee benefit expenses

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

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by Defence SA to several SA Government and externally managed superannuation schemes in respect of current services of current Defence SA staff.

Depreciation

All non-current assets, having a limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential. Depreciation is applied to tangible assets. Defence SA has no intangible assets. Assets residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, on an annual basis.

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

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter. Land and non-current assets held-for-sale are not depreciated.

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

<i>Class of asset</i>	<i>Useful life (years)</i>
Common user facility (CUF) infrastructure	50
Buildings	40
Leasehold improvements	Life of lease
Plant and equipment	4-15
Furniture and fittings	3-10

Grants and subsidies

For contributions payable, the contribution will be recognised as a liability and expense when Defence SA has a present obligation to pay the contribution and the expense recognition criteria are met. All contributions paid by Defence SA have been unconditional.

Payments to SA Government

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy and net profit on sale of non-current assets. These funds are paid directly to the Consolidated Account.

(k) Current and non-current classification

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

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

(l) Assets

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

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

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

Cash

Cash in the Statement of Financial Position includes:

- Deposits with the Treasurer
- Cash held in escrow, held for a specific purpose, as narrated in Note 18.

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

Cash is measured at nominal value.

Receivables

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

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

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

Capital works in progress

During the period work continued on the development of infrastructure to support the AWD construction program in accordance with the Infrastructure Assistance Agreement and other defence and industrial developments.

Defence SA engages in projects that include land acquisition, infrastructure development and ultimate disposal through sale or various leasing arrangements.

The accounting policy of capitalisation of project overheads attributable to capital works is disclosed in Note 2(f).

Defence SA accounts for expenses associated with all capital projects as work in progress until the assets are installed and ready for use. On completion the assets are recognised in accordance with non-current asset acquisition and recognition (refer below).

Non-current assets held-for-sale

Non-current assets are classified as held-for-sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed within one year from the date of classification.

Non-current assets classified as held-for-sale are presented separately from the other assets in the Statement of Financial Position.

Non-current asset acquisition and recognition

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

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recognised at book value, ie the amount recorded by the transferor public authority immediately prior to the restructure.

All non-current tangible assets with a value equal to or in excess of \$10 000 are capitalised. Complex assets are componentised when the asset's fair value at the time of acquisition is equal to or in excess of \$5 million for infrastructure assets and \$1 million for other assets.

Revaluation of non-current assets

All non-current tangible assets are valued at written down current cost (a proxy for fair value) and revaluation of non-current assets or group of assets will only be performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years. As at 30 June 2009, no revaluations have been undertaken.

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

Impairment

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

(m) Liabilities

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

Where a liability line item combines amounts expected to be settled within 12 months and more than 12 months, Defence SA has separately disclosed the amounts expected to be settled after more than 12 months.

The Notes accompanying the financial statements disclose financial liabilities where the counterparty/ transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Payables

Payables include creditors, accrued expenses and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of Defence SA.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received, in accordance with TI 11.

Employment benefit on-costs include superannuation contributions and payroll tax in respect to outstanding liabilities for salaries and wages, long service leave and annual leave. Defence SA makes contributions to several 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 these superannuation schemes.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. Defence SA has entered into an operating lease for space within Endeavour House to establish the Secure Electronic Common User Facility (SECUF) at Technology Park.

Operating leases

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income over the term of the lease.

Lease incentives

All incentives received for the agreement of a new or renewed operating lease are recognised as a liability. The aggregate benefits of lease incentives received by Defence SA in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight-line basis.

Employee benefits

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Wages, salaries, annual leave and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages and annual leave are payable later than 12 months, the liability will be measured at present value.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave expected to be taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long service leave

The majority of Defence SA employees are newly recruited to the SA Government and are employed on contracts with less than four years to expiry. The long service leave liability accrual has been calculated based on the actual leave accrual for those staff with an existing long service leave entitlement.

The unconditional portion of the long service leave provision is classified as current as Defence SA does not have any unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

Employee benefit on-costs

Employee benefit on-costs (payroll tax and superannuation) are recognised separately under payables.

Provisions

Provisions are recognised when Defence SA has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When Defence SA expects some or all of the provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

(n) Workers compensation

Defence SA is responsible for payments of workers compensation claims. Defence SA has a Service Level Agreement with the Public Sector Workforce Division of the Department of the Premier and Cabinet to undertake injury management and rehabilitation services.

(o) Insurance

Defence SA has arranged, through South Australian Government Financing Authority, SAICORP Division, to insure all major risks of Defence SA. The excess payable under this arrangement is \$1000 per claim.

Defence SA has arranged, with input from SAICORP, project specific professional indemnity, contractors, all risk and legal liability insurance policies applicable to the design and construction of the CUF at Techport Australia.

(p) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a Note and, if quantifiable, are measured at nominal value. Defence SA holds a number of performance guarantees in support of contractor performance. No value is assigned to these guarantees for financial statement purposes as they will only be called upon in the event that the contractor fails to fulfil their agreed contractual commitments.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO. If GST is not payable to, or recoverable from the ATO, the commitments and contingencies are disclosed on a gross basis.

3. New and revised accounting standards and policies

Details of the accounting policies that Defence SA has changed during 2008-09 are detailed below. In addition, details of the impact, where significant, on Defence SA's financial statements from new and amended AASs that are applicable for the first time in 2008-09 are also detailed below.

Restructure of administrative arrangements

In accordance with the revised AASB 1004, Defence SA has provided comparative information for the restructure of administrative arrangements that occurred on 1 September 2007 as transactions with owners in their capacity as owners rather than as a revenue item.

Other

Defence SA has early-adopted the September 2007 version of AASB 101 AASB 2007 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101) - this includes the preparation of a single Statement of Comprehensive Income.

In accordance with the new accounting standard AASB 1052, the amount of assets and liabilities reliably attributable to each activity has been disclosed.

Issued or amended but not yet effective

Except for amendments to AASB 101, which Defence SA has early-adopted, the AASs and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by Defence SA for the period ending 30 June 2009.

Defence SA has assessed the impact of the new and amended standards and Interpretations and considers there will be no impact on the accounting policies or the financial statements of Defence SA.

4. Activities of Defence SA

Activity information is prepared in conformity with the accounting policies of the entity as disclosed in Note 2.

In achieving its objectives Defence SA provides a range of services classified into the following activities:

Activity 1: Defence Industry Development

This activity incorporates delivery of strategy and policy, which in conjunction with the Defence SA Advisory Board provides leadership across government on all defence-related matters.

It also includes targeted business development opportunities and the agency's administrative, financial and other operational services. This activity seeks to support the growth of Defence and sustainable defence industries in South Australia - across the maritime, land, aerospace and electronics and weapons sectors.

Activity 2: Defence Precincts

This activity incorporates Defence SA's development and project delivery business areas, including activities relating to Techport Australia, the Secure Electronic Common User Facility (SECUF) and the Northern Lefevre Peninsula Masterplan.

It also includes targeted industry development initiatives at Edinburgh Defence Precinct and Technology Park and supporting expanded use of Defence's Cultana Training Area and Woomera Test Range.

This activity seeks to ensure world-class infrastructure to support the growth of Defence and sustainable defence industries in South Australia.

Activity 3: Workforce Development

This activity incorporates delivery of the State's workforce development commitments to the AWD project and integration of defence industry skills demand into whole-of-State workforce development planning and implementation initiatives.

This activity seeks to support South Australia in meeting the skill growth required to support Defence and defence industries, with particular focus on the immediate requirements of the AWD project.

This will be achieved through focused and innovative delivery of investment and skills attraction and development programs, appropriately integrated with whole of state workforce development efforts.

The disaggregated disclosures schedules present expenses, income, assets and liabilities information attributable to each of the activities for the 10 months to 30 June 2008 and for the year ended 30 June 2009.

5. Employee benefit expenses		2009	2008
	Note	\$'000	\$'000
Salaries and wages		3 609	2 678
Long service leave		10	75
Annual leave		290	255
Employment on-costs - superannuation		364	261
Employment on-costs - other		232	171
Board fees	29	296	259
Other employee related expenses		59	41
Total employee benefit expenses		4 860	3 740
Charged to capital projects		(1 189)	(908)
Total employee benefit expenses as per Statement of Comprehensive Income		3 671	2 832

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:

	2009	2008
	Number	Number
\$100 000 - \$109 999	4	1
\$110 000 - \$119 999	2	2
\$120 000 - \$129 999	1	-
\$130 000 - \$139 999	2	-
\$140 000 - \$149 999	1	3
\$150 000 - \$159 999	1	-
\$170 000 - \$179 999	1	1
\$180 000 - \$189 999	2	1
\$190 000 - \$199 999	1	-
\$230 000 - \$239 999	-	1
\$240 000 - \$249 999	1	-
\$250 000 - \$259 999	-	1
\$320 000 - \$329 999	1	-
\$370 000 - \$379 999	-	1
\$480 000 - \$489 999	1	-
Total number of employees	18	11

The table includes all employees who received remuneration of \$100 000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$3.123 million (\$1.995 million)

6.

Supplies and services

Supplies and services provided by entities within the SA Government:

Accommodation and service costs

Legal fees to Crown Solicitor's Office

Provision of corporate services under SLAs

Other

Total supplies and services - SA Government entities

2009

2008

\$'000

\$'000

293

102

96

136

103

135

189

96

681

469

Supplies and services provided by entities external to the SA Government:

Contractors

Consultants (refer below)

Legal fees

Staff development and recruitment

Travel and related expenses

Promotion and events

Property

Other expenses

Total supplies and services - non-SA Government entities

Total supplies and services

1 443

2 759

157

199

165

142

284

92

380

448

2 123

1 223

727

500

567

198

5 846

5 561

6 527

6 030

The total supplies and services amount disclosed includes GST amounts not recoverable from the ATO due to Defence SA not holding a valid tax invoice or payments relating to third-party arrangements.

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:

Below \$10 000

Between \$10 000 and \$50 000

Above \$50 000

Total paid/payable to the consultants engaged

2009

2008

Number

\$'000

Number

\$'000

2

10

3

4

3

82

2

26

1

65

2

169

6

157

7

199

7.

Depreciation and amortisation expense

Depreciation:

Buildings and improvements

Plant and equipment

Total depreciation

Amortisation:

Leasehold improvements

Total amortisation

Total depreciation and amortisation

Note

2009

2008

\$'000

\$'000

140

-

35

14

175

14

93

-

93

-

268

14

8.

Grants and subsidies

Grants and subsidies paid/payable to entities external to the SA Government:

Defence Teaming Centre

University of South Australia

Australian Submarine Corporation Pty Ltd

Defence Projects Pty Ltd and Techport Developments Pty Ltd

Total grants and subsidies - non-SA Government entities

670

316

-

257

5 140

22

63

-

5 873

595

9.

Other expenses

Other expenses paid/payable to entities within the SA Government:

Audit fees

Land tax and emergency services levy

Total other expenses - SA Government entities

10

37

62

44

693

81

755

Other expenses paid/payable to entities external to the SA Government:

Bad debts and allowances for doubtful debts

Total other expenses - non-SA Government entities

Total other expenses

19

76

-

76

-

157

755

10.

Auditor's remuneration

Audit fees paid/payable to the Auditor-General's Department:

Fees paid/payable for prior period audits

Fees paid/payable for the current reporting period

Total audit fees

-

27

37

35

37

62

No other services were provided by the Auditor-General's Department.

11. Revenues from fees and charges	2009	2008
Fees and charges received/receivable from entities external to the SA Government:	\$'000	\$'000
CUF priority access fee	594	-
Total fees and charges - non-SA Government entities	594	-
12. Grants		
Grants received/receivable from entities external to the SA Government:		
Australian Submarine Corporation Pty Ltd contribution to CUF extended dry berth	-	16 640
Total grants - non-SA Government entities	-	16 640
13. Net gain on disposal of non-current assets		
Proceeds from disposal of land	11 246	-
Less net book value of land disposed	(9 065)	-
Proceeds from disposal of plant and equipment	3	-
Total net gain from disposal of non-current assets	2 184	-
14. Techport Australia recoveries		
Techport Australia recoveries received/receivable from entities external to the SA Government:		
Commercial Campus recoveries*	3 263	-
Other Techport Australia recoveries	1 118	-
Total Techport recoveries	4 381	-
* Commercial Campus recoveries resulting from the transfer of the Commercial Campus development to a private developer.		
15. Property revenues		
Property revenues received/receivable from entities external to the SA Government:		
Rental income and recoveries	1 230	747
Total property revenues	1 230	747
16. Other income		
Other income received/receivable from entities within the SA Government:		
Transfers received - Department of Trade and Economic Development	-	494
Transfers received - Department of Further Education, Employment, Science and Technology	109	68
Other income	5	5
Total other income - SA Government entities	114	567
Other income received/receivable from entities external to the SA Government:		
Insurance recoveries	-	71
Contribution to Army Presence in South Australia study	84	-
Contribution to Northern Lefevre Peninsula headworks design	229	-
Other recoveries	91	52
Total other income - non-SA Government entities	404	123
Total other income	518	690
17. Revenues from/payments to SA Government		
Revenues from SA Government:		
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i>	16 000	15 697
Transfers received - Department of Treasury and Finance, contingencies	36	33
Total revenues from SA Government	16 036	15 730
Payments to SA Government:		
Other payments to the Consolidated Account*	(2 135)	-
Total payments to SA Government	(2 135)	-

* This amount represents the estimated net profit on sale of non-current assets.

Total revenues from SA Government consists of \$16 million (\$15.697 million) for operational funding. For details on the expenditure associated with the operational funding received refer to Notes 5 to 14. There was no material variation between the amount appropriated and the expenditure associated with this appropriation.

The original amount appropriated to Defence SA under the annual *Appropriation Act* was reduced as Defence SA used surplus cash balances from prior years. This funding strategy was approved by the Department of Treasury and Finance.

18. Cash	2009	2008
	\$'000	\$'000
Deposits with the Treasurer	7 810	43 623
Cash held in escrow	1 003	1 023
Total cash	8 813	44 646

Deposits with the Treasurer

Includes funds held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use, and can only be used in accordance with the Treasurer's/Under Treasurer's approval.

Interest rate risk

Exposure to interest rate risk may arise through interest bearing assets and liabilities. Deposits with the Treasurer and cash held in escrow are non-interest bearing. The carrying amount of cash represents net fair value.

Cash held in escrow

Cash held in escrow represents cash held for a specific purpose (land remediation) as per contract conditions. This cash is not available to fund other Defence SA activities.

19. Receivables	2009	2008
	\$'000	\$'000
Current receivables	468	178
Allowance for doubtful debts	(76)	-
GST input tax recoverable	3 354	2 907
Prepayments	35	206
Total current receivables	3 781	3 291

Receivables are due from non-SA Government entities.

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired.

An allowance for impairment loss has been recognised in 'Other expenses' in the Statement of Comprehensive Income for specific debtors for which such evidence exists.

Movement in the allowance for doubtful debts (impairment loss):	2009	2008
	\$'000	\$'000
Carrying amount at the beginning of the period	-	-
Increase in allowance	76	-
Amounts written off	-	-
Carrying amount at the end of the period	76	-

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing.

Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand.

20. Land classified as held-for-sale	2009	2008
	\$'000	\$'000
Carrying amount at the beginning of the period	1 644	-
Additions	17 135	1 644
Disposals (sales)	(9 065)	-
Land held-for-sale at the end of the period	9 714	1 644

Defence SA is undertaking remediation, development and subdivision of land parcels on the Lefevre Peninsula on a progressive basis. The value of land classified as held-for-sale represents those parcels available and likely to be settled within 12 months. The value recorded represents the acquisition and development costs of the land.

21. Property, plant and equipment	2009	2008
Land:	\$'000	\$'000
Land only holdings at cost	83 099	67 104
Site land	622	-
Total land	83 721	67 104
Buildings and improvements, plant and equipment:		
Buildings at cost	4 239	4 555
Accumulated depreciation at the end of the period	(140)	-
Total buildings	4 099	4 555

21. Property, plant and equipment (continued)	2009	2008
Leasehold improvements:	\$'000	\$'000
Leasehold improvements at cost	866	-
Accumulated amortisation at the end of the period	(93)	-
Total leasehold improvements	773	-
Plant and equipment:		
Plant and equipment at cost (deemed fair value)	510	97
Accumulated depreciation at the end of the period	(83)	(47)
Total plant and equipment	427	50
Total buildings and improvements, plant and equipment	5 299	4 605
Total property, plant and equipment at cost	89 336	71 756
Total accumulated depreciation/amortisation at the end of the period	(316)	(47)
Total property, plant and equipment	89 020	71 709

Impairment

There were no indications of impairment of property, plant and equipment as at 30 June 2009.

Reconciliation of property, plant and equipment

The following table shows the movement on property, plant and equipment during 2008-09.

	Land \$'000	Buildings \$'000	Leasehold improve- ments \$'000	Plant and equipment	Total assets
2008					
Acquisition through administrative restructuring	52 751	-	-	32	52 783
Additions	15 997	4 555	-	32	20 584
Assets reclassified to assets held-for-sale	(1 644)	-	-	-	(1 644)
Disposals	-	-	-	-	-
Depreciation/amortisation	-	-	-	(14)	(14)
Carrying amount at 30 June	67 104	4 555	-	50	71 709
2009					
Carrying amount at 1 July	67 104	4 555	-	50	71 709
Additions	33 752	80	866	255	34 953
Assets reclassified to assets held-for-sale	(17 135)	-	-	-	(17 135)
Disposals	-	-	-	-	-
Expense of non-capital items*	-	(239)	-	-	(239)
Assets class transfers	-	(157)	-	157	-
Depreciation/amortisation	-	(140)	(93)	(35)	(268)
Carrying amount at 30 June	83 721	4 099	773	427	89 020

* Minor items of furniture, fittings and equipment included in the amount capitalised for Maritime Skills Centre construction as at 30 June 2008 which do not meet the Defence SA capitalisation policy.

22. Capital works in progress	2009	2008
	\$'000	\$'000
The balance of capital works in progress as at the end of the reporting period	229 507	136 751

Capital works in progress includes:

- detailed planning and design and remediation and infrastructure headworks on development land
- detailed planning and design and development work associated with the construction of the CUF
- detailed planning and design of the leasehold improvements associated with the SECUF.

Reconciliation of capital works in progress

The following table shows the movement of capital works in progress during 2008-09.

	Improve- ments to freehold land \$'000	Harbour and port infra- structure \$'000	Buildings \$'000	Leasehold improve- ments \$'000	Total capital works in progress \$'000
2008					
Acquisition through administrative restructuring	4 569	17 280	1 469	-	23 318
Additions	8 900	105 898	3 364	-	118 162
Expense of prior year capital cost	-	-	(174)	-	(174)
Reclassified as property, plant and equipment	-	-	(4 555)	-	(4 555)
Carrying amount at 30 June	13 469	123 178	104	-	136 751
2009					
Carrying amount at 1 July	13 469	123 178	104	-	136 751
Additions	21 016	85 577	-	1 756	108 349
Reclassified as property, plant and equipment	(14 727)	-	-	(866)	(15 593)
Leasehold improvements transferred from buildings*	-	-	(82)	82	-
Carrying amount at 30 June	19 758	208 755	22	972	229 507

* Leasehold improvements included in buildings in the 2007-08 capital works in progress reconciliation.

23. Payables		2009	2008
Current:		\$'000	\$'000
Creditors and accrued expenses		4 697	19 097
Deposits on land sales		-	412
Employment on-costs		108	95
Total current payables		4 805	19 604
Government/non-government payables:			
Payables to SA Government entities:			
Creditors and accrued expenses		104	156
Employment on-costs		39	82
Total payables to other SA Government entities		143	238
Payables to non-SA Government entities:			
Creditors and accrued expenses		4 593	18 941
Deposits on land sales		-	412
Employment on-costs		69	13
Total payables to non-SA Government entities		4 662	19 366
Total payables		4 805	19 604

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

- (a) Maturity analysis of payables - refer Note 31.
(b) Categorisation of financial instruments and risk exposure information - refer Note 31.

24. Employee benefits			2009	2008
(a) Employee benefits			\$'000	\$'000
Current:	Note			
Accrued salaries and wages			112	60
Annual leave			285	201
Short-term long service leave			184	175
Total current employee benefits			581	436
Total employee benefits			581	436
(b) Employee benefits and related on-costs				
Accrued salaries and wages, annual leave and long service leave:				
Leave:				
On-costs included in payables	23		108	95
Provision for employee benefits	24(a)		581	436
Total accrued salaries and wages, annual leave and long service leave			689	531

As a result of an actuarial assessment performed by the Department of Treasury and Finance the salary inflation rate has been revised down by 0.5 percent from the 2008 rate of 4.5 percent. The net financial effect of the change is a decrease in the total leave liability and employee benefit expense of \$3000. The net financial effect of the change if adopted in a future year is not anticipated to be materially different.

25. Other liabilities		2009	2008
Current:		\$'000	\$'000
Lease incentive		21	-
Total current other liabilities		21	-
Non-current other liabilities:			
Lease incentive		126	-
Total non-current other liabilities		126	-
Total other liabilities		147	-

Lease liabilities are due to non-SA Government entities and are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

26. Contributed capital			
Contributed capital received represents equity contribution from the SA Government under Appropriation Acts to fund the investing activities of Defence SA. Contributed capital repaid represents the purchase price and cost of development of land sold during the year originally funded from contributed capital.			

27. Unrecognised contractual commitments**Capital commitments**

Capital expenditure contracted for, as at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:

	2009 \$'000	2008 \$'000
Within one year	36 664	119 767
Later than one year but not longer than five years	5 835	12 044
Total capital commitments	42 499	131 811

Defence SA's capital commitments are to various contractors providing design and construction services for the CUF and Supplier Precinct at Techport Australia.

Operating commitments

Operating expenditure contracted for, as at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:

	2009 \$'000	2008 \$'000
Within one year	1 436	1 445
Later than one year but not longer than five years	3 800	1 175
Total operating commitments	5 236	2 620

Defence SA's operating commitments reflect grant and fee for service contracts for defence industry development and specialist technical and engineering advice.

Remuneration commitments

Commitments for the payment of salaries and other remuneration under fixed term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:

	2009 \$'000	2008 \$'000
Within one year	3 837	3 184
Later than one year but not longer than five years	5 260	1 848
Total remuneration commitments	9 097	5 032

Amounts disclosed include commitments arising from executive and other service contracts. Defence SA does not offer fixed term remuneration contracts greater than five years.

28. Contingent assets and liabilities**Contingent assets to which no value can be assigned**

Defence SA holds performance guarantees issued on behalf of a number of contractors which can be exercised in the event that the respective contractors fail to deliver in terms of their contractual arrangements. Defence SA is entitled to claim liquidated damages from the CUF construction managing contractor as a result of a delay in completion of the dredging component of the contract. A liquidated damages claim has been served by Defence SA, however the loss to Defence SA cannot be reliably estimated at present.

Contingent liabilities to which a value can be assigned

	2009 \$'000	2008 \$'000
Contingent liability to which a value can be assigned	14 706	1 909
Total	14 706	1 909

Techport Australia Commercial Campus (Stage One)

Defence SA facilitated the private sector delivery of the Techport Australia Commercial Campus, pursuant to its commitments to the AWD project and development of Techport Australia as Australia's premier naval industry hub. Stage One development includes the AWD Alliance's, AWD Systems Centre, Raytheon Australia's SA Engineering Centre, and supporting commercial and retail accommodation. Related agreements require:

- Defence SA to provide accommodation assistance to ASC AWD Shipbuilder Pty Ltd with payments commencing upon occupation of the facility in 2010. The State's exposure is approximately \$6.381 million
- Defence SA to accept a novation of the residual lease period should ASC AWD Shipbuilder Pty Ltd elect to vacate the premises between November 2019 and expiration of its initial 10 year lease term, which is considered unlikely. The State's exposure is approximately \$200 000 per calendar month (2008 dollars) for the novation period which is not expected to exceed 12 months
- Defence SA to provide a contribution to the fitout costs incurred by the developer in establishing the facility. Defence SA's exposure is limited to \$5.925 million.

Payment is contingent on completion of the facility and occupation by the tenants.

Contingent liabilities to which no value can be assigned**Air Warfare Destroyer project - Common User Facility**

The State has entered into an agreement with the Commonwealth for the construction of a CUF at Osborne to support ASC AWD Shipbuilder Pty Ltd in the construction of three AWDs for the Royal Australian Navy. The agreement indemnifies the Commonwealth from any third-party losses or damages arising from a failure by the State to complete the CUF in accordance with the agreed design and schedule or meet the agreed performance criteria. The likelihood of non-performance is considered remote, and the State's exposure is capped at \$320 million.

29. Remuneration of Board and Committee members and related party disclosure

Members of the Defence SA Advisory Board during the financial year were:

GEN P Cosgrove, AC, MC	AM L Fisher, AO
Hon M Rann, MP *	B Laughton
Hon K Foley, MP *	Dr I Chessell
N Adler, AC (ceased 31 August 2008)	RADM (Rtd) T Ruting, AM, CSC, RANR
Professor Hon Kim Beazley, AC (appointed 1 January 2009)	VADM (Rtd) D Shackleton, AO
M Kinnaird, AC	A Fletcher **
LTGEN P Leahy AC (appointed 14 October 2008)	P Young (ceased 31 August 2008)

Members of the Audit and Risk Management Committee during the financial year were:

P Robertson (independent member)	C McSporran **
B Laughton (independent member)	M Mitchell **
A Blaskett (independent member) **	

	2009 Number	2008 Number
The number of members whose remuneration received or receivable falls within the following bands is:		
\$1 - \$9 999	3	1
\$10 000 - \$19 999	1	1
\$20 000 - \$29 999	1	6
\$30 000 - \$39 999	6	-
\$40 000 - \$49 999	-	1
\$50 000 - \$59 999	-	1
\$60 000 - \$69 999	1	-
	12	10

Remuneration of members reflects all costs of performing Board member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. Total income received, or due and receivable, by Board and Committee members was \$320 000 (\$280 000), plus Defence SA compulsory superannuation contributions of \$24 000 (\$21 000). Other expenses of Advisory Board members were \$203 000 (\$152 000).

* The Premier and Deputy Premier did not receive any remuneration for Board/Committee duties during the period.

** In accordance with the Department of the Premier and Cabinet Circular 16, government employees did not receive any remuneration for Board/Committee duties during the financial year.

Unless otherwise disclosed, transactions between related parties are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

RADM (Rtd) T Ruting also provided services to Defence SA on a contract basis. Total contractual payments for the period were \$13 550.

AM Les Fisher, AO is Chairman of Aerospace Australia Limited. Defence SA participated in the Australian International Airshow and Aerospace and Defence Exposition in March 2009, which is an event managed by Aerospace Australia Limited.

30. Cash flow reconciliation

		2009 \$'000	2008 \$'000
Reconciliation of cash - cash at 30 June as per:	Note		
Statement of Financial Position		8 813	44 646
Statement of Cash Flows		8 813	44 646
Reconciliation of net cash provided by operating activities to net (cost) surplus from provision of services:			
Net cash provided by operating activities		2 321	23 773
Revenues from SA Government	17	(16 036)	(15 730)
Payments to SA Government	17	2 135	-

30. Cash flow reconciliation (continued)

	Note	2009 \$'000	2008 \$'000
<i>Add (Less): non-cash items:</i>			
Payables assumed on restructure		-	339
Receivables assumed on restructure		-	(504)
Employee benefits assumed on restructure		-	279
Depreciation and amortisation expense of non-current assets	7	(268)	(14)
Prior period capital work in progress expensed		-	(174)
Gain on sale of non-current assets	13	2 184	-
Non-current assets accrual in payables		(12 922)	16 599
<i>Movement in Assets/Liabilities:</i>			
Increase in receivables	19	490	3 291
Decrease (Increase) in payables	23	14 799	(19 599)
Increase in employee benefits	24	(145)	(409)
Increase in other liabilities	25	(147)	-
Net (cost) surplus from provision of services for operating activities		(7 589)	7 851

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.

	Note	2009 Carrying amount \$'000	2008 Carrying amount \$'000
<i>Financial assets:</i>			
Cash	18,30	8 813	44 646
Receivables (at cost) ⁽¹⁾	19	427	178
<i>Financial liabilities:</i>			
Payables (at cost) ⁽¹⁾	23	4 354	17 884

(1) Receivable and payable amounts disclosed here exclude amounts relating to GST receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax etc they would be excluded from the disclosure. The standard defines contracts as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost) except for employee on-costs which are determined via reference to the employee benefit liability to which they relate.

Credit risk

Credit risk arises when there is the possibility of Defence SA's debtors defaulting on their contractual obligations resulting in financial loss to Defence SA. Defence SA measures credit risk on a fair value basis and monitors risk on a regular basis.

Defence SA has minimal concentration of credit risk. Defence SA has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. Defence SA does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently Defence SA does not hold any collateral as security to any of its financial assets. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer to Note 19 for information on the allowance for the impairment in relation to receivables.

Ageing analysis of financial assets past due including impaired assets

The following table discloses the ageing of financial assets, past due, including impaired assets past due.

	Past Due By			
	Overdue for less than 30 Days \$'000	Overdue for 30-60 Days \$'000	Overdue for more than 60 Days \$'000	Total \$'000
2009				
Not impaired:				
Receivables*	-	-	-	-
Impaired:				
Receivables*	-	-	127	127

* Amount of receivables disclosed here excludes statutory receivables (amounts owing from/to) SA Government and GST input tax credit payable and recoverable). They are carried at cost.

Maturity analysis of financial assets and liabilities

All Defence SA financial assets and liabilities mature within one year.

Liquidity risk

Defence SA is funded principally from appropriations by the SA Government. Defence SA works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The continued existence of Defence SA is dependent on SA Government policy and on continuing appropriations by Parliament for the administration and programs of Defence SA. Defence SA settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The exposure of Defence SA to liquidity risk is insignificant based on past experience and current assessment of risk.

Market risk

Defence SA has no interest bearing assets or liabilities. There is no exposure to foreign currency or other price risks as all significant contracts are in Australian dollars.

Sensitivity analysis disclosure

A sensitivity analysis has not been undertaken for interest rate risk given the immaterial exposure.

32. Events after the end of the reporting period

On 7 September 2009 Cabinet approved the transfer of the majority of the assets, land holdings and operational responsibility (\$44.310 million) of Technology Park from the Land Management Corporation to Defence SA, to take effect 1 October 2009.

DEPARTMENT OF EDUCATION AND CHILDREN'S SERVICES

FUNCTIONAL RESPONSIBILITY

Establishment

The Department of Education and Children's Services (DECS) is an administrative unit established pursuant to the PSM Act, and is responsible to the Minister for Education.

Functions

DECS' main function is to establish and operate Government schools that provide preschool, primary and secondary education.

DECS also administers certain activities on behalf of the Minister for Education. The principal administered activity is the payment of the State and Commonwealth Government contributions to non-Government schools. For more information about DECS' functions 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 DECS 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 DECS 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 2008-09, specific areas of audit attention included:

- payroll
- expenditure and accounts payable
- maintenance of school buildings
- grants to non-Government organisations.

An understanding of internal audit activities has been obtained in order to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures. Use has been made of the work performed by internal audit in the following areas:

- Audit of school enrolment data used to determine the amount of funding provided to each Government school.
- Audit of Government schools performed by contractors appointed, managed and monitored by the Department's internal auditor.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Education and Children's Services as at 30 June 2009, 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

Audit formed the opinion that the controls exercised by the Department of Education and Children's Services in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to payroll, accounts payable and general ledger processing, as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Department have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive, DECS and the Executive Director, Shared Services SA (SSSA). Responses to the management letters were generally considered to be satisfactory. Major matters raised with DECS and SSSA and the related responses are detailed below.

Implementation of the revised TIs 2 and 28:

With effect from 1 July 2008, the Treasurer issued a revised TI 2 and a new TI 28.

TI 2 requires agencies to develop, implement, document and maintain policies, procedures, systems and internal controls in relation to financial management and to review these arrangements at least annually.

TI 28 requires agencies to develop, implement, document and maintain a financial management compliance program (FMCP). This FMCP must include an assessment of the adequacy of relevant policies, procedures, systems, internal controls, risk management, financial reporting and management reporting.

In May 2009 DECS developed a draft financial management compliance framework to support its compliance with the new and revised TIs. The draft financial management compliance framework:

- provides a broad outline of DECS' FMCP
- assigns DECS' Prudential Management and Audit Committee (PMAC) with responsibility for oversight of the FMCP, including monitoring of compliance failures. The Prudential Management and Audit Committee reports to the Chief Executive through the Deputy Chief Executive, Resources.

Reflecting its organisation structure, DECS' FMCP distinguishes between corporate compliance and site compliance (schools).

Key elements of DECS' corporate compliance program include:

- customised self-assessment FMCP checklists to be completed by specified senior executive and program managers
- annual internal control questionnaires (ICQs) on the effectiveness of controls over financial reporting, to be completed by specified senior personnel.
- verification audits of compliance.

Key elements of DECS' site compliance program include:

- annual ICQs for site leaders
- annual audit of financial statements prepared by schools and preschools
- annual enrolment audits (survey and census) to ensure that enrolment data provided by sites is accurate.

DECS staff recently completed the corporate FMCP checklists and ICQs and the 2008 site ICQs are scheduled for completion and review by October 2009. Audit will review the results of this work in 2009-10.

Payroll

Processing changes to Valeo

DECS payroll controls require pay clerks to check that input forms, which are processed and provided to them by another pay clerk, are valid and accurately processed.

Audit has previously noted that this control does not provide assurance that all changes actually processed are checked for validity and accuracy.

In July 2008 Audit recommended that DECS either:

- produce an output report of all changes processed by pay clerks which is subject to verification by another pay clerk against selected source documents, or
- establish a computer system control which requires pay clerks to verify and accept data processed on-line by another pay clerk.

Responsibility for payroll processing for DECS employees was transferred to SSSA on 13 October 2008. SSSA have adopted the policies, procedures and practices previously adopted by DECS.

Audit noted that while DECS had approved the use of a system output report, this control had yet to be implemented by SSSA.

SSSA responded that it is currently liaising with DECS on the implementation of a system output report and that testing of this report is expected to be completed by 31 July 2009.

Authenticating input forms

In prior years Audit identified that pay clerks do not ensure that payroll input forms are approved by an officer with delegated authority and has previously recommended that DECS:

- establish controls to authenticate the identity of officers approving changes to employee's payroll and leave files
- consider implementing electronic forms and approvals.

Review of controls in place following the transition to shared services concluded that SSSA pay clerks continue to process payroll input forms without authenticating the identity of the officer approving changes to employee payroll and leave files.

DECS has acknowledged the need to establish controls to authenticate input forms but has identified practical difficulties in doing so in an environment where authority is delegated to managers dispersed over more than 1000 sites.

During 2008-09 DECS started using the Vacancy, Separation and Placement (VSP) system to electronically submit appointments for teaching and non-teaching staff and changes in time for non-teaching staff.

DECS has advised that a system to support electronic leave form submission and approval is scheduled for 2010 and anticipates that this system will form the basis for future electronic forms and approvals.

Monitoring of payroll processing

Audit noted that SSSA has not implemented controls which ensure that it processes all payroll input forms in a timely manner.

Audit was advised that prior to January 2009 SSSA was about three months behind in processing leave applications.

While Audit acknowledged that the transition to shared services occurred in mid October 2008 and that December/January is a peak period for DECS payroll processing, Audit recommended that SSSA implement controls to monitor the timely processing of payroll data.

SSSA responded that the processing of leave applications is now up to date and that it has implemented a tracking tool to monitor work inputs received or processed each pay period.

Outstanding bona fide reports

DECS site managers are required to review and certify the completeness and accuracy of fortnightly bona fide reports. This certification provides DECS with assurance that only valid employees are paid and that employees are paid in accordance with the terms of their appointment.

To monitor compliance with this policy, DECS requires site managers to return the certified bona fide reports to the DECS Employment Services Unit (ESU) for six specified fortnightly pay periods. The specified pay periods represent DECS' assessment of the dates at which errors are most likely to occur.

Audit noted that about 12 percent of bona fide reports (725/6086) were outstanding as at 15 May 2009.

Audit recommended that DECS remind site managers of the requirement to check and return specified bona fide reports and follow up the outstanding bona fide reports.

In August 2009 DECS advised that the ESU have followed up the outstanding bona fide reports and that, as at 21 July 2009, only three percent of bona fides remained outstanding.

Monitoring of outstanding bona fide reports

As noted, DECS requires site managers to return certified bona fide reports to the DECS ESU for six specified fortnightly pay periods.

DECS procedures require the ESU to write to the applicable Regional Director if the certified bona fide report is not received after 14 days.

Audit noted that as at 15 May 2009 the ESU had not written to any Regional Director with regards to the 725 bona fide reports outstanding as at 15 May 2009.

DECS responded that all relevant Regional Directors have now received reminder notices for outstanding bona fides reports and that any future electronic bona fide system (see below) will incorporate the use of automatic reminder notices.

Electronic reporting of bona fide reports

As noted, site managers are required to certify the completeness and accuracy of fortnightly bona fide reports. To monitor compliance with this policy, DECS requires site managers to return certified bona fide reports to the DECS ESU for six specified fortnightly pay periods.

While Audit acknowledged that these six specified pay periods represent DECS' assessment of the dates at which errors are most likely to occur, implementation of this policy means that compliance with it is only checked for 23 percent (6/26) of all bona fide reports issued.

Audit has previously recommended the use of electronic bona fide reports which could be reviewed and certified by site managers and returned to the ESU. The use of electronic bona fide reports could support a 100 percent check on compliance with DECS policy.

DECS responded that it is currently developing an electronic bona fide certificate system to simplify the certification process and that it has scheduled a system trial for Term 3, 2009. Full system implementation is scheduled for Term 1, 2010.

Outstanding monthly leave returns and flexi sheets

Worksite managers are required to submit to the DECS ESU:

- monthly leave returns (MLRs) for all staff located at schools, pre-schools, child parent centres and kindergartens (school sites)
- an approved monthly flexi-time record sheet (flexi sheet) for staff located at non-school sites that are on flexible working time arrangements.

The submission of MLRs or monthly flexi sheets enables a comparison with leave recorded in the Valeo payroll system which provides:

- assurance that all leave taken by employees has been deducted from their leave entitlement
- worksite managers with reliable leave information to support their approval of future leave applications.

The ESU maintains a register of outstanding MLRs and flexi sheets.

Audit noted that approximately 31 percent of all MLRs and flexi sheets due in 2008-09 remain outstanding as at 15 May 2009. These statistics are consistent with those identified in past years.

Audit also noted that nine percent of MLRs due for the period 1 January 2008 to 30 June 2008 remain outstanding or uncorrected.

DECS has acknowledged the importance of improving the return rates for MLRs and flexi sheets and indicated that it has made a significant effort to obtain and process the outstanding returns. DECS has also indicated that it plans to implement an electronic monthly leave return system during 2010.

Accounts payable

Variation to service expectations

Responsibility for invoice processing was transferred to SSSA on 21 July 2008. The services that SSSA are expected to perform are outlined in a service level determination, 'Procurement Services – Accounts Payable' Service Summary and accompanying Operating Level Responsibilities (OLR) documents. These service expectations were agreed to by both agencies in May 2008.

The authentication of payment approval is an important element of control designed to provide assurance that payments are valid and approved in accordance with delegations of authority.

The importance of this control is reflected in the approved Service Summary and supporting OLR which specify that SSSA must check that invoices are approved in accordance with DECS' delegations of authority before payment.

In particular the Service Summary requires SSSA:

- to maintain a register of DECS' officers with authority to approve payments. This register is based on information provided by DECS and is expected to include the position, delegation limit and specimen signatures of authorised officers
- to check that invoices are approved in accordance with DECS' delegations of authority.

On 18 July 2008, immediately prior to the transfer of services, DECS and SSSA varied the agreed service expectations and implemented the following arrangements:

- DECS' account client services officers (CSOs) check that invoices are approved for payment by an officer with delegated authority.
- Invoices are forwarded to SSSA who check that invoices are signed or initialled by the Minister or a specified list of DECS' staff (senior executive or CSOs). CSOs do not have delegated authority to approve payments.

The variation was implemented to enable DECS to retain responsibility for ensuring invoices are approved in accordance with DECS' delegations of authority.

Audit noted however that this variation was not approved by the Deputy Chief Executive, Resources and Executive Director, SSSA as required by clause 9.5 of the Service Level Determination.

Audit recommended that DECS and SSSA clarify these service expectations and ensure that any amendments to the Service Summary are approved in accordance with the Service Level Determination.

DECS responded that it has scheduled a meeting with the appropriate SSSA personnel to clarify the service expectations. The response indicates that SSSA will ensure that invoices are approved in accordance with DECS delegations of authority.

Authentication of payment approval and use of specimen signatures

As previously noted, DECS and SSSA varied the agreed service expectations so that DECS' account CSOs are expected to check that invoices are approved for payment in accordance with DECS' delegations before processing by SSSA.

The authentication of payment approval is an important element of control designed to provide assurance that payments are valid and approved in accordance with delegations of authority.

Audit noted however DECS CSOs do not authenticate the signature of the officer approving invoices for payment.

Audit recommended that DECS implement controls which authenticate the identify of officers approving invoices for payment using either specimen signatures or electronic approval mechanisms.

DECS responded that it intends to develop a register of authorised officers, including their limits and specimen signatures, in line with the service summary. Once established SSSA will maintain this register and will authenticate the signature of DECS' officers approving invoices for payment.

School maintenance

Development and documentation of a Service Level Agreement with Department for Transport, Energy and Infrastructure

Audit noted that DECS has not developed and documented a service level agreement with the Department of Transport, Energy and Infrastructure (DTEI) for the provision of facilities management services.

DTEI provides DECS with facilities management services pursuant to a Service Level Agreement (SLA) between the former Department of Education, Training and Employment and the former Department for Administrative and Information Services (DAIS).

Audit recommended that DECS liaise with DTEI to develop and document a service level agreement with DTEI for the provision of facilities management services.

Audit also noted that the existing SLA does not detail the specific tasks, roles and responsibilities of both DECS (including school sites) and DTEI.

The specific tasks, roles and responsibilities that are not documented in the existing SLA include:

- response times for breakdown maintenance (metropolitan and country)
- responsibility for ensuring written quotes are reviewed by school sites before work is started
- approval to incur expenditure
- responsibility for verifying the quality of work performed
- review and certification of customer service reports by school sites
- timelines for processing and approving payment of contractor invoices
- monitoring and reporting on sub contractor performance, including audits of charges.

Audit recommended that DECS liaise with DTEI to develop a detailed service summary for DTEI's provision of facilities management services.

The Department advised that it has prepared a draft SLA and intends finalising the agreement before the start of the 2010 school year. It also indicated it will highlight the specific tasks, roles and responsibilities of DTEI, DECS and the sites in the new agreement.

Certification of school maintenance charges (metropolitan sites)

Breakdown maintenance on schools is performed by various trades under contract with DTEI's contracted Facilities Manager.

These maintenance contractors are required to provide schools with a Customer Service Report (CSR) on completion of work. Schools are expected to review and certify the accuracy of the CSR, which specifies the labour hours claimed and materials used.

Contractor invoices are paid by DTEI's Facilities Manager, who recharges DTEI for this work. DTEI then recharges DECS for work performed.

For maintenance on metropolitan schools, the details of completed maintenance work are recorded by the Facilities Manager on DTEI's Fixed Asset Management Information System (FAMIS) prior to payment. Information recorded on FAMIS includes the labour hours claimed and materials used.

Prior to payment by DTEI's Facilities Manager, schools are expected to review the recorded maintenance charge against the CSR and, if appropriate, approve the validity of maintenance charges recorded on FAMIS. Site approval represents the Facilities Manager's authorisation to pay the contractor.

Undisputed charges that are not approved within 10 days are automatically paid by the Facilities Manager.

The schools' review of information recorded in FAMIS provides DECS with assurance that it is only recharged for actual breakdown maintenance performed (including actual hours worked and materials used).

Audit noted that schools have only actively reviewed and approved about 53 percent (\$22 million) of school maintenance charges. The remaining 47 percent or \$19.6 million of school maintenance charges were paid by the Facilities Manager, and therefore DECS, without assurance that the invoice accurately reflected actual work performed.

In prior years discussion with school officers who did not approve maintenance payments in FAMIS indicated that they preferred to rely on their review of monthly site financial reports to ensure the school was only charged for valid maintenance activity.

Audit noted however that:

- maintenance charges may not appear on the monthly site financial report until some time after work was performed, reducing a school's capacity to challenge the validity of maintenance charges
- DECS does not monitor schools' review of the monthly management report for validity of maintenance charges
- neither DECS nor DTEI monitor the extent of maintenance disputes arising from schools' review of the monthly management reports.

Audit recommended that DECS remind schools of their responsibility to review and approve payments recorded in FAMIS.

In response to the recommendation the Department advised that the risk arising from the audit finding was assessed as low and that reminders will be forwarded to principals and preschool directors at the start of each school year.

General ledger processing

Assurance that work is performed by Shared Services SA

Responsibility for processing DECS payroll, accounts payable and accounts receivable transactions was transferred to SSSA from August 2008 and SSSA are now responsible for preparing a number of general ledger reconciliations previously performed by DECS.

Prior to the transition to shared services DECS obtained assurance that general ledger reconciliations were regularly performed by requiring applicable DECS staff to prepare and sign a Performance Management Certificate. Reconciliations and Performance Management Certificates were generally performed monthly and returned to the DECS finance unit to ensure reconciliations were up to date.

These arrangements do not apply to reconciliations performed by SSSA.

Audit noted that Tranche 2 of the shared services transition is scheduled for June 2009 and will include the transfer of responsibility for the preparation and review of the majority of DECS' general ledger reconciliations.

Audit recommended that DECS liaise with SSSA and implement procedures that will provide DECS with assurance that all reconciliations have been performed and reconciling items resolved.

The Department advised that it will work with SSSA to establish arrangements which provide the Department with assurance that reconciliations are performed and outstanding items are investigated and resolved.

Bank reconciliations

Audit review of DECS' monthly reconciliation of its operating and salaries bank accounts to the general ledger identified a number of long outstanding reconciling items.

Audit recommended that DECS investigate and resolve all outstanding reconciling items.

As at 30 June 2009 DECS had reduced the number of outstanding reconciling items and has indicated all remaining items will be resolved during 2009-10.

Reconciliations performed by International Education Services

The International Education Services (IES) unit is responsible for managing DECS' overseas student programs. These programs include tuition courses, tailored study tours for overseas students and arranging rental accommodation for overseas students.

To support these activities the IES maintains a number of databases which record:

- receipts from overseas students, schools and study tour groups
- payments to schools, agents and suppliers.

Each month IES reconcile the balance of receipts and payments recorded in these databases to the balances recorded in the general ledger.

In March 2009 Audit noted that the reconciliations performed for November 2008 included a number of unexplained reconciling items dating back as far as July 2005.

Audit recommended that DECS investigate and resolve the unexplained variances.

In response DECS has contracted a private accounting firm to assist IES resolve all outstanding reconciling items.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

The following commentary relates to the consolidated entity (including schools).

Highlights of the financial statements

	2009 \$'million	2008 \$'million
INCOME		
Commonwealth revenue	323	249
Student and other fees	120	111
Other	100	123
Total Income	543	483
EXPENSES		
Employee benefit expenses	1 584	1 553
Supplies and services	548	536
Other expenses	88	93
Total expenses	2 220	2 182
Net cost of providing services	1 677	1 699
Revenues from (payments to) SA Government	1 745	1 724
Net result	68	25
OTHER COMPREHENSIVE INCOME		
Revaluation of property, plant and equipment	64	401
Total comprehensive result	132	426
NET CASH PROVIDED BY OPERATING ACTIVITIES	140	126
ASSETS		
Current assets	525	440
Non-current assets	2 738	2 689
Total assets	3 263	3 129
LIABILITIES		
Current liabilities	247	265
Non-current liabilities	448	428
Total liabilities	695	693
EQUITY	2 568	2 436

Statement of Comprehensive Income

Employee benefits expense increased by \$31 million to \$1.584 billion due mainly to enterprise bargaining increases during 2008-09 and the recognition, for the first time, of a liability for country incentive leave.

Commonwealth revenues increased by \$74 million to \$323 million due mainly to the one-off receipt of \$58 million associated with the Commonwealth governments economic stimulus package for the Building the Education Revolution (BER).

Revenues from the SA Government increased by \$21 million to \$1.745 billion principally to fund increases in salaries and wages.

Statement of Financial Position

Cash increased by \$96 million to \$482 million due mainly to the receipt of \$60 million from the Commonwealth for the BER. The Department is expecting to spend most of this cash during 2009-10.

Non-current assets increased by \$49 million due mainly to an increase in the value of land and construction of new school facilities, offset by annual depreciation charges.

As at 30 June 2009 the employee benefits and related on-cost liability of \$529 million (\$494 million) comprised 76 percent (71 percent) of total liabilities. The liability for unsettled workers compensation claims comprised a further 14 percent (15 percent) of total liabilities.

As at 30 June 2009 the Department employed the following full time equivalent employees (FTEs) by category:

	2009 FTE	2008 FTE
Department		
<i>Education Act 1972</i>	13 790	13 731
Schools Services Officers Award	3 787	3 757
<i>Children's Services Act 1985</i>	941	941
<i>PSM Act</i>	1 186	1 244
Weekly paid	325	325
Other	235	236
Total	20 264	20 234
Administered Activities		
<i>PSM Act</i>	9	9
<i>Education Act</i>	6	7
Other	-	-
Total	15	16

Statement of Cash Flows

The following table summarises the net cash flows for the two years to 2009.

	2009 \$'million	2008 \$'million
Net cash flows		
Operating	140	126
Investing	(44)	(77)
Financing	-	(2)
Increase in cash	96	47
Cash at 30 June	482	386

Administered items

The Department administers certain funds on behalf of the Minister for Education. The funds are received from the Commonwealth and SA Governments and used mainly to pay:

- grants to non-government schools of \$685 million (\$626 million)
- subsidies of \$16 million (\$11 million) to the Public Transport Division of DTEI for student travel concessions on metropolitan and country transport services
- an operating grant to the SACE Board of South Australia of \$13 million (\$12 million).

Grants to non-government schools included \$135 million (\$129 million) in State grants. The grants were based principally on the average annual enrolment of the schools and the 'needs' of the schools and their students.

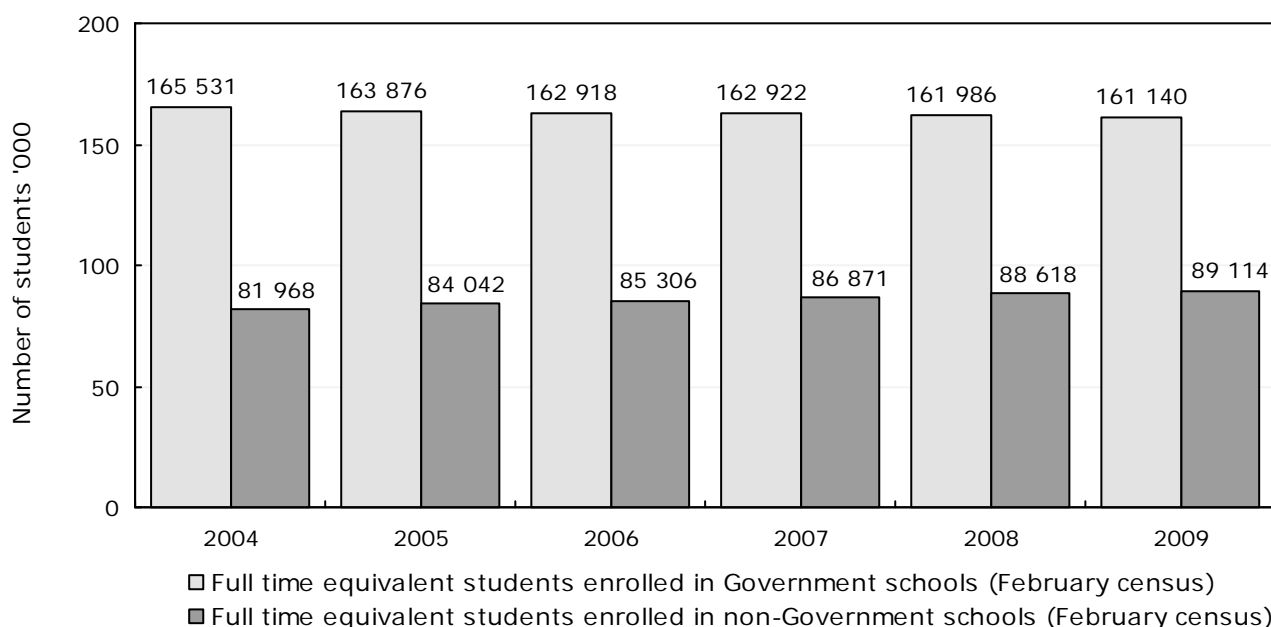
The 'needs' of the schools and their students took into account the following elements:

- special needs students
- social equity
- non-English speaking background/Aboriginality
- fee remission
- boarding
- index of rurality
- interest subsidy
- index of disadvantage.

FURTHER COMMENTARY ON OPERATIONS

Student enrolments

The following chart shows the gradual shift of enrolled full time equivalent students from government schools to non-government schools. The chart includes fee paying overseas students.



Revised Commonwealth funding arrangements

At its meeting on 29 November 2008 the Council of Australian Governments (COAG) endorsed the implementation of the Intergovernmental Agreement on Federal Financial Relations (IGA).

The IGA came into operation from 1 January 2009 and replaced the previous Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations.

The IGA provides the framework for the Commonwealth's financial relations with the states and 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 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 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 paid to the Department of Treasury and Finance, which is then responsible for distributing funds to DECS.

During 2008-09 Commonwealth funding to DECS was provided under both the previous financial arrangements and, from 1 January 2009, under the new arrangements prescribed in the IGA.

DECS have recognised all funding received under the previous and current Commonwealth funding arrangements as Commonwealth revenues. In future years DECS is expected to recognise funding received under the revised IGA as State funding.

Building the Education Revolution

In February 2009 the Commonwealth and state governments signed the 'National Partnership Agreement on the Nation Building and Jobs Plan: Building Prosperity for the Future and Supporting Jobs Now'.

This National Partnership Agreement (NPA) was aimed at providing nationwide economic stimulus in response to the global economic recession. The Agreement involved the provision of funding for targeted capital purposes including the construction of new school facilities and refurbishment of existing schools. The schools component of the Agreement is known as 'Building the Education Revolution' (BER).

The BER comprises the following three elements:

1. Primary schools for the 21st Century

All Australian primary schools, K-12 schools (primary school component) and special schools were eligible to apply for funding to support the construction of new buildings such as libraries and multipurpose halls, or the upgrade of existing facilities.

It is the Commonwealth's intention that all primary schools (with some exceptions) will receive a funding allocation based on school size (number of students).

The Commonwealth and DECS have prioritised projects over three funding rounds, with schools that demonstrate capacity to build immediately included in the first round.

For the three completed funding rounds, the Commonwealth has approved 720 projects totalling \$824 million.

As at 30 June 2009 DECS had received \$37 million for approved projects but had yet to incur expenditure on these projects. In accordance with the requirements of the NPA, all projects must be completed by March 2011.

2. Science and language centres for the 21st Century secondary schools

Funding will be provided to secondary schools for the construction of new science laboratories or language learning centres.

Funding for the Science and Language Centres for the 21st Century secondary schools was approved through a one-off competitive grants process.

The Commonwealth has approved funding of \$48 million for 40 DECS projects. DECS is scheduled to start receiving funding for these projects during 2009-10, with all projects scheduled for completion by 30 June 2010.

3. National school pride (NSP)

All Australian schools were eligible to apply for funding for minor capital works and maintenance projects. For the two completed funding rounds, the Commonwealth has approved 920 projects totalling \$72.9 million. As at 30 June 2009 DECS had received \$22.6 million in NSP funding and had spent \$23.9 million associated with these projects. The majority of NSP payments were paid to schools that are expected to spend this money during the 2009 calendar year. In accordance with the requirements of the NPA, all projects must be completed by February 2010.

BER projects associated with the first two elements are to be administered by DECS corporate office and DTEI using existing project management arrangements. The majority of NSP projects are to be administered by schools.

Public Private Partnership - New Schools

This project titled 'Education Works - New Schools Project' involves the development of six new schools on separate campuses, providing education from birth through to Year 12. The schools will be located across the northern and western suburbs of Adelaide.

In March 2009, Cabinet approved 'Pinnacle Education as Preferred Proponent for the Education Works - New Schools Project'. Following successful negotiations with Pinnacle Education in regard to a number of financial and technical issues Cabinet, on 22 June 2009, approved a delegation to the Treasurer to approve and execute Project Agreements with Pinnacle Education for the construction and operation of the six new schools under a Public Private Partnership (PPP) arrangement.

Contractual close of the Education Works New Schools PPP Project was achieved in early July 2009. The total value of the contracts of \$323 million (net present cost) represents the cost of construction, management and maintenance of the schools over a 30 year period. The planned commissioning of schools is to occur from Term 4, 2010 to Term 2, 2011.

Expenditure for the year on the Education Works Program which includes the costs of the PPP New Schools Project totalled \$3.9 million for 2008-09. This comprised \$1.7 million for consultants and other government agency assistance, and \$2.2 million relating to Departmental project management and administration.

Project costs to date were \$9.6 million (\$3.9 million, consultants and other government agency assistance and \$5.7 million, Departmental project management and administration).

Statement of Comprehensive Income for the year ended 30 June 2009

		Consolidated		DECS	
		2009	2008	2009	2008
	Note	\$'000	\$'000	\$'000	\$'000
EXPENSES:					
Employee benefit expenses	5	1 583 639	1 552 771	1 557 796	1 530 326
Supplies and services	6	547 876	536 175	320 108	294 153
Grants and subsidies	7	15 083	16 320	126 498	123 390
Depreciation and amortisation expense	8	69 547	62 439	66 756	59 423
Borrowing costs		96	187	35	183
Other expenses	9	3 468	14 356	1 215	11 728
Total expenses		2 219 709	2 182 248	2 072 408	2 019 203
INCOME:					
Commonwealth revenues	10	323 438	248 544	323 438	248 544
Student and other fees and charges	11	119 969	110 933	19 181	19 326
Other grants and contributions		44 251	62 148	13 969	18 213
Interest revenues	12	4 458	11 968	454	432
Net gain (loss) from disposal of non-current assets	13	273	(954)	220	(1 007)
Other income	14	51 023	50 026	17 720	22 181
Total income		543 412	482 665	374 982	307 689
NET COST OF PROVIDING SERVICES		1 676 297	1 699 583	1 697 426	1 711 514
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:					
Revenues from SA Government	15	1 753 739	1 740 400	1 753 739	1 740 400
Payments to SA Government	15	(8 881)	(16 498)	(8 881)	(16 498)
NET RESULT		68 561	24 319	47 432	12 388
OTHER COMPREHENSIVE INCOME:					
Gain on revaluation of property, plant and equipment		63 710	401 325	63 695	401 287
TOTAL COMPREHENSIVE RESULT		132 271	425 644	111 127	413 675

Net result and comprehensive result are attributable to the SA Government as owner

Statement of Financial Position as at 30 June 2009

		Consolidated		DECS	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS:	Note				
Cash	16	481 725	385 877	279 170	200 876
Receivables	17	29 305	32 046	29 964	30 798
Inventories	18	4 023	3 807	181	118
Other financial assets	19	93	6 178	-	-
Other current assets		148	352	-	94
Non-current assets held-for-sale	20	9 188	11 529	9 188	11 529
Total current assets		524 482	439 789	318 503	243 415
NON-CURRENT ASSETS:					
Receivables	17	257	269	6 366	6 872
Other financial assets	19	498	658	-	-
Property, plant and equipment	21	2 736 582	2 686 840	2 724 744	2 675 039
Intangible assets	22	871	1 742	871	1 742
Total non-current assets		2 738 208	2 689 509	2 731 981	2 683 653
Total assets		3 262 690	3 129 298	3 050 484	2 927 068
CURRENT LIABILITIES:					
Payables	23	58 913	80 266	67 617	76 071
Borrowings	24	206	926	-	926
Employee benefits	25	143 619	134 049	142 902	133 347
Provisions	26	19 162	21 199	19 354	21 873
Other current liabilities	27	25 058	29 173	15 962	20 971
Total current liabilities		246 958	265 613	245 835	253 188
NON-CURRENT LIABILITIES:					
Payables	23	26 501	25 216	26 459	25 125
Borrowings	24	406	121	121	121
Employee benefits	25	339 591	316 859	337 919	315 407
Provisions	26	79 489	84 053	79 489	84 053
Other non-current liabilities	27	1 598	1 560	360	-
Total non-current liabilities		447 585	427 809	444 348	424 706
Total liabilities		694 543	693 422	690 183	677 894
NET ASSETS		2 568 147	2 435 876	2 360 301	2 249 174
EQUITY:					
Retained earnings	28	1 248 676	1 174 494	1 040 883	987 830
Asset revaluation reserve	28	1 319 471	1 261 382	1 319 418	1 261 344
TOTAL EQUITY		2 568 147	2 435 876	2 360 301	2 249 174
Total equity is attributable to the SA Government as owner					
Unrecognised contractual commitments	29				
Contingent assets and liabilities	30				

Statement of Changes in Equity for the year ended 30 June 2009

	Note	Consolidated		Total \$'000
		Asset revaluation reserve \$'000	Retained earnings \$'000	
Balance at 30 June 2007		871 976	1 138 256	2 010 232
Net result for 2007-08		-	24 319	24 319
Gain on revaluation of property during 2007-08		401 325	-	401 325
Transfer asset revaluation reserve on disposal of property, plant and equipment		(11 919)	11 919	-
Total comprehensive result for 2007-08		389 406	36 238	425 644
Balance at 30 June 2008	28	1 261 382	1 174 494	2 435 876
Net result for 2008-09		-	68 561	68 561
Gain on revaluation of property during 2008-09		63 710	-	63 710
Transfer asset revaluation reserve on disposal of property, plant and equipment		(5 621)	5 621	-
Total comprehensive result for 2008-09		58 089	74 182	132 271
Transactions with SA Government as owner				
Net assets transferred as a result of an administrative restructure	31	-	-	-
Balance at 30 June 2009	28	1 319 471	1 248 676	2 568 147

	Note	DECS		Total \$'000
		Asset revaluation reserve \$'000	Retained earnings \$'000	
Balance at 30 June 2007		871 976	963 523	1 835 499
Net result for 2007-08		-	12 388	12 388
Gain on revaluation of property during 2007-08		401 287	-	401 287
Transfer asset revaluation reserve on disposal of property, plant and equipment		(11 919)	11 919	-
Total comprehensive result for 2007-08		389 368	24 307	413 675
Balance at 30 June 2008	28	1 261 344	987 830	2 249 174
Net result for 2008-09		-	47 432	47 432
Gain on revaluation of property during 2007-08		63 695	-	63 695
Transfer asset revaluation reserve on disposal of property, plant and equipment		(5 621)	5 621	-
Total comprehensive result for 2008-09		58 074	53 053	111 127
Transactions with SA Government as owner				
Net assets transferred as a result of an administrative restructure	31	-	-	-
Balance at 30 June 2009	28	1 319 418	1 040 883	2 360 301

All changes in equity are attributable to the SA Government as owner

Statement of Cash Flows for the year ended 30 June 2009

		Consolidated		DECS	
		2009	2008	2009	2008
		Inflows	Inflows	Inflows	Inflows
		(Outflows)	(Outflows)	(Outflows)	(Outflows)
		\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
CASH OUTFLOWS:	Note				
Employee benefit payments		(1 555 646)	(1 528 920)	(1 530 029)	(1 506 717)
Payments for supplies and services		(571 402)	(521 106)	(332 875)	(280 683)
Payments of grants and subsidies		(15 717)	(18 673)	(120 944)	(128 923)
Interest paid		(61)	(4)	-	-
GST payments on purchases		(56 859)	(55 428)	(31 716)	(30 390)
Other payments		(1 225)	(1 383)	(1 205)	(1 372)
Cash used in operations		(2 200 910)	(2 125 514)	(2 016 769)	(1 948 085)
CASH INFLOWS:					
Receipts from Commonwealth		320 940	251 520	320 940	251 520
Student and other fees and charges		122 148	104 249	16 548	20 686
Other grants and contributions received		44 208	62 199	13 926	18 265
Interest received		4 464	11 967	457	426
GST recovered from the ATO		48 944	47 613	27 290	26 000
GST receipts on receivables		7 323	6 738	3 911	3 324
Other receipts		48 285	43 179	14 983	15 190
Cash generated from operations		596 312	527 465	398 055	335 411
CASH FLOWS FROM SA GOVERNMENT:					
Receipts from SA Government		1 753 739	1 740 400	1 753 739	1 740 400
Payments to SA Government		(8 881)	(16 498)	(8 881)	(16 498)
Cash generated from SA Government		1 744 858	1 723 902	1 744 858	1 723 902
Net cash provided by operating activities	33	140 260	125 853	126 144	111 228
CASH FLOWS FROM INVESTING ACTIVITIES:					
CASH OUTFLOWS:					
Purchase of property, plant and equipment		(54 907)	(81 074)	(51 871)	(77 225)
Purchase of investments		-	(114)	-	-
Loans advanced		-	-	-	(3 083)
Cash used in investing activities		(54 907)	(81 188)	(51 871)	(80 308)
CASH INFLOWS:					
Proceeds from sale of property, plant and equipment		4 683	1 784	4 407	1 478
Proceeds from sales/maturities of investments		6 244	2 181	-	-
Receipt of loan repayments		3	-	540	408
Cash generated from investing activities		10 930	3 965	4 947	1 886
Net cash used in investing activities		(43 977)	(77 223)	(46 924)	(78 422)
CASH FLOWS FROM FINANCING ACTIVITIES:					
CASH OUTFLOWS:					
Repayment of capital contributions from SA Government		-	-	-	-
Repayments of borrowings		(926)	(1 455)	(926)	(1 200)
Cash used in financing activities		(926)	(1 455)	(926)	(1 200)
Net cash used in financing activities		(926)	(1 455)	(926)	(1 200)
CASH INFLOWS:					
Loans received		491	-	-	-
Cash generated from financing activities		491	-	-	-
Net cash used in financing activities		(435)	(1 455)	(926)	(1 200)
NET INCREASE IN CASH HELD		95 848	47 175	78 294	31 606
CASH AT 1 JULY		385 877	338 702	200 876	169 270
CASH AT 30 JUNE		481 725	385 877	279 170	200 876

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2009

Activities - refer Note 4	Consolidated					
	Early Years Education and Care (Birth to Preschool)				Education: Early Years Education (R-2)	
	Early Childhood Education and Care (Birth to Preschool)		Preschool Services			
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES:						
Employee benefit expenses	10 739	10 600	85 056	80 490	349 676	343 850
Supplies and services	27 427	27 439	9 247	8 147	118 021	116 845
Grants and subsidies	799	789	4 221	3 985	1 559	2 076
Depreciation and amortisation	9	10	81	87	16 432	14 749
Borrowing costs	-	-	-	-	23	44
Other expenses	201	233	220	233	721	3 287
Total expenses	39 175	39 071	98 825	92 942	486 432	480 851
INCOME:						
Commonwealth revenues	28 282	29 244	127	1 164	75 688	51 611
Student and other fees and charges	1 327	925	304	197	28 011	25 981
Other grants and contributions	1 552	1 323	33	(9)	9 715	13 835
Interest revenues	-	-	-	-	1 055	2 831
Net (loss) gain from disposal of assets	-	-	(22)	(1 041)	(251)	(48)
Other income	140	106	518	324	11 638	11 466
Total income	31 301	31 598	960	635	125 856	105 676
NET COST OF PROVIDING SERVICES	7 874	7 473	97 865	92 307	360 576	375 175
REVENUES FROM (PAYMENTS TO)						
SA GOVERNMENT:						
Revenues from SA Government	8 113	7 860	101 125	98 657	383 800	381 055
Payments to SA Government	(41)	(75)	(512)	(935)	(1 944)	(3 612)
NET RESULT	198	312	2 748	5 415	21 280	2 268

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2009 (continued)

Activities - refer Note 4	Consolidated							
	Education: Primary and Secondary Education							
	Year 3 to Year 7		Year 8 to Year 10		Year 11 to Year 12+		Total	
	Education		Education		Education			
	2009	2008	2009	2008	2009	2008	2009	2008
EXPENSES:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses	510 673	502 067	375 909	369 579	251 586	246 185	1 583 639	1 552 771
Supplies and services	175 143	172 633	126 948	125 489	91 090	85 622	547 876	536 175
Grants and subsidies	2 283	3 104	1 682	2 229	4 539	4 137	15 083	16 320
Depreciation and amortisation	23 968	21 515	17 648	15 840	11 409	10 238	69 547	62 439
Borrowing costs	32	64	25	48	16	31	96	187
Other expenses	1 052	4 793	774	3 529	500	2 281	3 468	14 356
Total expenses	713 151	704 176	522 986	516 714	359 140	348 494	2 219 709	2 182 248
INCOME:								
Commonwealth revenues	110 396	75 279	65 422	55 428	43 523	35 818	323 438	248 544
Student and other fees and charges	40 856	37 894	30 083	27 904	19 388	18 032	119 969	110 933
Other grants and contributions	14 171	20 179	10 435	14 858	8 345	11 962	44 251	62 148
Interest revenues	1 538	4 131	1 133	3 041	732	1 965	4 458	11 968
Net (loss) gain from disposal of assets	172	(69)	227	124	147	80	273	(954)
Other income	17 764	16 964	12 499	12 317	8 464	8 849	51 023	50 026
Total income	184 897	154 378	119 799	113 672	80 599	76 706	543 412	482 665
NET COST OF PROVIDING SERVICES	528 254	549 798	403 187	403 042	278 541	271 788	1 676 297	1 699 583
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:								
Revenues from SA Government	549 362	561 240	419 921	409 650	291 418	281 938	1 753 739	1 740 400
Payments to SA Government	(2 782)	(5 320)	(2 126)	(3 883)	(1 476)	(2 673)	(8 881)	(16 498)
NET RESULT	18 326	6 122	14 608	2 725	11 401	7 477	68 561	24 319

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2009

Activities - refer Note 4	DECS					
	Early Years Education and Care (Birth to Preschool)				Education: Early Years Education (R-2)	
	Early Childhood Education and Care (Birth to Preschool)		Preschool Services			
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES:						
Employee benefit expenses	10 739	10 600	85 056	80 490	343 559	338 540
Supplies and services	27 427	27 439	9 247	8 147	64 132	59 583
Grants and subsidies	799	789	4 221	3 985	33 827	31 917
Depreciation and amortisation	9	10	81	87	15 772	14 036
Borrowing costs	-	-	-	-	8	43
Other expenses	201	233	220	233	188	2 665
Total expenses	39 175	39 071	98 825	92 942	457 486	446 784
INCOME:						
Commonwealth revenues	28 282	29 244	127	1 164	75 687	51 611
Student and other fees and charges	1 327	925	304	197	4 165	4 307
Other grants and contributions	1 552	1 323	33	(9)	2 551	3 440
Interest revenues	-	-	-	-	108	102
Net (loss) gain from disposal of assets	-	-	(22)	(1 042)	(264)	(60)
Other income	140	106	518	324	3 759	4 878
Total income	31 301	31 598	960	634	86 006	64 278
NET COST OF PROVIDING SERVICES	7 874	7 473	97 865	92 308	371 480	382 506
REVENUES FROM (PAYMENTS TO)						
SA GOVERNMENT:						
Revenues from SA Government	8 113	7 860	101 125	98 657	383 800	381 055
Payments to SA Government	(41)	(75)	(512)	(935)	(1 944)	(3 612)
NET RESULT	198	312	2 748	5 414	10 376	(5 063)

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2009 (continued)

		DECS							
Activities - refer Note 4		Education: Primary and Secondary Education							
		Year 3 to Year 7		Year 8 to Year 10		Year 11 to Year 12+		Total	
		Education		Education		Education			
		2009	2008	2009	2008	2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES:									
Employee benefit expenses		501 756	494 319	369 343	363 876	247 343	242 501	1 557 796	1 530 326
Supplies and services		96 540	89 112	69 072	63 991	53 690	45 881	320 108	294 153
Grants and subsidies		36 924	37 706	27 869	28 181	22 858	20 812	126 498	123 390
Depreciation and amortisation		23 005	20 473	16 939	15 074	10 950	9 743	66 756	59 423
Borrowing costs		12	63	9	47	6	30	35	183
Other expenses		274	3 887	202	2 861	130	1 849	1 215	11 728
Total expenses		658 511	645 560	483 434	474 030	334 977	320 816	2 072 408	2 019 203
INCOME:									
Commonwealth revenues		110 396	75 279	65 423	55 428	43 523	35 818	323 438	248 544
Student and other fees and charges		6 074	6 281	4 473	4 626	2 838	2 990	19 181	19 326
Other grants and contributions		3 720	5 016	2 740	3 694	3 373	4 749	13 969	18 213
Interest income		156	149	115	110	75	71	454	432
Net (loss) gain from disposal of assets		154	(86)	214	110	138	71	220	(1 007)
Other income		6 272	7 355	4 036	5 241	2 995	4 277	17 720	22 181
Total income		126 772	93 994	77 001	69 209	52 942	47 976	374 982	307 689
NET COST OF PROVIDING SERVICES		531 739	551 566	406 433	404 821	282 035	272 840	1 697 426	1 711 514
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:									
Revenues from SA Government		549 362	561 240	419 921	409 650	291 418	281 938	1 753 739	1 740 400
Payments to SA Government		(2 782)	(5 320)	(2 126)	(3 883)	(1 476)	(2 673)	(8 881)	(16 498)
NET RESULT		14 841	4 354	11 362	946	7 907	6 425	47 432	12 388

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2009

Activities - refer Note 4	Consolidated					
	Early Years Education and Care (Birth to Preschool)				Education: Early Years Education (R-2)	
	Early Childhood Education and Care (Birth to Preschool)		Preschool Services			
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS:						
Cash	1 575	2 501	10 756	10 179	116 469	87 438
Receivables	43	30	285	624	6 394	6 880
Inventories	-	-	-	-	952	900
Other financial assets	-	-	-	-	140	1 618
Other assets	-	-	-	-	34	84
Non-current assets classified as held-for-sale	-	-	1 710	1 727	2 704	3 573
Property, plant and equipment	34 231	34 056	99 849	101 272	539 454	526 801
Intangibles	6	12	48	92	191	385
Total assets	35 855	36 599	112 648	113 894	666 338	627 679
LIABILITIES:						
Payables	607	694	4 513	4 735	18 256	23 031
Borrowings	-	-	-	-	145	248
Employee benefits	3 329	3 108	25 354	23 603	106 911	99 783
Provisions	685	734	5 185	5 571	21 826	23 274
Other liabilities	2	2	13	13	6 302	7 268
Total liabilities	4 623	4 538	35 065	33 922	153 440	153 604

Activities - refer Note 4	Consolidated							
	Education: primary and secondary education							
	Year 3 to Year 7 Education		Year 8 to Year 10 Education		Year 11 to Year 12+ Education		Total Education	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS:								
Cash	170 884	129 794	109 125	93 891	72 916	62 074	481 725	385 877
Receivables	9 620	10 056	6 852	7 387	6 368	7 338	29 562	32 315
Inventories	1 388	1 314	1 022	968	661	625	4 023	3 807
Other financial assets	204	2 359	150	1 737	97	1 122	591	6 836
Other assets	43	122	43	90	28	56	148	352
Non-current assets classified as held for sale	3 944	5 212	504	618	326	399	9 188	11 529
Property, plant and equipment	1 032 522	1 007 778	627 889	619 626	402 637	397 307	2 736 582	2 686 840
Intangibles	281	563	207	414	138	276	871	1 742
Total assets	1 218 886	1 157 198	745 792	724 731	483 171	469 197	3 262 690	3 129 298
LIABILITIES:								
Payables	27 237	34 342	19 637	24 759	15 164	17 921	85 414	105 482
Borrowings	211	361	155	266	101	172	612	1 047
Employee benefits	156 108	145 698	114 913	107 251	76 595	71 465	483 210	450 908
Provisions	31 868	33 983	23 458	25 015	15 629	16 675	98 651	105 252
Other liabilities	9 193	10 600	6 769	7 805	4 377	5 045	26 656	30 733
Total liabilities	224 617	224 984	164 932	165 096	111 866	111 278	694 543	693 422

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2009

Activities - refer Note 4	DECS					
	Early years education and care (Birth to preschool)				Education: Early years education	
	Early childhood education and care (Birth - preschool)		Pre-school services		Reception to Year 2 Education	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS:						
Cash	1 575	2 501	10 756	10 179	68 544	43 667
Receivables	43	30	285	621	7 994	8 149
Inventories	-	-	-	-	43	28
Other assets	-	-	-	3	-	21
Non-current assets classified as held for sale	-	-	1 710	1 727	2 704	3 573
Property, plant and equipment	34 231	34 056	99 849	101 272	536 653	524 009
Intangibles	6	12	48	92	192	385
Total assets	35 855	36 599	112 648	113 894	616 130	579 832
LIABILITIES:						
Payables	607	694	4 514	4 735	20 305	22 017
Borrowings	-	-	-	-	28	248
Employee benefits	3 329	3 108	25 354	23 603	106 346	99 274
Provisions	685	734	5 185	5 571	21 870	23 433
Other liabilities	2	2	13	13	3 857	4 958
Total liabilities	4 623	4 538	35 066	33 922	152 406	149 930

Activities - refer Note 4	DECS							
	Education: primary and secondary education							
	Year 3 to Year 7 Education		Year 8 to Year 10 Education		Year 11 to Year 12+ Education		Total Education	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS:								
Cash	100 983	65 950	57 656	46 882	39 656	31 697	279 170	200 876
Receivables	11 947	11 908	8 578	8 748	7 483	8 214	36 330	37 670
Inventories	62	41	46	30	30	19	181	118
Other assets	-	28	-	25	-	17	-	94
Non-current assets classified as held for sale	3 944	5 212	504	618	326	399	9 188	11 529
Property, plant and equipment	1 028 437	1 003 706	624 881	616 627	400 693	395 369	2 724 744	2 675 039
Intangibles	280	563	207	414	138	276	871	1 742
Total assets	1 145 653	1 087 408	691 872	673 344	448 326	435 991	3 050 484	2 927 068
LIABILITIES:								
Payables	30 226	32 863	21 838	23 670	16 586	17 217	94 076	101 196
Borrowings	42	361	31	266	20	172	121	1 047
Employee benefits	155 283	144 955	114 306	106 703	76 203	71 111	480 821	448 754
Provisions	31 934	34 216	23 508	25 187	15 661	16 785	98 843	105 926
Other liabilities	5 627	7 232	4 143	5 324	2 680	3 442	16 322	20 971
Total liabilities	223 112	219 627	163 826	161 150	111 150	108 727	690 183	677 894

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Department of Education and Children's Services

Legislation

The Department of Education and Children's Services (DECS or the Department) operates within the:

- *Education Act 1972* and the Education Regulations 1997
- *Children's Services Act 1985* and the Regulations under the *Children's Services Act 1985*
- PSM Act.

Purpose

The Department's purpose is to engage every child and student so that they achieve at the highest possible level of their learning and wellbeing through quality care and teaching.

Key functions*Set the directions for education and care in South Australia*

The Department ensures the State's education system is well positioned to deliver high quality education and care through strategic and coordinated leadership in implementing South Australia's Strategic Plan, developing integrated policy in collaboration with key stakeholders and planning for an effective workforce to meet current and future requirements.

Provide and regulate children's services

DECS is the SA Government's provider of public early childhood services and schooling. It plans, administers, coordinates and supports early childhood services and is also responsible for a range of associated government services including the licensing of child care providers.

Manage the State's education system

DECS delivers high quality primary and secondary education to school students across the State. DECS is responsible for the education of children and students across all areas of the curriculum and for preparing young people to be active and productive members of a democratic society. DECS involves parents and local communities in the education of children and students.

Goals and key objectives*Strong beginnings for all children*

- Strengthen and integrate Early Childhood Services
- Improve the capacity and quality of Early Childhood Services
- Increase the number of young children experiencing successful learning and development

Excellence in learning: provision, achievement and pathways

- Improve overall student achievement
- Provide engaging, stimulating and flexible learning programs and pathways
- Support students to be equipped to respond to changing employment markets
- Increase the number of international students

Engagement and wellbeing

- Improve levels of child and student attendance, retention and engagement in learning programs
- Improve child and student wellbeing

Build workforce capability, flexibility and resilience

- Extend and enhance the capabilities of our workforce
- Develop a culture that values staff wellbeing
- Responsive systems and processes

Quality teaching

- Ensure teachers have recognised professional standards
- Develop the skills and knowledge of our teaching workforce

Access to integrated services

- Increase the responsiveness and integration of support services to children, students and their families

An interdependent DECS

- Improve the provision of service delivery through local decision making
- Support and build the interdependence between local sites, district offices and state office

A sustainable system

- Foster a culture of sustainability
- Reduce energy and water consumption
- Provide more efficient and effective systems

2. Summary of significant accounting policies

(a) **Statement of compliance**

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and TIs and APSs promulgated under the provisions of the PFAA.

Except for the amendments to AASB 101 including AASB 2007-08 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), which the Department has early-adopted, AAS 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 2009. These are outlined in Note 3.

(b) **Basis of preparation**

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 2009 and the comparative information presented.

(c) **Reporting entity**

The Department is a government department of the State of South Australia, established pursuant to the PSM Act and is an administrative unit acting on behalf of the Crown.

The financial statements and the accompanying notes include all the controlled activities of DECS. Transactions and balances relating to administered resources are not recognised as departmental income, expense, assets and liabilities. As administered items are significant in relation to the Department's overall financial performance and position, they are disclosed in the administered financial statements at the back of the controlled general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

DECS economic entity comprises:

- the corporate department including its operational units
- government schools (including school councils, canteens, out of school hours care and vacation care programs)
- other non-corporate operational units viz:
 - preschools
 - long day care centres (those referred to as 'Bowen Funded Centres' only)
 - neighbourhood houses
 - toy libraries
 - child parent centres.

The values in the Consolidated columns in the financial statements incorporate the activities of the corporate department and government schools but exclude funds separately generated by the other non-corporate operational units. As a consequence, the financial statements treat any transactions with these units as transactions with third parties. All material transactions between the corporate department and schools have been eliminated, as required by AASs.

The values in the DECS columns in the financial statements incorporate the activities of the corporate department but exclude funds separately generated by government schools and other non-corporate operational units. As a consequence, the DECS columns in the financial statements treat any transactions with these sites as transactions with third parties. The amounts reported in the DECS columns in the financial statements do include material expenses paid on behalf of schools and preschools (ie salaries and wages, salary related on-costs and utilities expenses), and major assets and liabilities (ie land and buildings, employee benefits).

Financial data was collected from government schools for the school year ended 31 December 2008 for the purpose of consolidating it with data from the corporate department. Where material, adjustments have been made to the consolidated figures to take into account the effect of schools having a different reporting period to the corporate department. It is not intended that data for other non-corporate operational units be included in the financial statements, as it is not considered material.

The Department is responsible for the administration of specific funds on behalf of the Minister for Education and the Minister for Early Childhood Development. The Department does not have control over how these funds are to be spent and operates in the capacity as an agent responsible for the administration of the transfer process to third parties. The Administered financial statements include the income, expenses, assets and liabilities of these funds.

(c) Reporting entity (continued)

The main administered funds are:

Minister for Education and the Minister for Early Childhood Development

Funds are appropriated to the Minister for Education and the Minister for Early Childhood Development and are disbursed at the discretion of the Minister. The principal payments are:

- the SA Government contribution to the operation of the SACE Board of South Australia
- payments to the Department for Transport, Energy and Infrastructure for the purposes of student travel
- the SA Government contribution to the operation of non-government schools, organisations and services to students with disabilities
- the Commonwealth Government contribution to the operation of non-government schools, organisations and services to students with disabilities.

Minister's salary and allowances

The Minister's salary and allowances are funded by specific legislation and the Department has no control over this part of the annual appropriation.

Minister's borrowings

The Minister for Education is liable for funds borrowed from the Department of Treasury and Finance. The funds were loaned to the Department and various schools by the Minister to undertake capital works projects.

(d) Transferred functions

On 15 October 2007 Cabinet approved the transition of accounts payable, accounts receivable and payroll services to Shared Services SA:

- Accounts payable and accounts receivable from the Resources Directorate transitioned to Shared Services SA on 23 July 2008.
- Payroll services from the Resources Directorate transitioned to Shared Services SA on 13 October 2008.

On 8 December 2008 Cabinet approved the transition of certain financial accounting and taxation services to Shared Services SA:

- Financial accounting and taxation services from the Resources Directorate transitioned to Shared Services SA on 9 June 2009.

Refer to Note 31 for detailed information.

(e) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where adjusted to reflect the early adoption of AASB 101 and specific revised accounting standards and APSS.

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required eg preparation of single Statement of Comprehensive Income.

The restated comparative amounts do not replace the original financial statements for the preceding period.

(f) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

(g) Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, FBT, GST and emergency services levies.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO. If GST is not payable to, or recoverable from the ATO, the commitments and contingencies are disclosed on a gross basis.

(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 following are specific recognition criteria:

Fees and charges

Revenues from fees and charges are derived from the provision of goods and services to other SA Government agencies and to the public. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

Contributions received

Contributions are recognised as an asset and income when the Department obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (ie the amount can be reliably measured and the flow of resources is probable).

Generally, the Department has obtained control or the right to receive for:

- contributions with unconditional stipulations — this will be when the agreement becomes enforceable ie the earlier of when the Department has formally been advised that the contribution (eg grant application) has been approved; agreement/contract is executed; and/or the contribution is received
- contributions with conditional stipulations — this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

All contributions received by the Department have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt. Other grants and contributions include \$12 million received from other SA Government agencies.

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

Revenues from SA Government

Appropriations for program funding are recognised as revenues when the Department obtains control over the funding. Control over appropriations is normally obtained upon receipt.

Where money has been appropriated in the form of a loan, the Department has recorded a loan payable.

Net gain on non-current assets

Income from the disposal of non-current assets is recognised when the control of the asset has passed to the buyer and determined by comparing proceeds with carrying amount. When revalued assets are sold, the revaluation reserve is transferred to retained earnings.

Other income

Other income consists of fundraising and donations, forgiveness of liabilities, derecognition of intangible assets, assets recognised for the first time, and recoveries.

(j) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Department will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

(j) Expenses (continued)

The Notes accompanying the financial statements disclose expenses where the counterparty/ transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

Employee benefit expense

Employee benefit expense includes all cost related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Department to the superannuation plan in respect of current services of current departmental staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole-of-government general purpose financial statements.

Depreciation and amortisation of non-current assets

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

The value of leasehold improvements is depreciated over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Land and 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:

<i>Class of asset</i>	<i>Useful life (years)</i>
Buildings and improvements	25-106
Leasehold improvements	life of lease
Buses/motor vehicles	12-20
Computing, communication equipment, furniture and equipment	3-15
Intangible assets	5
Other assets	7-10

Grants and subsidies

For contributions payable, the contribution will be recognised as a liability and expense when the entity has a present obligation to pay the contribution and the expense recognition criteria are met.

All contributions paid by the Department have been contributions with unconditional stipulations attached.

Resources provided free of charge

Resources provided free of charge are recorded as expenditure in the Statement of Comprehensive Income at their fair value; and in the expense line items to which they relate.

Borrowing costs

All borrowing costs are recognised as expenses.

Payments to SA Government

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy paid directly to the Consolidated Account.

(k) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line item combine amounts expected to be realised within 12 months and more than 12 months, the Department has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

(I) Assets

Assets have been classified according to their nature and have not been offset unless required or permitted to by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where an asset line item combine amounts expected to be settled within 12 months and more than 12 months, the Department has separately disclosed the amounts expected to be recovered after more than 12 months.

The Notes accompanying the financial statements disclose financial assets where the counterparty/ transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Cash

Cash in the Statement of Financial Position includes cash at bank and on hand and in other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash is as defined above.

Cash is measured at nominal value.

In October 2003 the Government introduced a policy with respect to aligning agency cash balances with appropriation and expenditure authority. During this financial year the Department was required to transfer \$8.881 million of its cash balance to the Consolidated Account as a payment to SA Government.

Receivables

Receivables include amounts receivable from goods and services, GST input tax credits recoverable, prepayments and other accruals.

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are generally due within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Department will not be able to collect the debt. Bad debts are written off when identified.

Other financial assets

The Department measures financial assets and debt at historical cost, except for interest free loans which are measured at the present value of expected repayments.

Inventories

Inventories include goods and other property either held for sale or distribution at no or nominal cost in the course of business.

Inventories held for distribution at no or nominal consideration, are measured at cost and adjusted when applicable for any loss of service potential. Inventories held for sale are measured at the lower of cost or their net realisable value.

Bases used in assessing loss of service potential for inventory held for distribution at no or minimal cost include current replacement cost and technological or functional obsolescence.

Cost for inventory is measured on the basis of the first-in, first-out method. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

The amount of any inventory write-down to net realisable value or inventory losses are recognised in the Statement of Comprehensive Income as an expense in the period the write-down or loss occurred. Any write-down reversals are also recognised in the Statement of Comprehensive Income.

Inventories include canteen stock, uniforms and stationery at school sites, and reference material and resources at corporate office.

Non-current assets held-for-sale

Non-current assets (or disposal groups) are classified as held-for-sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed one year from the date of classification.

Non-current assets classified as held-for-sale and the assets of a disposal group classified as held-for-sale are presented separately from the other assets in the Statement of Financial Position.

Non-current asset acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation.

Where assets are acquired at no or minimal cost, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or minimal cost as part of a restructure of administrative arrangements then the assets are recorded at the book value, ie the amount recorded by the transferor public authority immediately prior to the restructure.

All non-current tangible assets with a value equal to or in excess of \$5000 are capitalised.

Componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is equal to or in excess of \$5 million for infrastructure assets and \$1 million for other assets.

Land

Land valuations reflect the Valuer-General's values (for rating purposes) as at 30 June 2009. The Valuer-General's values are deemed to be fair value for financial reporting purposes.

Buildings and improvements

Information was obtained from the Strategic Asset Management Information System, maintained by the Department for Transport, Energy and Infrastructure. Buildings and improvements are valued at current replacement cost less accumulated depreciation. Replacement costs have been established by reference to Quantity Surveyors' estimates and updated through the application of a relevant building index. The valuations for buildings are current as at 30 June 2008, asphalt paved areas are current as at 30 June 2007 and swimming pools are current as at 30 June 2009. The building data provided in the statements relates specifically to buildings, paved areas and swimming pools. The building data excludes landscaping, infrastructure, pergolas, playground equipment, sheds and some paving, fencing and leasehold improvements because they either cannot be reliably measured or no information is centrally recorded.

Buildings under construction are reported as work in progress and are valued at cost.

Where buildings and improvements are destroyed by fire during the year, the written down value of the buildings and improvements is treated as an expense in the Statement of Comprehensive Income.

Buses

Buses are recorded at current replacement cost as at 30 June 2009.

Plant and equipment

Items within administrative sites of the Department acquired prior to 1 July 1997 are recorded at current replacement cost as at 1 July 1997 less accumulated depreciation. Items acquired after 1 July 1997 are recorded at historical cost less accumulated depreciation.

Revaluation of non-current assets

All non-current tangible assets are valued at written down current cost (a proxy for fair value); and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

Every three years the Department revalues its land, buildings and improvements, and bus fleet. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the asset revaluation reserve, 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 reserve to the extent of the credit balance existing in the revaluation reserve for that asset class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Upon disposal or derecognition, any revaluation reserve relating to that asset is transferred to retained earnings.

Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets, an impairment loss is offset against the respective asset revaluation reserve.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Department only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$10 000.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

Subsequent expenditure on intangible assets has not been capitalised. This is because the Department has been unable to attribute this expenditure to the intangible asset rather than to the Department as a whole.

(m) Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where a liability line item combines amounts expected to be settled within 12 months and more than 12 months, the Department has separately disclosed the amounts expected to be settled after more than 12 months.

The Notes accompanying the financial statements disclose financial liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Payables

Payables include creditors, accrued expenses and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the Department's normal operations.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employee benefit on-costs include payroll tax, workers compensation and superannuation contributions with respect to outstanding liabilities for salaries and wages, long service leave and annual leave.

The Department makes contributions to several SA Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

Borrowings

The Department measures financial liabilities including borrowings/debt at historical cost, except for interest free loans (measured at the present value of expected repayments).

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

The corporate department has entered into operating leases, but no finance leases.

Operating leases

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

Employee benefits

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Wages, salaries, annual leave and sick leave

The liability for salary and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long service leave

The liability for long service leave is recognised after an employee has completed 6.5 years of service (previously 7.5 years). An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Department's experience of employee retention and leave taken.

Country incentive leave

Permanent teachers that commenced in designated country schools prior to the end of 2002 school year are entitled to country incentive leave after completing six years of continuous service at that school pursuant to the South Australian Education Staff (Government Preschools, Schools and TAFE) Enterprise Agreement 2006. The liability is recognised when the qualifying criteria has been met, and is measured at substantive remuneration rates current at reporting date.

Provisions

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Relations Division of the Department of the Premier and Cabinet.

A provision is also raised to reflect the liability for outstanding (unsettled) vicarious liability claims. Provisions for outstanding fire claims yet to be settled as at balance date are also reported, as required by AASB 137. This provision is between the corporate department and schools, therefore is eliminated on consolidation.

(n) Insurance

The Department has insured for risks through the South Australian Government Finance Authority, SAICORP Division. Under these insurance arrangements the Department will meet the first \$200 000 (except for fire claims \$1 million) deductible of a loss or claim arising from property damage or civil liability (including public liability, products liability, professional indemnity and Directors' and officers' liability).

(o) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a Note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO. If GST is not payable to, or recoverable from the ATO, the commitments and contingencies are disclosed on a gross basis.

3. Changes in accounting policies

Details of the accounting policies that the Department has changed during 2008-09 are detailed below. In addition, details of the impact, where significant, on the Department's financial statements from new and amended AASs that are applicable for the first time in 2008-09 are also detailed below.

3.1 Restructure of administrative arrangements

In accordance with the revised AASB 1004, the Department records restructures of administrative arrangements as transactions with owners in their capacity as owners rather than recording these events as a revenue/expense item.

3.2 Other

The Department has early-adopted the September 2007 version of AASB 101 including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101) – this includes the preparation of a single Statement of Comprehensive Income. In accordance with the new accounting standard AASB 1052, the amounts of assets and liabilities reliably attributable to each activity has been disclosed. In addition, Note A5 provides the identity of the recipient of the transfer payments classified as administered expenses consistent with the requirement of AASB 1050.

Issued or amended but not yet effective

Except for the amendments to AASB 101, 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 2009. The Department has assessed the impact of the new and amended standards and Interpretations and considers there will be no impact on the accounting policies or the Department's financial statements.

4. Activities of the Department

In achieving its objectives the Department provides a range of services classified into the following activities:

Activity 1: Early Years Education and Care (Birth to Preschool)

Provision of a flexible range of high quality programs and services which meet the changing needs of families and enhance children's development in the critical early years, including the provision of child care centres, preschools, family day care, out of school hours care and occasional care.

Subactivity 1.1 Early Childhood Education and Care (Birth to Preschool)

Provision of a flexible range of high quality programs and services which meet the changing needs of families and enhance children's development, including child care centres, family day care, out of school hours care and occasional care.

Subactivity 1.2 Preschool Services

Provision of early childhood education through preschools, child-parent centres and the purchase (coordination, policy, planning, curriculum, quality regulation and funding) of preschool positions through independent community organisations.

Activity 2: Education: Early Years Education (R-2)

Provision of early years education.

Activity 3: Education: Primary and Secondary Education (3-12)

Provision of primary and secondary education.

Subactivity 3.1 Year 3 to Year 7 Education Provision

Delivery of Year 3 to Year 7 educational programs.

Subactivity 3.2 Year 8 to Year 10 Education Provision

Delivery of Year 8 to Year 10 educational programs.

Subactivity 3.3 Year 11 to Year 12 Education Provision

Delivery of Year 11 to Year 12+ educational programs.

5. Employee benefit expense

	Consolidated		DECS	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Salaries and wages (including annual leave)	1 281 828	1 251 767	1 258 666	1 231 783
Employment on-costs - superannuation	144 687	143 559	142 645	141 626
Employment on-costs - payroll tax	73 734	75 702	73 734	75 702
Long service leave	60 981	63 205	60 445	62 794
Workers compensation	14 240	16 236	14 240	16 236
Other employee related expenses	2 623	2 294	2 520	2 177
Board fees	18	8	18	8
Country incentive leave	5 528	-	5 528	-
Total employee benefit expense	1 583 639	1 552 771	1 557 796	1 530 326

TVSPs

No employees were paid TVSPs during the reporting period.

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:

	DECS		DECS	
	2009	2009	2008	2008
	Number of executives*	Number of employees	Number of executives*	Number of employees
\$100 000 - \$109 999	-	477	-	480
\$110 000 - \$119 999	3	250	2	203
\$120 000 - \$129 999	-	112	4	91
\$130 000 - \$139 999	3	52	3	37
\$140 000 - \$149 999	5	43	3	31
\$150 000 - \$159 999	2	16	3	18
\$160 000 - \$169 999	5	16	4	8
\$170 000 - \$179 999	4	11	2	4
\$180 000 - \$189 999	-	1	3	5
\$190 000 - \$199 999	-	-	3	4
\$200 000 - \$209 999	1	1	1	2
\$210 000 - \$219 999	4	6	-	1
\$220 000 - \$229 999	1	1	-	-
\$230 000 - \$239 999	-	2	-	1
\$240 000 - \$249 999	1	1	-	-
\$260 000 - \$269 999	-	-	2	2
\$270 000 - \$279 999	-	1	-	-

**Remuneration of employees
(continued)**

	DECS		DECS	
	2009	2009	2008	2008
	Number of executives*	Number of employees	Number of executives*	Number of employees
\$290 000 - \$299 999	2	2	-	-
\$310 000 - \$319 999	1	1	1	1
\$370 000 - \$379 999	1	1	-	-
\$410 000 - \$419 999	1	1	-	-
Total number of executives/employees	34	995	31	888

* Based on the Department's executive organisation structure.

The table includes all employees who received remuneration of \$100 000 or more during the year. The remuneration includes salary, employer's superannuation costs, use of motor vehicle in accordance with prescribed conditions and associated FBT.

This number of employees includes 129 (79) who received country incentive payments and 71 (63) persons that retired at the over \$100 000 remuneration level.

Remuneration received or due and receivable by the above employees was \$117 million (\$102.3 million), which is included in employee expenses. Salary rates during 2008-09 have increased by an interim rate of 3.75 percent for Education Act employees, 3.5 percent for PSM Act employees, and 3.5 percent for Executives due to enterprise agreements.

Number of employees as at the reporting date

As at 30 June, the Department employed 20 264 (20 234) full-time equivalents.

6. Supplies and services

	Consolidated		DECS	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Supplies and services provided by entities within the SA Government:				
Minor works, maintenance and equipment	70 897	66 969	82 669	70 397
Rentals and leases	15 999	15 596	16 023	15 618
Management fees, fees and charges	10 654	10 261	10 919	10 308
Computer communications	658	755	668	765
Utilities	6 468	6 239	6 471	6 244
Vehicle and travelling expenses	5 686	5 225	6 410	7 894
Insurance (including self insurance)	3 552	3 219	4 330	3 641
Telecommunications	1 826	2 121	1 791	2 127
Security	4 484	3 879	4 490	3 881
Legal	1 389	1 450	1 395	1 450
Contractors and other outsourced services	2 658	946	6 382	4 184
School card and other allowances	-	-	10 574	10 295
Other	5 383	789	6 270	1 696
Total supplies and services - SA Government entities	129 654	117 449	158 392	138 500
Supplies and services provided by entities external to the SA Government:				
Printing, postage and consumables	71 228	67 858	5 602	5 952
Minor works, maintenance and equipment	55 464	57 199	8 184	6 185
Child care assistance, school card and other allowances	29 330	29 384	29 330	29 384
Cleaning	29 194	27 871	3 301	2 953
Student learning materials	24 900	24 663	-	-
Utilities	19 556	18 205	18 413	17 047
Cost of goods sold	16 280	16 916	-	-
Vehicle and travelling expenses	22 165	20 953	18 375	17 419
Bus contractors	18 548	17 596	18 548	17 596
Telecommunications	13 148	10 964	11 834	9 485
Consultants, contractors and other outsourced services	19 873	17 806	18 977	16 766
Excursions and camps	16 812	16 172	-	-
Security	987	2 129	551	1 918
Computer communications	10 465	13 514	9 068	11 937
Training and development	5 410	5 135	2 097	2 248
Rentals and leases	3 134	3 721	1 353	1 768
Other	61 728	68 640	16 083	14 995
Total supplies and services - non-SA Government entities	418 222	418 726	161 716	155 653
Total supplies and services	547 876	536 175	320 108	294 153

The total supplies and services amount disclosed includes GST amounts not-recoverable from the ATO due to the Department not holding a valid tax invoice or payments relating to third party arrangements.

6. Supplies and services (continued)

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:

Between \$10 000 and \$50 000
Above \$50 000

Total paid/payable to the consultants engaged

	DECS 2009		DECS 2008	
Number	\$'000	Number	\$'000	
3	51	3	69	
1	868	2	1 320	
4	919	5	1 389	

7. Grants and subsidies

Grants and subsidies paid/payable to entities within the SA Government:

Recurrent grants paid to schools and units
Capital grants paid to schools and units
Recurrent grants paid to preschools
Recurrent grants paid to other organisations

Total grants and subsidies - SA Government entities

	Consolidated 2009	2008	DECS 2009	2008
	\$'000	\$'000	\$'000	\$'000
	-	-	109 527	105 397
	-	-	1 888	1 673
	3 652	4 922	3 652	4 922
	1 338	1 933	1 338	1 933
4 990	6 855	116 405	113 925	

Grants and subsidies paid/payable to entities external to the SA Government:

Grants paid to other organisations

Total grants and subsidies - non-SA Government entities

Total grants and subsidies

10 093	9 465	10 093	9 465
10 093	9 465	10 093	9 465
15 083	16 320	126 498	123 390

8. Depreciation and amortisation

Depreciation:

Buildings and improvements
Computing, communication equipment, furniture and equipment
Buses/motor vehicles
Leasehold improvements
Other

Total depreciation

60 029	52 763	60 015	52 597
4 587	4 665	2 551	2 577
2 205	2 250	1 742	1 783
1 313	1 313	1 313	1 313
542	577	264	282
68 676	61 568	65 885	58 552

Amortisation:

Intangible assets

Total amortisation

Total depreciation and amortisation

871	871	871	871
871	871	871	871
69 547	62 439	66 756	59 423

9. Other expenses

Other expenses paid/payable to entities within the SA Government:

Auditor's remuneration - Auditor-General's Department

Total other expenses - SA Government entities

395	520	395	520
395	520	395	520

Other services

No other services were provided by the Auditor-General's Department.

Other expenses paid/payable to entities external to the SA Government:

Auditor's remuneration - school/ preschool auditors
Allowance for doubtful debts and debt write-offs
Non-current assets written off
Write-down of other assets

Total other expenses - non-SA Government entities

Total other expenses

830	863	810	852
2 149	4 613	(84)	1 996
94	5 569	94	5 569
-	2 791	-	2 791
3 073	13 836	820	11 208
3 468	14 356	1 215	11 728

10. Commonwealth revenues

Recurrent revenue

Capital revenue

Total Commonwealth revenues

295 141	225 318	295 141	225 318
28 297	23 226	28 297	23 226
323 438	248 544	323 438	248 544

10. Commonwealth revenues (continued)

The following revenues were recognised at year end with the condition that they be expended in a particular manner, but had yet to be applied in that manner at year end:

	DECS	
	2009	2008
	\$'000	\$'000
Building Education Revolution	35 332	-
Trade Training Centre	3 827	-
Solar Schools Program	2 772	-
SILA Literacy in SA	2 000	-
Reading Assistance Voucher	1 496	-
Futures Connect	1 246	-
Policy	600	-
Local School - Community Drug Summits	364	4
Languages Plan Implementation	336	-
Accelerated Literacy Program	90	373
Universal Preschool Access	85	990
Values Education	31	32
SA Indigenous Ed Consultative	26	254
History Project	25	-
Quality Teacher Program	23	213
ATAS - Wiltja Program	-	2 974
Post Primary APY Review	-	60
ESL-ILSS	-	167
Working Together Indigenous Youth	-	4
Family Day Care Scheme	-	1 992
Indigenous Tutorial Assistance	-	1 174
Digital Education Revolution	-	4 309
Total conditions over revenue	48 253	12 546

11. Student and other fees and charges

Fees and charges received/receivable from entities within the SA Government:

Sales/fee for service revenue

Other user fees and charges

Total fees and charges -

SA Government entities

Consolidated		DECS	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000
367	408	1 285	905
952	1 340	2 883	3 895
1 319	1 748	4 168	4 800

Fees and charges received/receivable from entities external to the SA Government:

Sales/fee for service revenue

Student enrolment fees and charges

Other user fees and charges

School canteen sales

Total fees and charges -

non-SA Government entities

Total student and other fees and charges

12 669	13 594	3 514	3 456
78 952	67 026	1 820	2 228
9 679	8 744	9 679	8 842
17 350	19 821	-	-
118 650	109 185	15 013	14 526
119 969	110 933	19 181	19 326

12. Interest revenues

Interest from entities within the SA Government

Other

Total interest revenue received

3 902	11 381	409	370
556	587	45	62
4 458	11 968	454	432

13. Net gain (loss) from disposal of non-current assets

Land and buildings:

Proceeds from disposal

Less net book value of assets disposed

Net gain (loss) from disposal of land and buildings

4 407	1 331	4 407	1 331
4 187	2 289	4 187	2 289
220	(958)	220	(958)

Plant and equipment:

Proceeds from disposal

Less net book value of assets disposed

Net gain (loss) from disposal of plant and equipment

276	452	-	147
223	448	-	196
53	4	-	(49)

Total assets

Total proceeds from disposal

Less total value of assets disposed

Total net gain (loss) from disposal of assets

4 683	1 783	4 407	1 478
4 410	2 737	4 187	2 485
273	(954)	220	(1 007)

14. Other income	Consolidated		DECS	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Recoveries - other	1 548	2 413	2 013	2 746
Assets recognised for the first time	369	3 509	369	3 509
Other income	41 952	36 668	15 338	15 926
Fundraising revenue	7 154	7 436	-	-
Total other income	51 023	50 026	17 720	22 181
15. Revenue from (payments to) SA Government				
Appropriations from the Consolidated Account pursuant to the <i>Appropriation Act</i>	1 746 547	1 738 690	1 746 547	1 738 690
Transfers from contingencies	7 192	1 710	7 192	1 710
Total revenues from SA Government	1 753 739	1 740 400	1 753 739	1 740 400
Payments to SA Government				
Return of surplus cash pursuant to cash alignment policy	(8 881)	(16 498)	(8 881)	(16 498)
Total payments to SA Government	(8 881)	(16 498)	(8 881)	(16 498)
16. Cash				
Deposits with the Treasurer - at call	88 423	34 127	88 423	34 127
Deposits with the Treasurer - AAEFA	189 896	165 924	189 896	165 924
SA School Investment Fund (SASIF) *	184 386	169 221	-	-
Cash at bank and on hand	18 670	16 262	501	482
Section 21 Deposit Accounts	350	343	350	343
Total cash	481 725	385 877	279 170	200 876

Deposits with the Treasurer

Includes funds held in the Accrual Appropriation Excess Funds Account (AAEFA). The balance of these funds is not available for general use, ie funds can only be used in accordance with the Treasurer's approval.

SA School Investment Fund

* Represents the amounts held in schools' SASIF accounts at 31 December 2008.

The amount held in schools' and units' SASIF accounts as at 30 June 2009 was \$248.4 million (\$231.1 million) and does not include \$16.4 million (\$17 million) held in the account for preschools and some units as these have been treated as transactions with third parties. Refer Note 2(c).

17. Receivables	Consolidated		DECS	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current:				
Receivables	26 334	30 964	22 103	25 861
Allowance for doubtful debts	(9 948)	(9 626)	(1 978)	(2 092)
GST recoverable from the ATO	8 184	7 593	6 082	5 567
Accrued revenues	3 432	2 102	3 202	900
Prepayments	1 303	1 013	68	31
Loan receivables	64	64	551	595
Allowance for doubtful debts loans	(64)	(64)	(64)	(64)
Total current receivables	29 305	32 046	29 964	30 798
Non-current:				
Workers compensation receivable	229	238	229	239
Loan receivables	28	31	6 137	6 633
Total non-current receivables	257	269	6 366	6 872
Total receivables	29 562	32 315	36 330	37 670
Government/non-Government receivables				
Receivables from SA Government entities:				
Fees, charges and other receivables	3 165	10 069	9 936	15 637
Allowance for doubtful debts	-	-	(1 381)	(1 536)
Loan receivables	-	-	6 596	7 133
Accrued revenues	64	148	489	159
Total receivables from SA Government entities	3 229	10 217	15 640	21 393

17. Receivables (continued)

	Consolidated		DECS	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Receivables from non-SA Government entities:				
Fees, charges and other receivables	23 169	20 895	12 167	10 224
Allowance for doubtful debts	(9 948)	(9 626)	(597)	(556)
GST recoverable from the ATO	8 184	7 593	6 082	5 567
Workers compensation receivable	229	238	229	239
Accrued revenues	3 368	1 954	2 713	741
Prepayments	1 303	1 013	68	31
Loan receivables	92	95	92	95
Allowance for doubtful debts loans	(64)	(64)	(64)	(64)
Total receivables from non-SA Government entities	26 333	22 098	20 690	16 277
Total receivables	29 562	32 315	36 330	37 670

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired.

An allowance for impairment loss has been recognised in 'Other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movements in the provision for doubtful debts (impairment loss):

	Consolidated		DECS	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	9 690	8 390	2 156	485
Increase (Decrease) in the provision	2 149	4 613	(84)	1 996
Amounts written off	(1 827)	(3 313)	(30)	(325)
Carrying amount at 30 June	10 012	9 690	2 042	2 156

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing.

Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

18. Inventories

	Consolidated		DECS	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Current:				
Materials at net realisable value	4 023	3 807	181	118
Total current inventories	4 023	3 807	181	118
Total inventories	4 023	3 807	181	118

19. Other financial assets

	Consolidated		DECS	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Current:				
Term deposits	93	6 178	-	-
Total current investments	93	6 178	-	-
Non-Current:				
Term deposits	498	658	-	-
Total non-current investments	498	658	-	-
Total other financial assets	591	6 836	-	-

The term deposits are carried at cost and are to be held to their maturity.

20. Non-current assets classified as held-for-sale

	Consolidated		DECS	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Current:				
Land	7 140	8 712	7 140	8 712
Buildings and improvements	1 636	2 785	1 636	2 785
Buses	412	32	412	32
Total current non-current assets held-for-sale	9 188	11 529	9 188	11 529

21. Property, plant and equipment

	Consolidated		DECS	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Land:				
Land at valuation	1 125 664	1 057 432	1 125 525	1 057 308
Land at cost	5 910	11 323	5 784	11 197
Total land	1 131 574	1 068 755	1 131 309	1 068 505
Buildings and improvements:				
Buildings and improvements at valuation	4 295 791	4 303 918	4 295 791	4 303 918
Accumulated depreciation	(2 830 645)	(2 777 742)	(2 830 645)	(2 777 742)
Buildings and improvements at cost	58 458	6 299	57 808	5 249
Accumulated depreciation	(504)	(135)	(392)	(45)
Total buildings and improvements	1 523 100	1 532 340	1 522 562	1 531 380
Leasehold improvements:				
Leasehold improvements at cost	13 331	13 331	13 331	13 331
Accumulated depreciation	(6 496)	(5 183)	(6 496)	(5 183)
Total leasehold improvements	6 835	8 148	6 835	8 148
Construction work in progress:				
Construction work in progress at cost	46 940	48 661	46 940	48 661
Total construction work in progress	46 940	48 661	46 940	48 661
Buses/motor vehicles:				
Buses at valuation	58 743	53 392	58 743	53 392
Accumulated depreciation	(47 215)	(44 044)	(47 215)	(44 044)
Buses at cost	8 054	8 618	102	1 246
Accumulated depreciation	(4 433)	(4 056)	(1)	(42)
Total buses/motor vehicles	15 149	13 910	11 629	10 552
Computing, communication equipment, furniture and equipment:				
Computing, communication equipment, furniture and equipment at valuation	1 835	1 868	1 835	1 868
Accumulated depreciation	(1 835)	(1 868)	(1 835)	(1 868)
Computing, communication equipment, furniture and equipment at cost	36 314	34 813	17 769	17 399
Accumulated depreciation	(25 482)	(22 105)	(13 363)	(10 813)
Total computing, communication equipment, furniture and equipment	10 832	12 708	4 406	6 586
Other assets:				
Other assets at cost	7 233	6 953	4 303	4 181
Accumulated depreciation	(5 081)	(4 635)	(3 240)	(2 974)
Total other assets	2 152	2 318	1 063	1 207
Total property plant and equipment	2 736 582	2 686 840	2 724 744	2 675 039

Valuation of non-current assets

Valuation of non-current assets - valuation of land and swimming pools were performed at 30 June 2009, buildings 30 June 2008, and paving 30 June 2007. The land valuation was performed by the Valuer-General and the buildings, paving and swimming pools were valued by the Department for Transport, Energy and Infrastructure. Valuations of computing and communication equipment, furniture and equipment, and buses are based on current replacement cost. Schools' plant and equipment is recorded at cost.

	DECS				
	Land \$'000	Buildings \$'000	Leasehold improve- ments \$'000	Computing, communication equipment, furniture and equipment \$'000	Buses/ motor vehicles \$'000
2009					
Carrying amount at 1 July	1 068 505	1 531 380	8 148	6 586	10 552
Additions	594	612	-	371	2 391
Disposals	(810)	(651)	-	-	-
Reclassified held-for-sale	-	(4)	-	-	(380)
Transfers to (from) WIP	-	51 725	-	-	-
Revaluation increment (decrement)	63 373	(485)	-	-	808
Depreciation	-	(60 015)	(1 313)	(2 551)	(1 742)
Other movements	(353)	-	-	-	-
Carrying amount at 30 June	1 131 309	1 522 562	6 835	4 406	11 629

Valuation of non-current assets (continued)

	DECS				
	Construction work in progress \$'000	Other assets \$'000	Tangible asset total \$'000	Internally developed computer software \$'000	Intangible asset total \$'000
Carrying amount at 1 July	48 661	1 207	2 675 039	1 742	1 742
Additions	50 004	120	54 092	-	-
Disposals	-	-	(1 461)	-	-
Reclassified held-for-sale	-	-	(384)	-	-
Transfer to (from) WIP	(51 725)	-	-	-	-
Revaluation increment (decrement)	-	-	63 696	-	-
Depreciation	-	(264)	(65 885)	(871)	(871)
Other movements	-	-	(353)	-	-
Carrying amount at 30 June	46 940	1 063	2 724 744	871	871

	DECS				
	Land \$'000	Buildings \$'000	Leasehold improve- ments \$'000	Computing, communication equipment, furniture and equipment \$'000	Buses/ motor vehicles \$'000
Carrying amount at 1 July	903 698	1 276 253	9 461	8 831	11 531
Additions	13 748	2 778	-	332	925
Disposals	(1 066)	(2 358)	-	-	(123)
Reclassified held-for-sale	(4 073)	(5 376)	-	-	2
Transfers to (from) WIP	-	64 081	-	-	-
Revaluation increment (decrement)	156 005	245 283	-	-	-
Depreciation	-	(52 597)	(1 313)	(2 577)	(1 783)
Other movements	193	3 316	-	-	-
Carrying amount at 30 June	1 068 505	1 531 380	8 148	6 586	10 552

	Construction work in progress \$'000	Other assets \$'000	Tangible asset total \$'000	Internally developed computer software \$'000	Intangible asset Total \$'000
Carrying amount at 1 July	57 019	1 369	2 268 162	2 612	2 612
Additions	59 510	120	77 413	-	-
Disposals	(3 787)	-	(7 334)	-	-
Reclassified held-for-sale	-	-	(9 447)	-	-
Transfer to (from) WIP	(64 081)	-	-	-	-
Revaluation increment (decrement)	-	-	401 288	-	-
Depreciation	-	(282)	(58 552)	(870)	(870)
Other movements	-	-	3 509	-	-
Carrying amount at 30 June	48 661	1 207	2 675 039	1 742	1 742

22. Intangible assets

	Consolidated		DECS	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Computer software:				
Internally developed computer software	4 354	4 354	4 354	4 354
Accumulated amortisation	(3 483)	(2 612)	(3 483)	(2 612)
Total computer software	871	1 742	871	1 742

The internally developed computer software relates to the Department's Human Resource Management system (VALEO) with a remaining useful life of one year and carrying amount of \$871 000. Prior to June 2003 costs associated with the development of VALEO were expensed, and after that date capitalised.

23. Payables

	Consolidated		DECS	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Current:				
Creditors	34 524	55 561	45 126	53 489
Accrued expenses	5 329	6 533	3 455	4 474
Employment on-costs	19 039	18 119	19 036	18 108
Lease payables	21	53	-	-
Total current payables	58 913	80 266	67 617	76 071
Non-current:				
Employment on-costs	26 459	25 125	26 459	25 125
Lease payables	42	91	-	-
Total non-current payables	26 501	25 216	26 459	25 125
Total payables	85 414	105 482	94 076	101 196

23. Payables (continued)

	Consolidated		DECS	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Government/non-Government payables				
Payables to SA Government entities:				
Creditors	14 942	24 610	17 842	26 172
Accrued expenses	1 435	2 475	1 844	2 468
Total payables to SA Government entities	16 377	27 085	19 686	28 640
Payables to non-SA Government entities:				
Creditors	19 582	30 951	27 284	27 317
Accrued expenses	3 894	4 058	1 611	2 006
Employment on-costs	45 498	43 244	45 495	43 233
Lease payables	63	144	-	-
Total payables to non-SA Government entities	69 037	78 397	74 390	72 556
Total payables	85 414	105 482	94 076	101 196

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the average factor for the calculation of employer superannuation on-cost has changed from the 2008 rate 11 percent to 10.5 percent. This rate is used in the employment oncost calculation. The net financial effect of this change in the current financial year is a decrease in the employment on-cost and employee benefit expense of \$1.033 million.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

24. Borrowings

	Consolidated		DECS	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Current:				
Borrowings from SA Government ⁽¹⁾	206	926	-	926
Total current borrowings	206	926	-	926
Non-current:				
Borrowings from SA Government ⁽¹⁾	285	-	-	-
Advances ⁽²⁾	121	121	121	121
Total non-current borrowings	406	121	121	121
Total borrowings	612	1 047	121	1 047

(1) This loan is interest bearing and unsecured. The terms of the loan are agreed by the Minister at the time the loan was provided.

(2) The advance was to establish the imprest account and is non-interest bearing.

Borrowings are recognised at cost and have no maturity date. The interest rate is determined by the Treasurer. The average rate was 5.94 percent in 2009 (6.69 percent in 2008).

25. Employee benefits

	Consolidated		DECS	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Current:				
Annual leave	77 163	74 080	76 947	73 974
Accrued salaries and wages	19 162	12 863	18 795	12 384
Long service leave	45 156	47 106	45 022	46 989
Country incentive leave	2 138	-	2 138	-
Total current employee benefits	143 619	134 049	142 902	133 347
Non-Current:				
Long service leave	336 200	316 859	334 528	315 407
Country incentive leave	3 391	-	3 391	-
Total non-current employee benefits	339 591	316 859	337 919	315 407
Total employee benefits	483 210	450 908	480 821	448 754

Based on an actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of the long service leave liability has been calculated at 6.5 years (the benchmark applied in 2007-08 was 7.5 years). The result of this has been an increase to the provision of \$6.616 million.

In addition, the actuarial assessment performed by the Department of Treasury and Finance also revised the salary inflation rate down by 0.5 percent from the 2008 rate 4.5 percent. The net financial effect of the changes in the current financial year are decreases in the employee benefit liabilities of \$397 000, employment on-cost liabilities of \$61 000 and employee benefit expense of \$458 000.

26. Provisions

	Consolidated		DECS	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Current:				
Provision for workers compensation	18 386	20 612	18 386	20 612
Provision for vicarious liability claims	764	586	764	586
Provision for fire claims	12	1	204	675
Total current provisions	19 162	21 199	19 354	21 873
Non-Current:				
Provision for workers compensation	77 166	81 834	77 166	81 834
Provision for vicarious liability claims	2 323	2 219	2 323	2 219
Total non-current provisions	79 489	84 053	79 489	84 053
Total provisions	98 651	105 252	98 843	105 926

Movements in provisions

Provision for workers compensation:				
Carrying amount at 1 July	102 446	107 528	102 446	107 528
Reductions arising from payments/other sacrifice of future economic benefits	(20 160)	(16 436)	(20 160)	(16 436)
Additional provision recognised	13 266	11 354	13 266	11 354
Carrying amount at 30 June	95 552	102 446	95 552	102 446

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 the Department of the Premier and Cabinet. These claims are expected to be settled within the next financial year.

	Consolidated		DECS	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Provision for vicarious liability claims:				
Carrying amount at 1 July	2 805	2 404	2 805	2 404
Reductions arising from payments/other sacrifice of future economic benefits	(863)	(660)	(863)	(660)
Additional provision recognised	1 145	1 061	1 145	1 061
Carrying amount at 30 June	3 087	2 805	3 087	2 805
Provision for fire claims:				
Carrying amount at 1 July	1	-	675	658
Reductions arising from payments/other sacrifice of future economic benefits	-	-	(709)	(446)
Additional provision recognised	11	1	238	463
Carrying amount at 30 June	12	1	204	675

27. Other liabilities

Current:				
Deposits	15 280	15 637	14 699	14 901
Unearned revenue	5 793	9 684	1 042	5 473
Other liabilities	3 985	3 852	221	597
Total current other liabilities	25 058	29 173	15 962	20 971
Non-current:				
Deposits	1 094	1 401	-	-
Other liabilities	504	159	360	-
Total non-current other liabilities	1 598	1 560	360	-
Total other liabilities	26 656	30 733	16 322	20 971

28. Equity

Retained earnings	1 248 676	1 174 494	1 040 883	987 830
Asset revaluation reserve	1 319 471	1 261 382	1 319 418	1 261 344
Total equity	2 568 147	2 435 876	2 360 301	2 249 174

The asset revaluation reserve is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is disposed of or assets are transferred to another SA Government entity upon an administrative restructure.

29. Unrecognised contractual commitments**Capital commitments**

Capital Expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:

	Consolidated		DECS	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Within one year	294 200	39 995	294 200	39 995
Later than one year but not later than five years	196 496	19 302	196 496	19 302
Total capital commitments	490 696	59 297	490 696	59 297

The Department's capital commitments are for capital works projects involving the construction or upgrade of school buildings and facilities. Capital commitments for 2008-09 include commitments for projects associated with the Commonwealth Government's Building the Education Revolution program.

Remuneration commitments

Commitments for the payment of salaries and other remuneration under fixed term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:

	Consolidated		DECS	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Within one year	5 083	5 004	5 083	5 004
Later than one year but not later than five years	10 958	11 706	10 958	11 706
Total remuneration commitments	16 041	16 710	16 041	16 710

Amounts disclosed include commitments arising from executive service contracts. The Department does not offer fixed-term remuneration contracts greater than five years.

Operating lease commitments for vehicles

	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Within one year	4 342	3 813	4 342	3 813
Later than one year but not later than five years	5 049	2 849	5 049	2 849
Total motor vehicle operating lease commitment	9 391	6 662	9 391	6 662

The Department has non-cancellable operating lease commitments for the provision of vehicles to senior executive officers or sections (ie pool vehicles) with Fleet SA. There are no purchase options available to the Department.

Operating lease commitments for accommodation and facilities

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	Consolidated		DECS	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Within one year	7 828	7 617	7 828	7 617
Later than one year but not later than five years	13 063	19 939	13 063	19 939
Later than five years	28	-	28	-
Total accommodation and facilities operating lease commitments	20 919	27 556	20 919	27 556

The Department has entered into a number of operating leases for the provision of office accommodation and facilities used for the delivery of educational services. Office accommodation is leased from the Department for Transport, Energy and Infrastructure. The property leases include both cancellable and non-cancellable leases and are for varied terms. Contingent rentals are based upon changes in market rental rates, the CPI or a specified rate of increase in the rental payments. Options exist to renew the leases at the end of the lease term. Some leases have no option to renew. Rent is payable in arrears.

30. Contingent assets and liabilities

The Department is presently a party to a claim in the Industrial Relations Court of South Australia seeking an interpretation of the allowable break in service (three months or two years) for accrual of long service leave for contract teachers and temporary relieving teachers under the *Education Act 1972*. Although hourly paid instructors are not formally part of the arbitration, the Court's decision may also have similar implications for these employees.

On 29 May 2009 a Full Court of the Industrial Relations Court of SA found in favour of the Department's position. The Australian Education Union applied for permission to appeal the decision to the Full Court of the Supreme Court of SA. On 16 July 2009 the permission was granted. Hearing dates of the appeal have yet to be set. Depending on the outcome of the legal process, the Department may have a liability to provide new rules retrospectively to the 1 January 1978 or to an alternative date set by the Court.

The Department has received advice from the Crown Solicitor that departmental bus drivers were eligible for long service leave under the PSM Act from 10 March 1994. Therefore payment from this date is being applied to each application for long service leave that is received.

31. Transferred functions**Transferred out**

In September 2006 the SA Government announced a shared services initiative to streamline and simplify internal corporate and business support services to deliver savings. In late 2007 State Cabinet approved the shared services model developed by the Shared Services Reform Office for the creation of Shared Services SA in the Department of Treasury and Finance. The business services of SA Government agencies are transferring to Shared Services SA in a series of transition programs known as Tranches. In most cases, these services transition in their current state with the current employees, who have been providing these services within the agencies. Cabinet approved Tranche 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 and taxation services, ICT services and support, contract services and purchase card administration. As part of this reform:

- from 21 July 2008, the accounts payable and accounts receivable services from the Resources Directorate transitioned to Shared Services SA
- from 13 October 2008, the payroll services from the Resources Directorate transitioned to Shared Services SA
- from 9 June 2009, certain financial accounting and taxation services from the Resources Directorate transitioned to Shared Services SA.

87 employees of the Resources Directorate, budget funding of \$4.812 million and the following assets and liabilities were transferred to Shared Services SA.

	Tranche 1 July and October 2008 \$'000	Tranche 2 June 2009 \$'000
Cash	1 007	205
Total assets	1 007	205
Employee benefits	1 007	205
Total liabilities	1 007	205
Total net assets transferred	-	-

Net assets transferred by the Department as a result of the administrative restructure were at the carrying amount. The net assets transferred were treated as a distribution to the Government as owner.

32. Remuneration of Board and Committee members

Members that were entitled to receive remuneration for membership during the 2008-09 financial year were:

Animal Ethics Committee

Ms Anne Clark	Ms Kay McGrath
Mr Manfred Heide	Mr Steve Thompson
Mr Steve Lawrie	Ms Pat Sprague

DECS Prudential Management and Audit Committee

Ms Yvonne Sneddon

The number of members whose remuneration received or receivable falls within the following bands:

	2009 Number	2008 Number
\$0	18	19
\$1 - \$9 999	6	5
\$10 000 - \$19 999	1	-
Total number of members	25	24

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 \$12 145 (\$8670).

In accordance with the Department of Premier and Cabinet Circular 16, government employees did not receive any remuneration for board/committee duties during the financial year.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

33. Cash flow reconciliation

	Consolidated		DECS	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Reconciliation of cash - cash at 30 June as per:				
Cash disclosed in the Statement of Financial Position	481 725	385 877	279 170	200 876
Balance as per the Statement of Cash Flows	481 725	385 877	279 170	200 876
Reconciliation of net cash provided by operating activities to net cost of providing services:				
Net cash provided by operating activities	140 260	125 853	126 144	111 228
Revenues from SA Government	(1 744 858)	(1 723 902)	(1 744 858)	(1 723 902)
Add (less): Non-cash items:				
Depreciation and amortisation expense of non-current assets	(69 547)	(62 439)	(66 756)	(59 423)
Bad and doubtful debts	(2 149)	(4 613)	84	(1 996)
Non-current assets derecognised/written off	(94)	(5 569)	(94)	(5 569)
Write-down of other assets	-	(2 791)	-	(2 791)
Assets recognised for the first time	369	3 509	369	3 509
Assumption of liabilities	-	144	-	144
Gain (Loss) on sale or disposal of non-current assets	273	(954)	220	(1 007)
Change in assets/liabilities:				
(Decrease) Increase in receivables	(1 426)	15 847	(1 269)	6 430
Increase in GST receivable	591	1 077	515	1 066
Increase (Decrease) in other assets	586	1 183	100	(166)
Increase in employee entitlements	(32 302)	(26 658)	(32 067)	(26 436)
Decrease in provisions	5 267	4 216	7 083	4 664
Decrease (Increase) in payables	22 536	(18 665)	8 672	(12 189)
Decrease (Increase) in other liabilities	4 197	(5 821)	4 431	(5 076)
Net cost of providing services	(1 676 297)	(1 699 583)	(1 697 426)	(1 711 514)

34. Financial instruments/financial risk management**34.1 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.

		2009		2008	
		Carrying amount	Fair value	Carrying amount	Fair value
		\$'000	\$'000	\$'000	\$'000
Financial assets	Note				
Cash and cash equivalents	16,33	279 170	279 170	200 876	200 876
Receivables ⁽¹⁾	17	23 542	23 542	24 939	24 939
Loans receivables	17	6 624	6 624	7 164	7 164
Total financial assets		309 336	309 336	232 979	232 979
Financial liabilities					
Payables ⁽¹⁾	23	93 721	93 721	100 820	100 820
Borrowings	24	121	121	1 047	1 047
Other liabilities	27	16 322	16 322	20 971	20 971
Total financial liabilities		110 164	110 164	122 838	122 838

(1) AASs exclude from the definition of financial instruments, assets and liabilities resulting from statutory requirements imposed by governments.

Credit risk

Credit risk arises when there is a possibility of the Department's debtors defaulting on their contractual obligations resulting in financial loss to the Department. The Department measures credit risk on a fair value basis and monitors risk on a regular basis.

The Department has minimal concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Department does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently the Department does not hold any collateral as security to any of its financial assets. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer to Note 18 for information on the allowance for impairment in relation to receivables.

The following table discloses the ageing of financial assets, past due, including impaired assets past due.

34.2 Ageing analysis of financial assets

	Past Due By			
	Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	Total \$'000
2009				
Not impaired:				
Receivables ⁽¹⁾	3 602	1 495	4 807	9 904
Other financial assets	-	-	-	-
Impaired:				
Receivables ⁽¹⁾	-	-	(1 978)	(1 978)
Other financial assets	-	-	(64)	(64)
Total financial assets	3 602	1 495	2 765	7 862
2008				
Not impaired:				
Receivables ⁽¹⁾	(1 646)	846	3 573	2 773
Other financial assets	-	-	-	-
Impaired:				
Receivables ⁽¹⁾	-	-	(2 092)	(2 092)
Other financial assets	-	-	(64)	(64)
Total financial liabilities	(1 646)	846	1 417	617

(1) AASs exclude from the definition of financial instruments, assets and liabilities resulting from statutory requirements imposed by governments.

34.3 Maturity analysis of financial assets and liabilities

	Contractual maturities			
	Carrying amount \$'000	Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2009				
Financial assets:				
Cash and cash equivalents	279 170	279 170	-	-
Receivables	23 542	23 542	-	-
Loan receivables	6 624	487	2 086	4 051
Total financial assets	309 336	303 199	2 086	4 051
Financial liabilities:				
Payables	93 721	93 721	-	-
Borrowings	121	-	-	121
Other financial liabilities	16 322	16 322	-	-
Total financial liabilities	110 164	110 043	-	121
2008				
Financial assets:				
Cash and cash equivalents	200 876	200 876	-	-
Receivables	24 939	24 939	-	-
Loan receivables	7 164	531	2 053	4 580
Total financial assets	232 979	226 346	2 053	4 580
Financial liabilities:				
Payables	100 820	100 820	-	-
Borrowings	1 047	926	-	121
Other financial liabilities	20 971	20 971	-	-
Total financial liabilities	122 838	122 717	-	121

Liquidity risk

Liquidity risk arises where the Department is unable to meet its financial obligations as they fall due. The Department is funded principally from appropriation by the SA Government. The Department works with the Department of Treasury and Finance to determine the cash flows associated with its government approved program of work and to ensure funding is provided through the SA Government budgetary processes to meet the expected cash flows. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made within 30 days from resolution.

The Department's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded in Note 34.1 represent the Department's maximum exposure to financial liabilities.

Market risk

Market risk for the Department is primarily through interest rate risk. Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. The Department's interest bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks

Sensitivity disclosure analysis

A sensitivity disclosure analysis has not been undertaken for the interest rate risk of the Department as it has been determined that the possible impact on the profit and loss or total equity from fluctuations in interest rates is immaterial.

35. Events after balance date

There were no events occurring after balance date that have material financial implications on these financial statements.

**Statement of Administered Comprehensive Income
for the year ended 30 June 2009**

		2009	2008
	Note	\$'000	\$'000
EXPENSES:			
Employee benefit expenses	A3	1 800	1 688
Supplies and services	A4	251	179
Transfer payments	A5	725 665	675 508
Borrowing costs		86	199
Depreciation		6	7
Other expenses		371	144
Total expenses		728 179	677 725
INCOME:			
Revenues from SA Government	A6	166 632	159 781
Commonwealth revenues	A7	595 751	520 189
Interest revenues	A8	67	258
Other revenues		1	-
Total income		762 451	680 228
NET RESULT		34 272	2 503
TOTAL COMPREHENSIVE RESULT		34 272	2 503

Statement of Administered Financial Position as at 30 June 2009

	Note	2009 \$'000	2008 \$'000
CURRENT ASSETS:			
Cash	A9	52 528	6 723
Receivables	A10	324	1 367
Total current assets		52 852	8 090
NON-CURRENT ASSETS:			
Plant and equipment	A11	41	16
Total non-current assets		41	16
Total assets		52 893	8 106
CURRENT LIABILITIES:			
Payables	A12	4 353	60
Employee benefits	A13	149	114
Borrowings	A14	1 500	1 500
Other liabilities	A15	6 196	-
Total current liabilities		12 198	1 674
NON-CURRENT LIABILITIES:			
Payables	A12	35	36
Employee benefits	A13	450	458
Total non-current liabilities		485	494
Total liabilities		12 683	2 168
NET ASSETS		40 210	5 938
EQUITY:			
Accumulated surplus		40 210	5 938
TOTAL EQUITY		40 210	5 938
Contingent asset and liabilities	A16		

Statement of Changes in Administered Equity for the year ended 30 June 2009

	Accumulated surplus \$'000	Total \$'000
Balance at 30 June 2007	3 435	3 435
Net result for 2007-08	2 503	2 503
Total comprehensive result for 2007-08	2 503	2 503
Balance at 30 June 2008	5 938	5 938
Net result for 2008-09	34 272	34 272
Total comprehensive result for 2008-09	34 272	34 272
Balance at 30 June 2009	40 210	40 210

Statement of Administered Cash Flows for the year ended 30 June 2009

		2009	2008
		Inflows	Inflows
		(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	\$'000	\$'000
CASH OUTFLOWS:			
Employee benefit payments		(1 763)	(1 704)
Supplies and services		(158)	(176)
Transfer payments		(721 664)	(674 949)
Borrowing costs		(97)	(199)
GST payments on purchases		(14 536)	(13 730)
Cash used in operations		(738 218)	(690 758)
CASH INFLOWS:			
Receipts from SA Government		166 632	159 781
Receipts from Commonwealth		602 146	520 189
Interest received		36	75
GST input tax credits		14 313	13 772
Other receipts		1	-
Cash generated from operations		783 128	693 817
Net cash provided by operating activities	A18	44 910	3 059
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Payments for plant and equipment		(31)	-
Cash used in investing activities		(31)	-
CASH INFLOWS:			
Loans repaid		926	1 311
Cash generated from investing activities		926	1 311
Net cash provided by investing activities		895	1 311
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Repayment of borrowings		-	(1 460)
Cash used in financing activities		-	(1 460)
Net cash used in financing activities		-	(1 460)
NET INCREASE IN CASH HELD		45 805	2 910
CASH AT 1 JULY		6 723	3 813
CASH AT 30 JUNE	A9	52 528	6 723

**Schedule of Expenses and Income
attributable to Administered Activities
for the year ended 30 June 2009**

	Minister's other payments		Minister's borrowings		Minister's salary and allowances		Totals	
	2009	2008	2009	2008	2009	2008	2009	2008
EXPENSES:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses	1 559	1 447	-	-	241	241	1 800	1 688
Supplies and services	251	179	-	-	-	-	251	179
Transfer payments	725 665	675 508	-	-	-	-	725 665	675 508
Borrowing costs	-	-	86	199	-	-	86	199
Depreciation	6	7	-	-	-	-	6	7
Other expenses	-	-	371	144	-	-	371	144
Total expenses	727 481	677 141	457	343	241	241	728 179	677 725
INCOME:								
Revenue from SA Government	166 391	159 541	-	-	241	240	166 632	159 781
Commonwealth revenues	595 751	520 189	-	-	-	-	595 751	520 189
Interest revenues	-	-	67	258	-	-	67	258
Other revenues	1	-	-	-	-	-	1	-
Total income	762 143	679 730	67	258	241	240	762 451	680 228
NET RESULT	34 662	2 589	(390)	(85)	-	(1)	34 272	2 503

NOTES TO AND FORMING PART OF THE ADMINISTERED STATEMENTS

A1. Summary of significant accounting policies

All the Department of Education and Children's Services accounting policies are contained in Note 2. The policies outlined in Note 2 apply to both the Department and Administered Financial Statements.

A2. Changes in accounting policies

All the Department of Education and Children's Services changes in accounting policies are contained in Note 3. The changes outlined in Note 3 apply to both the Department and Administered Financial Statements.

A3. Employee benefit expense

	2009	2008
	\$'000	\$'000
Salaries and wages (including annual leave)	1 484	1 374
Employment on-costs - superannuation	134	108
Employment on-costs - payroll tax	74	64
Workers compensation	1	1
Long service leave	(9)	10
Board fees	116	131
Total employee benefit costs	1 800	1 688

Remuneration of employees

The number of employees whose remuneration received or receivable exceeded \$100 000 for this period are grouped within the following bands:

	2009	2008
	Number	Number
\$100 000 to \$109 999	1	2
\$110 000 to \$119 999	1	1
Total number of employees	2	3

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 \$220 000 (\$315 000).

A4. Supplies and services

	2009	2008
	\$'000	\$'000
Supplies and services provided by entities within SA Government:		
Printing, postage and consumables	-	2
Vehicle and travelling expenses	7	9
Conference expenses	-	1
Other expenses	1	-
Total supplies and services to SA Government entities	8	12

A4. Supplies and services (continued)	2009	2008
Supplies and services provided by entities external to SA Government:	\$'000	\$'000
Fees - consultants, contractors and other outsourced services	91	79
Printing, postage and consumables	18	15
Minor works, maintenance and equipment	54	5
Vehicle and travelling expenses	31	16
Conference expenses	3	-
Advertising, publicity, promotions	2	2
Rentals and leases	4	3
Computer communications	1	-
Telecommunications	-	1
Other expenses	39	46
Total supplies and services to non-SA Government entities	243	167
Total supplies and services	251	179

There were no consultants paid/payable during the last two financial years.

A5. Transfer payments

The Department makes various transfer payments to eligible beneficiaries in the capacity of an agent responsible for the administration of the transfer process. Amounts relating to these transfer payments are not controlled by the Department, since they are made at the discretion of the Government in accordance with government policy. The following table lists recipients by class and the amounts transferred.

Transfer payments paid/payable to entities within SA Government:	2009	2008
	\$'000	\$'000
Multicultural grants	-	39
Government schools	3 587	18 485
Special schools	2 355	2 299
Other organisations	105	166
SACE Board of South Australia	12 557	11 783
Transport concessions	15 772	10 877
Total transfer payments to SA Government entities	34 376	43 649
Transfer payments paid/payable to entities external to SA Government:		
Multicultural grants	1 135	1 307
Non-Government schools	685 116	625 807
Special schools	3 803	3 989
Other organisations	1 235	756
Total transfer payments to non-SA Government entities	691 289	631 859
Total transfer payments	725 665	675 508

A6. Revenues from SA Government

Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	166 380	159 531
Appropriations under other Acts	241	240
Transfers from contingencies	11	10
Total revenues from SA Government	166 632	159 781

A7. Commonwealth revenues

Recurrent	579 491	479 706
Capital	16 260	40 483
Total commonwealth revenues	595 751	520 189

A8. Interest revenues

Interest from entities within the SA Government	67	258
Total interest revenues	67	258

A9. Cash

Special Deposit Accounts with the Treasurer	52 528	6 723
Total cash	52 528	6 723

A10. Receivables

Current:		
Loan receivables	-	926
Interest receivable	36	376
GST recoverable from the ATO	288	65
Total current receivables	324	1 367

A10. Receivables (continued)**Government/non-Government receivables**

Receivables from SA Government entities:

Loan receivables

Interest receivable

Total receivables from SA Government entities

2009	2008
\$'000	\$'000
-	926
36	376
36	1 302

Receivables from non-SA Government entities:

GST recoverable from the ATO

Total receivables from non-SA Government entities**Total receivables**

288	65
288	65
324	1 367

A11. Plant and equipment

Computing, furniture and equipment:

Computing, furniture and equipment at cost

Accumulated depreciation

Total computing, furniture and equipment**Total plant and equipment**

105	73
(64)	(57)
41	16
41	16

Valuation of non-current assets

Valuations of computing, furniture and equipment are based on current replacement cost in accordance with the Department of Treasury and Finance policy on valuations of non-current assets.

Reconciliation of plant and equipment

The following table shows the movement of plant and equipment

Computing, furniture
and equipment

2009	2008
\$'000	\$'000
16	23
31	-
(6)	(7)
41	16

Carrying amount at 1 July

Additions

Depreciation

Carrying amount at 30 June**A12. Payables**

Current:

Creditors

Accrued expenses

Employment on-costs

Total current payables

2009	2008
\$'000	\$'000
4 318	24
16	22
19	14
4 353	60

Non-current:

Employment on-costs

Total non-current payables**Total payables**

35	36
35	36
4 388	96

Government/non-Government payables

Payables to SA Government entities:

Creditors

Accrued expenses

Total payables to SA Government entities

3 032	2
16	22
3 048	24

Payables to non-SA Government entities:

Creditors

Employment on-costs

Total non-current payables to non-SA Government entities**Total payables**

1 286	22
54	50
1 340	72
4 388	96

A13. Employee benefits

Current:

Accrued salaries and wages

Annual leave

Long service leave

Total current employee benefits

12	4
74	47
63	63
149	114

Non-current:

Long service leave

Total non-current employee benefits**Total employee benefits**

450	458
450	458
599	572

A14. Borrowings	2009	2008
Current:	\$'000	\$'000
Borrowings from SA Government	1 500	1 500
Total current borrowings	1 500	1 500
A15. Other liabilities		
Current:		
Unearned revenue	6 196	-
Total other liabilities	6 196	-

A16. Contingent assets and liabilities

The Department is not aware of any contingent assets or liabilities and has made no guarantees in relation to its administered activities.

A17. Remuneration of Board and Committee members

Members that were entitled to receive remuneration for membership during the 2008-09 financial year were:

Ethnic Schools Board

Mr Paul Demetriou	Ms Helena Lelkes (Retired 30 September 2008)
Mr Denis Cranswick	Ms Ursula McGowan
Mrs Chandra K Eriyagama	Dr Sabine Orchard-Simonides
Mr John A Kiosoglous	Mr Abdi Ali Osman
Ms Raniah Daou (Commenced 1 October 2008)	Ms Goranka Pilja
Mr Paul Anthony Pine	

Ministerial Advisory Committee: Students with Disabilities

Ms Margaret Wallace	Ms Libby Burns
Ms Mary Bambacas	Ms Helen Beavan
Mr Clive Budden	Ms Claire Cotton
Ms Erica Baker	Ms Stephanie Grant
Ms Marie Hedley (Resigned 31 December 2008)	Ms Cathie Home
Ms Vivian Cagliuso (Commenced 1 January 2009)	Ms Pam Jacobs
Mr Dindo Varona (Resigned 31 December 2008)	Mr Brian Matthews
Mr Nick Schumi (Commenced 1 January 2009)	Ms Kim Morey (resigned 31 December 2008)
Ms Heather Ward	Ms Tanya Woodworth (commenced 1 January 2009)
Ms Ingrid Alderton	

Multicultural Education Coordination Committee

Mr Archie Kwesi Andrews	Mrs Zubayra Shamseden
Dr Giancarlo Chiro	Assoc Prof, Dr My-Van Tran
Ms Cristina Descalzi	Ms Deb Dalwood
Mr Paul Anthony Hine	Ms Janice Finlayson (resigned 31 December 2008)
Ms Suzanne Mashtoub	Mr Edgar Bliss (commenced 1 January 2009)
Mr John A Kiosoglous	Mr Lawrence Udo-Ekpo
Mr Lewis W O'Brien	

Non-Government School Advisory Committee

Mr Jeffery Croser	Mr Don Grimmett
Ms Nicola Mullins	Mr Alan Dooley (resigned 31 December 2008)
Ms Katherine Teague	Ms Elizabeth Swift (commenced 1 January 2009)
Ms Fiona Godfrey	Mr Michael Honey
Mr Barry Kahl	Ms Julie Lundberg
Mr Garry Le Duff	Ms Ann Bliss

Non-Government Schools Registration Board

Mr Robin Anderson	Mr Alan Young
Mr Gordon Baker	Mr Garry Le Duff
Ms Kathleen Cotter	Mr Alan Dooley (resigned 31 December 2008)
Mr Russell Eley	Ms Elizabeth Swift (commenced 1 January 2009)
Ms Margaret Linke	Ms Josephine Coonan
Dr Dale Wasley	Dr Vincent Thomas (deputy)
Ms Doreen Yam	Ms Helen O'Brien (deputy)

Non-Government Schools Joint Planning Committee

Mr John Connell	Mr Brian Simons
Mr Ken Hinkly	Dr Vincent Thomas
Ms Mary Jackson	Mr Garry Le Duff (proxy)
Mr Andrew Grear	Ms Jan Hurley (proxy)
Sister Catherine Clark	

A17. Remuneration of Board and Committee members (continued)

The number of members whose remuneration received or receivable falls within the following bands:

	2009 Number	2008 Number
\$0	8	36
\$1 - \$9 999	75	37
\$10 000 - \$19 999	1	2
\$20 000 - \$29 999	-	1
\$30 000 - \$39 999	1	-
Total number of members	85	76

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 \$115 789 (\$119 416).

In accordance with the Department of the Premier and Cabinet Circular 16, government employees did not receive any remuneration for board/committee duties during the financial year.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

A18. Cash flow reconciliation

Reconciliation of cash - cash at 30 June as per:

	2009 \$'000	2008 \$'000
Statement of Administered Cash Flows	52 528	6 723
Statement of Administered Financial Position	52 528	6 723

Reconciliation of net cash provided by operating activities to net result

Net cash provided by operating activities	44 910	3 059
Add (Less): Non-cash Items:		
Depreciation of plant and equipment	(6)	(7)
Assumption of liabilities	-	(144)
Changes in assets/liabilities:		
Increase (Decrease) in GST receivable	223	(42)
Decrease in receivables	(340)	(510)
Increase in other liabilities	(6 196)	-
(Increase) Decrease in employee benefits	(27)	12
(Increase) Decrease in payables	(4 292)	135
Net result	34 272	2 503

A19. Financial instruments/financial risk management**A19.1 Categorisation of financial instruments**

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 2. The policies outlined in Note 2 apply to both the Department and Administered Financial Statements.

	Note	2009		2008	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets					
Cash and cash equivalents	A9	52 528	52 528	6 723	6 723
Receivables ⁽¹⁾	A10	36	36	376	376
Loan receivables	A10	-	-	926	926
Total financial assets		52 564	52 564	8 025	8 025
Financial liabilities					
Payables ⁽¹⁾	A12	4 388	4 388	96	96
Loan payables	A14	1 500	1 500	1 500	1 500
Other liabilities	A15	6 196	6 196	-	-
Total financial liabilities		12 084	12 084	1 596	1 596

(1) AASs exclude from the definition of financial instruments, assets and liabilities resulting from statutory requirements imposed by governments.

Credit risk

Credit risk arises when there is a possibility of the Department's debtors defaulting on their contractual obligations resulting in financial loss to the Department. The Department measures credit risk on a fair value basis and monitors risk on a regular basis.

Credit risk (continued)

The Department has minimal concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Department does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently the Department does not hold any collateral as security to any of its financial assets. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer to Note A11 for information on the allowance for impairment in relation to receivables.

The following table discloses the maturity analysis of financial assets and financial liabilities.

A19.2 Maturity analysis of financial assets and liabilities

	Contractual maturities			
	Carrying amount \$'000	Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2009				
Financial Assets:				
Cash and cash equivalents	52 528	52 528	-	-
Receivables	36	36	-	-
Loan receivables	-	-	-	-
Total financial assets	52 564	52 564	-	-
Financial Liabilities:				
Payables	4 388	4 388	-	-
Borrowings	1 500	1 500	-	-
Other financial liabilities	6 196	6 196	-	-
Total financial liabilities	12 084	12 084	-	-
2008				
Financial Assets:				
Cash and cash equivalents	6 723	6 723	-	-
Receivables	376	376	-	-
Loan receivables	926	926	-	-
Total financial assets	8 025	8 025	-	-
Financial Liabilities:				
Payables	96	96	-	-
Borrowings	1 500	1 500	-	-
Other financial liabilities	-	-	-	-
Total financial liabilities	1 596	1 596	-	-

Liquidity risk

Liquidity risk arises where the Department is unable to meet its financial obligations as they fall due. The Department is funded principally from appropriation by the SA Government. The Department works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through the SA Government budgetary processes to meet the expected cash flows. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made within 30 days from resolution.

The Department's exposure to liquidity risk is insignificant based on past experience and current assessment of risk. The carrying amount of financial liabilities recorded in Note A19.1 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 Departments interest bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks

Sensitivity disclosure analysis

A sensitivity disclosure analysis has not been undertaken for the interest rate risk of the Department as it has been determined that the possible impact on the profit and loss or total equity from fluctuations in interest rates is immaterial.

A20. Events after balance date

There were no events occurring after balance date that have material financial implications on these financial statements.

ELECTORAL COMMISSION OF SOUTH AUSTRALIA

FUNCTIONAL RESPONSIBILITY

Establishment

The Electoral Commissioner is appointed by the Governor under the provisions of the *Electoral Act 1985*. The Electoral Commission of South Australia (Electoral Commission) is the administrative unit which has been established to assist the Electoral Commissioner to discharge his/her statutory duties. This administrative unit was formerly known as the State Electoral Office.

Functions

The main functions of the Electoral Commission are to administer all South Australian parliamentary electoral events and to conduct elections for all Local Government authorities and other organisations. Refer to Note 1 of the financial statements for the objectives of the Electoral Commission of South Australia.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Subsection 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of the Electoral Commission of South Australia for each financial year.

Assessment of controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Electoral Commission of South Australia 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 2008-09, specific areas of audit attention included:

- payroll
- accounts payable
- revenue
- financial accounting
- budgetary control
- fixed assets.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Electoral Commission of South Australia as at 30 June 2009, 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 Electoral Commission of South Australia in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, are sufficient to provide reasonable assurance that the financial transactions of the Electoral Commission of South Australia have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Electoral Commissioner. Response to the management letter was generally considered to be satisfactory. The main issues were the need to improve processes for charging for industrial elections and Local Government elections, to review policies for charging for other services on a regular basis and to ensure that all adjustments to timesheets were authorised. The Commissioner indicated these and other matters raised would be addressed.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

The level of financial operations of the Electoral Commission is affected by the timing of the State Government elections and to a much lesser extent the timing of the Local Government elections. A State Government election was last held in 2005-06, while Local Government elections were held in 2006-07. No significant elections were held in 2007-08 or 2008-09.

Highlights of the financial statements

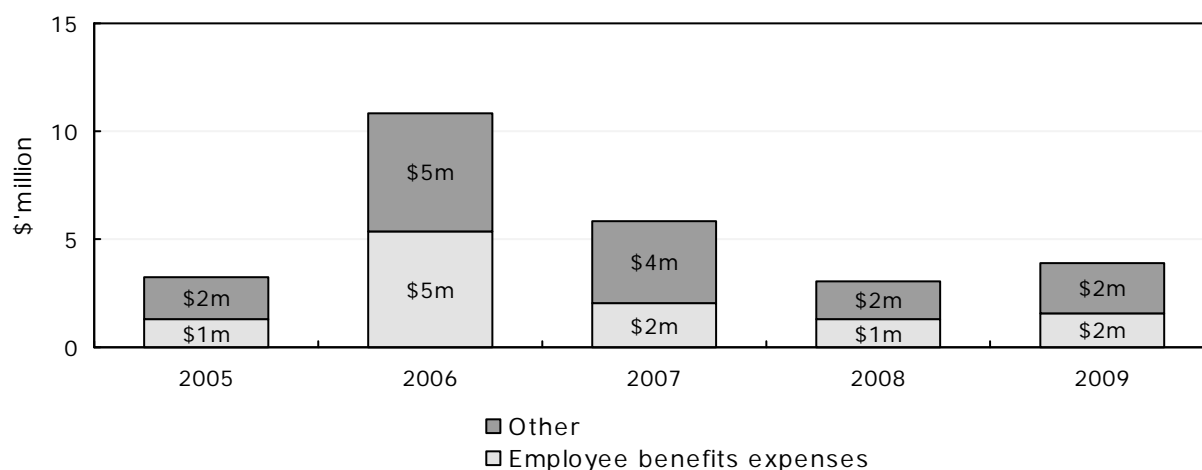
	2009 \$'million	2008 \$'million
EXPENSES		
Employee benefits expenses	1.6	1.3
Other	2.3	1.8
Total expenses	3.9	3.1
INCOME		
Revenues from SA Government	3.2	2.2
Other	0.8	0.8
Total income	4.0	3.0
NET RESULT AND COMPREHENSIVE RESULT	0.1	(0.1)
NET CASH PROVIDED BY OPERATING ACTIVITIES	0.4	-
ASSETS		
Current assets	1.6	1.2
Non-current assets	1.3	0.2
Total assets	2.9	1.4
LIABILITIES		
Current liabilities	0.5	0.3
Non-current liabilities	0.3	0.4
Total liabilities	0.8	0.7
EQUITY	2.1	0.7

Statement of Comprehensive Income

Operating expenses

The total expenses for the current year increased by \$794 000. Employee benefits expenses increased by \$290 000 due to an increase in the base level of staff employed. Other expenses increased by \$504 000 mainly as a result of increased rental accommodation expenses, up \$126 000, communication and information technology expenses, up \$80 000 and increased depreciation and amortisation expenses, up \$50 000 and the loss on disposal of non-current assets, \$92 000. Most of the other expense increases were associated with the Electoral Commission moving to new premises in January 2009.

The following chart shows for the five years 2005 to 2009 total expenses, segregated between employee benefits expenses and other expenses.



The chart shows the higher levels of expenditure in 2006 and 2007 when various elections were held, with the non-election years of 2005, 2008 and 2009 showing lower levels of expenditure.

Statement of Financial Position

Total assets and total liabilities at 30 June 2009 were \$2.9 million (\$1.4 million) and \$821 000 (\$654 000) respectively. The increase in total assets was mainly attributable to an increase in property, plant and equipment, up \$1.1 million to \$1.3 million. The increase was a result of the Commission's move to new premises with significant leasehold improvements now recognised as assets. Refer to Note 15 to the financial statements.

The Commission also received \$1.2 million in contributed capital from the State Government which takes total contributed capital to \$1.4 million. This year's contribution was received to fund the capital cost of the Commission's new premises.

Statement of Cash Flows

The following table summarises the net cash flows for the five years to 2009.

	2009 \$'000	2008 \$'000	2007 \$'000	2006 \$'000	2005 \$'000
Net cash flows					
Operating	413	(8)	202	7	65
Investing	(1 356)	(6)	(109)	(89)	-
Financing	1 209	-	154	-	-
Change in cash	266	(14)	247	(82)	65
Cash at 30 June	1 355	1 089	1 103	856	938

The analysis of cash flows shows the significant cash flows relating to investing and financing activities associated with the Commission's move to new premises.

**Statement of Comprehensive Income
for the year ended 30 June 2009**

		2009	2008
	Note	\$'000	\$'000
EXPENSES:			
Employee benefits expenses	6	1 621	1 331
Supplies and services	7	1 877	1 567
Depreciation and amortisation	8	139	89
Net loss from disposal of non-current assets	10	92	-
Other expenses		180	128
Total expenses		3 909	3 115
INCOME:			
Revenues from fees and charges	11	775	807
Total income		775	807
NET COST OF PROVIDING SERVICES		3 134	2 308
REVENUES FROM SA GOVERNMENT:			
Revenues from SA Government	12	3 246	2 225
NET RESULT		112	(83)
TOTAL COMPREHENSIVE RESULT		112	(83)

Net result and comprehensive result are attributable to the SA Government as owner

Statement of Financial Position as at 30 June 2009

		2009	2008
	Note	\$'000	\$'000
CURRENT ASSETS:			
Cash and cash equivalents	13	1 355	1 089
Receivables	14	196	93
Inventories		56	62
Total current assets		1 607	1 244
NON-CURRENT ASSETS:			
Property, plant and equipment	15	1 314	189
Total non-current assets		1 314	189
Total assets		2 921	1 433
CURRENT LIABILITIES:			
Payables	16	202	137
Unearned revenue		138	-
Short-term employee benefits	17(a)	164	165
Total current liabilities		504	302
NON-CURRENT LIABILITIES:			
Payables	16	35	37
Long-term employee benefits	17(a)	282	315
Total non-current liabilities		317	352
Total liabilities		821	654
NET ASSETS		2 100	779
EQUITY:			
Contributed capital		1 363	154
Retained earnings		737	625
TOTAL EQUITY		2 100	779

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments 18

Statement of Changes in Equity for the year ended 30 June 2009

	Contributed capital \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2007	154	708	862
Total comprehensive result for 2007-08	-	(83)	(83)
Balance at 30 June 2008	154	625	779
Total comprehensive result for 2008-09	-	112	112
Transactions with SA Government as owner			
Equity contributions received	1 209	-	1 209
Balance at 30 June 2009	1 363	737	2 100

All changes in equity are attributable to the SA Government as owner

Statement of Cash Flows for the year ended 30 June 2009

		2009 Inflows (Outflows) \$'000	2008 Inflows (Outflows) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:	Note		
CASH OUTFLOWS:			
Employee benefits payments		(1 653)	(1 328)
Supplies and services		(2 341)	(1 866)
GST payments to ATO		(74)	(75)
Cash used in operations		(4 068)	(3 269)
CASH INFLOWS:			
Fees and charges		904	862
GST input tax credits		331	174
Cash generated from operations		1 235	1 036
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		3 246	2 225
Cash generated from SA Government		3 246	2 225
Net cash provided by (used in) operating activities	19	413	(8)
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from the sale of property, plant and equipment		27	-
CASH OUTFLOWS:			
Purchase of plant and equipment		(1 383)	(6)
Net cash used in investing activities		(1 356)	(6)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH INFLOWS:			
Capital contributions from SA Government		1 209	-
Net cash provided by financing activities		1 209	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		266	(14)
CASH AND CASH EQUIVALENTS AT 1 JULY		1 089	1 103
CASH AND CASH EQUIVALENTS AT 30 JUNE	13	1 355	1 089

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2009

(Activities - refer Note 5)	1		2		Total	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES:						
Employee benefits expenses	1 381	1 116	240	215	1 621	1 331
Supplies and services	1 453	1 250	424	317	1 877	1 567
Depreciation and amortisation	139	89	-	-	139	89
Net loss on disposal of non-current assets	92	-	-	-	92	-
Other expenses	180	128	-	-	180	128
Total expenses	3 245	2 583	664	532	3 909	3 115
INCOME:						
Revenues from fees and charges	125	167	650	640	775	807
Total income	125	167	650	640	775	807
NET COST OF PROVIDING SERVICES	3 120	2 416	14	(108)	3 134	2 308
GOVERNMENT:						
Revenues from SA Government	3 246	2 225	-	-	3 246	2 225
NET RESULT	126	(191)	(14)	108	112	(83)

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2009

(Activities - refer Note 5)	1		2		Total	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS:						
Cash and cash equivalents	1 355	1 089	-	-	1 355	1 089
Receivables	147	93	49	-	196	93
Inventories	56	62	-	-	56	62
Total current assets	1 558	1 244	49	-	1 607	1 244
NON-CURRENT ASSETS:						
Property, plant and equipment	1 314	189	-	-	1 314	189
Total non-current assets	1 314	189	-	-	1 314	189
Total assets	2 872	1 433	49	-	2 921	1 433
CURRENT LIABILITIES:						
Payables	202	137	-	-	202	137
Unearned revenue	-	-	138	-	138	-
Employee benefits	164	165	-	-	164	165
Total current liabilities	366	302	138	-	504	302
NON-CURRENT LIABILITIES:						
Payables	35	37	-	-	35	37
Employee benefits	282	315	-	-	282	315
Total non-current liabilities	317	352	-	-	317	352
Total liabilities	683	654	138	-	821	654
NET ASSETS	2 189	779	(89)	-	2 100	779

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Electoral Commission of South Australia

The Electoral Commission of South Australia (the Commission) is an administrative unit which has been established to assist the Electoral Commissioner to discharge statutory duties in accordance with the provisions of the *Electoral Act 1985* (the Act).

The objectives of the Commission are to promote in the community an understanding of electoral matters including the rights and responsibilities of electors and to provide the opportunity to vote at properly conducted State Parliamentary and non-Parliamentary elections and polls.

The Commission was formerly known as the State Electoral Office, with the name change effective from 27 January 2009.

2. Summary of significant accounting policies

2.1 Statement of compliance

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and TIs and APSs promulgated under the provision of the PFAA.

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Commission's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable Notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following Note disclosures, which have been included in these financial statements:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature
 - (b) employees whose normal remuneration is \$100 000 or more (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees.

The Commission's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

2.3 Comparative figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required. The restated comparative amounts do not replace the original financial statements for the preceding period.

2.4 Rounding

All amounts in the financial statements and accompanying Notes have been rounded to the nearest thousand dollars (\$'000).

2.5 Taxation

The Commission is not subject to income tax. The Commission is liable for payroll tax, FBT and GST.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables which are stated with the amount of GST included.

2.6 Income and expenses

Income and expenses are recognised to the extent that it is probable that the flow of economic benefits to or from the Commission will occur and can be reliably measured.

2.6 Income and expenses (continued)

Income and expenses have been classified according to their nature and have not been offset unless required or permitted by another accounting standard.

Income from fees and charges are recognised upon the completion of services to customers. Fees charged to Local Government and other third parties are in relation to the conduct of elections and industrial ballots.

Income from disposal of non-current assets is recognised when control of the asset has passed to the buyer and determined by comparing proceeds with carrying amount.

Any income received in advance of services provided is treated as unearned income.

2.7 Revenues from SA Government

Appropriations for program funding are recognised as revenues when the Commission obtains control over the funding. Control over appropriations is normally obtained upon receipt.

Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the Commission and the appropriation is recorded as contributed equity.

2.8 Current and non-current items

Assets and liabilities are characterised as either current or non-current in nature. The Commission has a clearly identifiable operating cycle of 12 months. Therefore assets and liabilities that will be realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits at the bank and is used in the cash management function on a day-to-day basis. Cash is measured at nominal value.

2.10 Receivables

Receivables include amounts receivable from debtors, prepayments and other accruals.

Receivables arise in the normal course of providing services to other agencies and to the public. Receivables are payable within 30 days after the issue of an invoice.

The provision for doubtful debts is based on a review of balances within receivables that are unlikely to be collected. These are generally receivables that are 90 days or more overdue.

2.11 Inventories

Inventories are election consumables such as ballot paper and polling booth items that are held for potential by-elections and where applicable Local Government elections and industrial ballots. Inventory items are not held for resale and are stated at the lower of cost or replacement cost.

2.12 Non-current asset acquisition and recognition

Assets are recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

The Commission capitalises all non-current physical assets with a value of \$1000 or greater.

All non-current assets are tested for indication of impairment at each reporting date. When there is indication of impairment, the asset is written down to its recoverable amount.

2.13 Depreciation and amortisation of non-current assets

All non-current assets, having a limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential.

The useful lives of all major assets held by the Commission are reassessed on an annual basis.

Depreciation and amortisation for non-current assets is determined as follows:

<i>Class of asset</i>	<i>Depreciation and amortisation method</i>	<i>Useful life (years)</i>
Office equipment	Straight-line	3-10
Furniture and fittings	Straight-line	5
Computer equipment	Straight-line	3
Leasehold improvements	Straight-line	10

2.14 Payables

Payables include creditors, accrued expenses and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Commission.

2.14 Payables (continued)

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All amounts are measured at their nominal amount and are normally settled within 30 days from the date of invoice or date the invoice is received.

Employment on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave and annual leave.

2.15 Employee benefits

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement of sick leave.

Liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date. The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages and annual leave are payable later than 12 months, the liability will be measured at present value.

The liability for long service leave is recognised after an employee has completed 6.5 years of service. An actuarial assessment of long service leave was undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector. It was determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments.

The Commission makes contributions to three superannuation schemes operated by the SA Government. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as the South Australian Superannuation Board has assumed these. The only liability outstanding at balance date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

2.16 Operating leases

The lessor effectively retains substantially the entire risks and benefits incidental to ownership of the leased items. Payments are charged to the Statement of Comprehensive Income on a basis which is representative of the pattern of benefits derived from the leased assets.

2.17 Administered items

The Commission has included a Schedule of Administered Items as Notes to the accounts as it is considered that administered transactions and balances are insignificant in relation to the Commission's overall Statement of Comprehensive Income and Statement of Financial Position.

The Commission administers, but does not control, certain resources on behalf of the SA Government. The Commission is accountable for the transactions involving these administered items, but does not have any discretion to deploy resources for achievement of its objectives. For these items, the Commission acts only on behalf of the SA Government.

Transactions and balances relating to these administered items are not recognised as income, expenses, assets or liabilities of the Commission but are disclosed in Note 20.

There are three administered items namely:

Electoral Districts Boundaries Commission

The Commission administers the receipts and payments of the Electoral District Boundaries Commission.

Special Acts

The Electoral Commissioner and Deputy Electoral Commissioner are appointed as statutory officers pursuant to the provisions of the Act. The Commission receives a separate appropriation for the payment of salaries and allowances for statutory officers which is an administered item.

Other

Other includes administered revenue which is collected on behalf of other government agencies and forwarded to them when received. Administered income comprises non-voter expiation fees as provided in the Act.

3. Risk management

The Electoral Commission of SA has non-interest bearing assets (cash and cash equivalents and receivables) and liabilities (payables). The Commission's exposure to market risk and cash flow risk is minimal.

The Commission has no significant concentration of credit risk. The Commission has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

3. Risk management (continued)

In relation to liquidity/funding risk, the continued existence of the Commission in its present form, and with its present programs, is dependent on continuing appropriations by Parliament for the Commission's administration and programs.

4. Changes in accounting policies

Except for the amendments to AASB 101, which the Commission has early adopted, the AASs and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Commission for the reporting period ending 30 June 2009. The Commission has assessed the impact of new and amended standards and interpretations and considers there will be no impact on accounting policies or the financial statements of the Commission.

5. Activities of the Commission

The Commission provides electoral services and this is achieved through two activities and their broad terms are as follows:

Activity 1: Parliamentary Electoral Services

- ensure that eligible electors can register their votes effectively and conveniently and have confidence in the management of the electoral process
- maintain an accurate register of voters
- ensure 'disadvantaged' electors are not denied the ability to exercise their franchise
- develop appropriate publicity and education programs to ensure that the public is informed of its democratic rights and obligations
- provide comprehensive and efficient administrative, human resources, research and education, financial management and computing services.

Activity 2: Non-Parliamentary Electoral Services

- provide statutory, industrial and other organisations with a facility capable of meeting their electoral needs economically and effectively
- provide information to organisations seeking advice on electoral matters
- conduct elections for and provide electoral service to Local Government authorities.

6. Employee benefits expenses

	2009 \$'000	2008 \$'000
Salaries and wages	1 304	965
Long service leave	15	80
Annual leave	75	98
Employment on-costs - superannuation	150	124
Employment on-costs - other	77	64
Total employee benefits expenses	1 621	1 331

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:

	2009 Number	2008 Number
\$130 000 to \$139 999	-	1
\$140 000 to \$149 999	1	-
\$180 000 to \$189 999	-	1
\$190 000 to \$199 999	1	-
Total number of employees	2	2

The table includes all employees who received remuneration of \$100 000 or more during the year. Remuneration of employees reflect all costs of employment including salaries and wages, superannuation contributions, FBT and other salary sacrifice benefits. The total remuneration received by these employees for the year was \$338 000 (\$322 000), paid from administered items (see Note 20) and not included in the \$1.6 million above.

The Commission on average employed 23 (21) people throughout the year.

7. Supplies and services

Supplies and services provided by entities within the SA Government:

	2009 \$'000	2008 \$'000
Rental accommodation services	414	288
Advertising	5	-
Communication and information technology	34	29
Hire, rental and other	37	21
Total supplies and services - SA Government entities	490	338

7. Supplies and services (continued)	2009	2008
Supplies and services provided by entities external to the SA Government:	\$'000	\$'000
Advertising	84	21
Production and maintenance of electoral rolls	845	793
Printing and stationery	66	93
Postage	110	93
Communications and information technology	145	70
Education and research	53	72
Distribution, storage and hire rental	43	51
Training and development	41	36
Total supplies and services - non-SA Government entities	1 387	1 229
Total supplies and services	1 877	1 567
8. Depreciation and amortisation		
Office equipment	56	50
Furniture and fittings	24	3
Computer equipment	24	36
Leasehold improvements	35	-
Total depreciation and amortisation	139	89
9. Auditor's remuneration		
Audit fees paid/payable to the Auditor-General's Department	23	23
Other services		
No other services were provided by the Auditor-General's Department.		
10. Net loss from the disposal of non-current assets		
Office equipment:		
Proceeds from disposal	6	-
Costs associated with sale	(2)	-
Net book value of assets disposed	(3)	-
Net gain from the disposal of office equipment	1	-
Furniture and fittings:		
Proceeds from disposal	21	-
Costs associated with sale	(6)	-
Net book value of assets disposed	(8)	-
Net gain from the disposal of furniture and fittings	7	-
Leasehold improvements:		
Proceeds from disposal	-	-
Costs associated with sale - decommissioning costs Rose Park premises	(100)	-
Net book value of assets disposed	-	-
Net loss from the disposal of leasehold improvements	(100)	-
Total proceeds from disposal	27	-
Total costs associated with sale	(108)	-
Total net book value of assets disposed	(11)	-
Net loss from the disposal of non-current assets	(92)	-
11. Revenues from fees and charges		
Fees and charges received/receivable from entities within the SA Government:		
Industrial elections	61	1
User fees and charges	14	25
Total fees and charges - SA Government entities	75	26
Fees and charges received/receivable from entities external to the SA Government:		
Other Local Government services	383	352
Industrial elections	43	9
Local Government elections	164	278
User fees and charges	110	142
Total fees and charges - non-SA Government entities	700	781
Total fees and charges	775	807
12. Revenues from SA Government		
Revenues from SA Government:		
Appropriations from consolidated account pursuant to the <i>Appropriation Act</i>	2 764	2 225
Appropriations under other Acts	482	-
Total revenues from SA Government	3 246	2 225

12. Revenues from SA Government (continued)

There was no material variation between the amount appropriated and the expenditure associated with the appropriation. In addition the Commission received \$1.209 million as a contribution of equity as shown in the Statement of Changes in Equity.

13. Cash and cash equivalents

	2009 \$'000	2008 \$'000
Deposits with the Treasurer	1 354	1 088
Imprest account/cash on hand	1	1
Total cash	1 355	1 089

All cash is non-interest bearing and the carrying amount represents fair value.

14. Receivables

Current:

Receivables	145	35
Prepayments	12	26
GST receivable	39	32
Total current receivables	196	93

Government/non-Government receivables:

Receivables from SA Government entities:

Receivables	7	-
Total receivables from SA Government entities	7	-

Receivables from non-SA Government entities:

Receivables	138	35
Prepayments	12	26
GST receivable	39	32
Total receivables from non-SA Government entities	189	93
Total receivables	196	93

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables and prepayments are non-interest bearing. The carrying amount of receivables approximates net fair value due to being receivable on demand. In addition there is no concentration of credit risk.

15. Property, plant and equipment

Office equipment:

Office equipment at cost (deemed fair value)	558	511
Accumulated depreciation	373	349
Total office equipment	185	162

Furniture and fittings:

Furniture and fittings at cost (deemed fair value)	298	38
Accumulated depreciation	26	29
Total furniture and fittings	272	9

Computer equipment:

Computer equipment at cost (deemed fair value)	212	248
Accumulated depreciation	158	230
Total computer equipment	54	18

Leasehold improvements:

Leasehold improvements at cost (deemed fair value)	838	108
Accumulated amortisation	35	108
Total leasehold improvements	803	-
Total property, plant and equipment	1 314	189

There is an amount of \$189 000 worth of fully depreciated assets still in use.

Impairment

There were no indications of impairment to property, plant and equipment at 30 June 2009.

	Office equipment \$'000	Furniture fittings \$'000	Computer equipment \$'000	Leasehold improvements \$'000	Total 2009 \$'000	2008 \$'000
Carrying amount at 1 July	162	9	18	-	189	272
Additions	82	295	60	838	1 275	6
Disposals	(3)	(8)	-	-	(11)	-
Depreciation/amortisation	(56)	(24)	(24)	(35)	(139)	(89)
Carrying amount at 30 June	185	272	54	803	1 314	189

16. Payables	2009	2008
Current:	\$'000	\$'000
Creditors	77	22
Accrued expenses	65	75
GST payable	21	4
Employment on-costs	39	36
Total current payables	202	137
Non-current:		
Employment on-costs	35	37
Total non-current payables	35	37
Government/non-Government payables:		
Payables to SA Government entities:		
Creditors	31	12
Accrued expenses	27	25
Employment on-costs	74	73
Total payables to other SA Government entities	132	110
Payables to non-SA Government entities:		
Creditors	46	10
Accrued expenses	38	50
GST payable	21	4
Total payables to non-SA Government entities	105	64
Total payables	237	174

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand.

17. (a) Employee benefits	2009	2008
Current:	\$'000	\$'000
Annual leave	108	110
Long service leave	56	55
Total current employee benefits	164	165
Non-current:		
Long service leave	282	315
Total non-current employee benefits	282	315
Total employee benefits	446	480
(b) Employee benefits and related on-costs		
Accrued salaries:		
On-costs included in payables - current	13	12
Accrued salaries included in payables - current	32	24
	45	36
Annual leave:		
On-costs included in payables - current	19	20
Provision for employee benefits - current	108	110
	127	130
Long service leave:		
On-costs included in payables - current	7	6
Provision for employee benefits - current	56	55
	63	61
On-costs included in payables - non-current	35	37
Provision for employee benefits - non-current	282	315
	317	352
Aggregate employee benefits and related on-costs	552	579

18. Unrecognised contractual commitments	2009	2008
Operating lease commitments	\$'000	\$'000
Commitments under non-cancellable operating leases at the reporting date which are not recognised as liabilities in the financial statements, are payable as follows:		
Within one year	390	244
Later than one year but not longer than five years	1 586	2
Later than five years	1 820	-
Total operating lease commitments	3 796	246

The Commission's operating lease is for office accommodation and leased through BMAPS. The current lease expires on 30 June 2018. The cost of leasing and related expenses in 2008-09 was \$438 000.

19. Cash flow reconciliation	2009	2008
Reconciliation of cash - cash at 30 June as per:	\$'000	\$'000
Statement of Cash Flows and Statement of Financial Position	1 355	1 089

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services:

Net cash provided by (used in) operating activities	413	(8)
Revenues from SA Government	(3 246)	(2 225)
Add (Less): Non-cash items:		
Depreciation and amortisation	(139)	(89)
Disposal of assets	(92)	-
Change in assets/liabilities:		
Increase in receivables	117	22
Decrease in inventories	(6)	(20)
Decrease in prepayments	(14)	-
(Increase) Decrease in payables	(63)	15
Increase in unearned revenue	(138)	-
Decrease (Increase) in employee benefits	34	(3)
Net cost of providing services	(3 134)	(2 308)

20. Administered items

Statement of Administered Comprehensive Income for the year ended 30 June 2009

	Electoral Districts Boundaries Commission	Special Acts	Other	2009 Total	2008 Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Administered expenses:					
Employee benefits expenses	-	330	-	330	320
Supplies and services	-	-	-	-	12
Fees and charges	-	-	2	2	1
Total administered expenses	-	330	2	332	333
Administered income:					
Revenues from SA Government	-	330	-	330	292
Fees and charges	-	-	2	2	1
Total administered income	-	330	2	332	293
Net result	-	-	-	-	(40)
Total comprehensive result	-	-	-	-	(40)

Statement of Administered Financial Position as at 30 June 2009

	Electoral Districts Boundaries Commission	Special Acts	2009 Total	2008 Total
	\$'000	\$'000	\$'000	\$'000
Administered current assets:				
Cash and cash equivalents	-	-	-	-
Receivables	-	175	175	151
Total administered assets	-	175	175	151

Statement of Administered Financial Position as at 30 June 2009 (continued)

	Electoral Districts Boundaries Commission \$'000	Special Acts \$'000	2009 Total \$'000	2008 Total \$'000
Administered current liabilities:				
Payables	-	15	15	13
Employee benefits	-	54	54	45
Total administered current liabilities	-	69	69	58
Administered non-current liabilities:				
Payables	-	9	9	8
Employee benefits	-	97	97	85
Total administered non-current liabilities	-	106	106	93
Total administered liabilities	-	175	175	151
Net assets	-	-	-	-
Administered equity:				
Accumulated (deficit) surplus	-	-	-	-
Total administered equity	-	-	-	-

Statement of Administered Changes in Equity for the year ended 30 June 2009

	Electoral Districts Boundaries Commission \$'000	Special Acts \$'000	Total \$'000
Balance at 30 June 2007	12	5	17
Total comprehensive result 2007-08	(12)	(28)	(40)
Balance at 30 June 2008	-	(23)	(23)
Error correction	-	23	23
Restated balance at 30 June 2008	-	-	-
Total comprehensive result 2008-09	-	-	-
Balance at 30 June 2009	-	-	-

Statement of Administered Cash Flows for the year ended 30 June 2009

	2009 Inflows (Outflows) \$'000	2008 Inflows (Outflows) \$'000
Cash flows from operating activities:		
Cash outflows:		
Employee benefits payments	(305)	(314)
Supplies and services	-	(3)
Cash used in operations	(305)	(317)
Cash inflows:		
GST input tax credits	-	9
Fees and charges	2	1
Cash generated from operations	2	10
Cash flows from SA Government:		
Receipts from SA Government	305	292
Payments to SA Government	(2)	(12)
Cash generated from SA Government	303	280
Net cash used in operating activities	-	(27)
Net decrease in cash and cash equivalents	-	(27)
Cash and cash equivalents at 1 July	-	27
Cash and cash equivalents at 30 June	-	-

GLOSSARY OF TERMS

AUSTRALIAN ACCOUNTING STANDARDS - AASB

Reference	Title
AASB 1	First-time Adoption of Australian Equivalents to International Financial Reporting 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 (Sept 2007)
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 114	Segment Reporting
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 and Application of Standards
AASB 1049	Whole of Government and General Government Sector Financial Reporting
AASB 1050	Administered Items
AASB 1051	Land Under Roads
AASB 1052	Disaggregated Disclosures

AUSTRALIAN ACCOUNTING STANDARDS – AASB – *continued*

Reference	Title
AASB 2007-8	Amendments to Australian Accounting Standards arising from AASB 101
AASB 2007-10	Further Amendments to Australian Accounting Standards arising from AASB 101
AASB 2008-12	Amendments to Australian Accounting Standards – Reclassification of Financial Assets – Effective Date and Transition

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

TREASURER'S INSTRUCTIONS – TIs – continued

Reference	Title
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	<i>Income Tax Assessment Act 1936 and/or Income Tax Assessment Act 1997</i>
NRMA	<i>Natural Resources Management Act 2004</i>
PCA	<i>Public Corporations Act 1993</i>
PFAA	<i>Public Finance and Audit Act 1987</i>
PSM Act	<i>Public Sector Management Act 1995</i>
WRCA	<i>Workers Rehabilitation and Compensation Act 1986</i>

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
FBT	Fringe Benefits Tax
GST	Goods and Services Tax
ICT	Information and Communications Technology
TI	Treasurer's Instruction
TVSP	Targeted Voluntary Separation Package

¹ 'Australian Accounting Standards' means accounting standards issued by the Australian Accounting Standards Board which are in force in relation to the reporting period to which the financial report relates.

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