



Government
of South Australia

Report
of the
Auditor-General
Annual Report
for the
year ended 30 June 2013

Tabled in the House of Assembly and ordered to be published, 15 October 2013

Second Session, Fifty-Second Parliament

Part B: Agency audit reports
Volume 1

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ISSN 0815-9157

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References to matters of significance

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

Those matters that are regarded as being more significant are listed below. This list is not exhaustive as many other issues are reported in Part B of this Report.

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

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Accounts of public authorities

Introduction

Part B – Volumes 1 to 6 of the Annual Report of the Auditor-General contains the financial reports of, and comments concerning, the operations of those public sector agencies that I am required by law to audit and that are defined by the PFAA as ‘public authorities’. Where appropriate, charts and tables have been used to illustrate selected information.

Agencies not included in this Report

In preparing this Report every effort is made to ensure that only matters that are relevant, appropriate and timely are included. Section 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 the 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
- timely completion of the overall report to meet the statutory date of 30 September for delivery of the Report to the presiding members of Parliament.

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

Supplementary report

The South Australian Forestry Corporation would have been included in this Annual Report had their financial report been completed at the time of finalising this Report. The financial report and commentary on the South Australian Forestry Corporation will be included in a Supplementary Report to be presented to Parliament.

Modified Independent Auditor's Reports

The expression of an opinion on an organisation's annual financial report by an independent professional auditor adds credibility to that financial report 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 report 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 explanatory paragraphs clearly describing the reason for issuing a modified opinion.

Modified opinions were expressed on the financial reports of the following agencies included in this Annual Report:

- Department of Environment, Water and Natural Resources
- The Legislature - Joint Parliamentary Service
- South Australian Motor Sport Board
- University of South Australia.

Whilst not expressing a modified opinion on the financial report of the WorkCover Corporation of South Australia which is also included in this Annual Report, I drew attention to the inherent uncertainty associated with that entity's outstanding claims liability.

Assessment of controls

Section 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.

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 2013 was conducted by Edwards Marshall, Chartered Accountants, who has issued an unmodified Independent Auditor's Report on the Department's financial report.

References to matters of significance

Matters that have arisen from the audit of agencies during this financial year are commented on in Volumes 1 to 6 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 note 1 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 13(3) of the Schedule to the PCA and section 31(1)(b) of the PFAA provide for the Auditor-General to audit the accounts of the Corporation for each financial year.

Assessment of controls

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

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

Scope of the audit

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

During 2012-13, specific areas of audit attention included:

- revenue from events, car park operations and Regattas bistro
- payroll
- procurement and expenditure
- update of general ledger.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Adelaide Convention Centre Corporation as at 30 June 2013, 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, except for all matters outlined under 'Communication of audit matters', 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 management letters to the Chief Executive of the Corporation. The main matters raised with the Corporation and the related responses are detailed below.

Dividend and taxation arrangements

The Public Corporations (Adelaide Convention Centre) Regulations 2000, Regulation 22(1) requires the Corporation, before the end of each financial year, after consultation with the Minister, to recommend by writing to the Treasurer that the Corporation pay a dividend for a specified amount or not pay a dividend for the financial year. Regulation 22(2) provides that the Treasurer may approve a recommendation of the Corporation, or determine that another specified dividend be paid or no dividend be paid. This approval by the Treasurer is the authority for a dividend to be paid by the Corporation. Audit review indicated that subsequent to 30 June 2010 an annual recommendation was not provided to the Treasurer as required by Regulation 22(1).

Section 12 of the Schedule to the PCA requires the Corporation to pay amounts as the Treasurer determines to be equivalent to income tax at the times and in the manner determined by the Treasurer. TI 22 provides that tax equivalent payments are to be calculated and paid in accordance with the manual for the State tax equivalent regime published by DTF. Audit review indicated that the Corporation has not paid income tax equivalents to the Treasurer as required by section 12 of the schedule to the PCA since 30 June 2010.

The Corporation responded that the matters raised by Audit will be addressed.

Creditor account payment performance

TI 11 prescribes the policy for creditor account payments, including the development of relevant policies and procedures and the preparation of monthly reports on account payment performance to the Board.

The audit identified that for the period of review, the monthly account payment performance report was not prepared in the manner required by TI 11. Further, the Corporation had not updated its policies and procedures to ensure compliance with the revised TI 11 requirements.

The Corporation responded that it would address the issues noted.

Interpretation and analysis of the financial report

The Corporation presents its Statement of Comprehensive Income on an activity basis. The following analysis summarises expenses and income by classification.

Highlights of the financial report

	2013 \$'million	2012 \$'million
Expenses		
Employee benefits expenses	16	18
Supplies and services	14	13
Other expenses	7	5
Total expenses	37	36
Income		
Facility charges revenues	29	29
Revenues from SA Government	6	4
Other income	2	3
Total income	37	36
Profit (Loss) from trading activities	5	5
Profit (Loss) from property management activities	(5)	(5)
Profit (Loss) before income tax equivalents	-	-
Net cash provided by (used in) operating activities	6	6
Net cash provided by (used in) investing activities	(67)	(41)
Net cash provided by (used in) financing activities	57	43
Assets		
Current assets	20	26
Non-current assets	253	189
Total assets	273	215
Liabilities		
Current liabilities	10	9
Non-current liabilities	106	2
Total liabilities	116	11
Equity		
Contributed capital	78	126
Retained earnings	79	78
Total equity	157	204

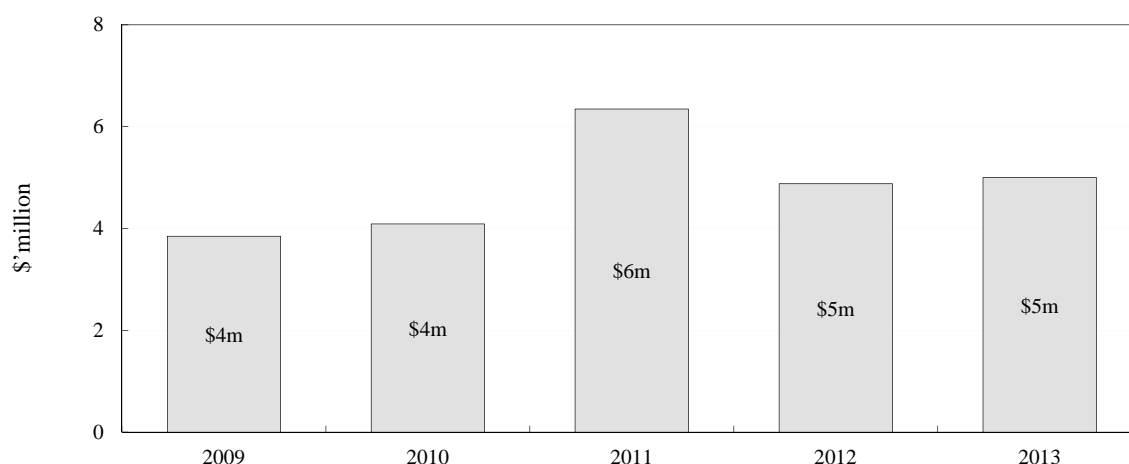
Statement of Comprehensive Income**Trading activities**

Income from trading activities remained steady at \$31 million. In 2012-13, revenue from facility charges increased by \$498 000 to \$29.1 million. Interest income decreased by \$507 000 as a result of lower cash balances held during the year.

Expenses from trading activities decreased by \$669 000 primarily as a result of a reduction in LSL expense. This was mainly due to a reduction in staff numbers and minimal adjustment to the LSL liability following actuarial analysis in 2012-13.

The profit from trading activities was \$5.4 million, an increase of \$525 000 from the previous year.

The chart below shows the profit from trading activities for the last five years.



Property management activities

The Corporation is charged with managing and maintaining the common areas of the Adelaide Convention Centre and surrounds and revenue is provided from the State Government for this purpose. The revenue received for this purpose in 2012-13 remained unchanged at \$4.5 million.

In 2012-13 Cabinet approved the Corporation borrowing up to \$350.3 million from SAFA for the redevelopment of the Adelaide Convention Centre site. Under these arrangements the Corporation will receive a community service obligation payment from the SA Government equivalent to the required interest repayments and guarantee fee on the borrowings.

Total income increased by \$1.6 million. This was predominately due to amounts receivable for reimbursement of interest cost of \$1.5 million. Overall expenses increased by \$1.7 million to \$11.7 million mainly as a result of expenditure in borrowing costs on the redevelopment loan. The overall result from property management activities was a loss of \$4.8 million (\$4.8 million).

Overall profit

The Corporation reported an overall profit after income tax equivalents of \$443 000 (\$100 000). The increase in total profit reflects mainly the increase in profit from trading.

Statement of Financial Position

The Corporation's net assets decreased by \$47.2 million to \$157.7 million. This is mainly the result of an increase in borrowings of \$104.6 million for the Convention Centre redevelopment partially offset by an increase in building, plant and equipment of \$62 million. The value of buildings, plant and equipment as at 30 June 2013 was \$230.9 million and included \$112.9 million work in progress relating mainly to the Adelaide Convention Centre extension and redevelopment.

Contributed capital decreased by \$47.7 million due to a return of an equity contribution from the SA Government for costs associated with the Adelaide Convention Centre extension and redevelopment. The return of capital was a result of changed funding arrangements from prior years. In 2010-11 and 2011-12 funding for this project was provided to the Corporation as a capital contribution from the State Government. From 2012-13 revised funding arrangements were implemented with all further development costs funded by borrowings rather than capital contributions from the Government. As part of these arrangements capital contributions already made to the Corporation for the funding of the redevelopment were returned. This change was implemented to align the funding arrangements more with the commercial nature of the Corporation's operations.

Statement of Cash Flows

Cash held by the Corporation was \$38 million (\$42.2 million) and includes \$22.3 million (\$20.2 million) in specific purpose deposits of which \$19.8 million (\$17.8 million) is earmarked for future assets replacement. The Corporation spent \$67 million on the purchase of building, plant and equipment, returned a capital contribution to the SA Government of \$47.7 million and received borrowings of \$104.6 million.

Further commentary on operations

Redevelopment of the Adelaide Convention Centre

The extension and redevelopment of the Adelaide Convention Centre is a five year project which commenced in 2010-11 and is expected to cost around \$350 million. The Corporation is partnering with the Department of Planning, Transport and Infrastructure (DPTI) to deliver the project and DPTI has responsibility for managing the procurement of design and construction and for managing project delivery. The Corporation makes progress payments to DPTI for work completed. As at 30 June 2013 expenditure on the extension and redevelopment totalled \$112.9 million (\$46.2 million).

Statement of Comprehensive Income for the year ended 30 June 2013

		2013	2012
	Note	\$'000	\$'000
Expenses from trading activities:			
Employee benefits expenses	6	14 292	15 335
Supplies and services	7	9 309	8 980
Depreciation and amortisation expense	9	1 669	1 767
Net loss from disposal of non-current assets	10	143	-
Total expenses from trading activities		<u>25 413</u>	<u>26 082</u>
Income from trading activities:			
Facility charges revenues	4	29 086	28 588
Interest revenues		1 516	2 023
Other income		257	351
Net gain from disposal of non-current assets	5	-	41
Total income from trading activities		<u>30 859</u>	<u>31 003</u>
Profit from trading activities		<u>5 446</u>	<u>4 921</u>
Expenses from property management activities:			
Employee benefits expenses	6	2 268	2 447
Supplies and services	7	4 514	4 489
Depreciation and amortisation expense	9	3 139	3 135
Borrowing costs	11	1 821	-
Total expenses from property management activities		<u>11 742</u>	<u>10 071</u>
Income from property management activities:			
Interest		654	839
Revenues from SA Government		6 275	4 454
Total income from property management activities		<u>6 929</u>	<u>5 293</u>
Profit (Loss) from property management activities		<u>(4 813)</u>	<u>(4 778)</u>
Profit (Loss) before income tax equivalents		633	143
Income tax equivalent expense	3(e)	190	43
Profit (Loss) after income tax equivalents		<u>443</u>	<u>100</u>
Total comprehensive result		<u>443</u>	<u>100</u>

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

Statement of Financial Position

as at 30 June 2013

		2013	2012
	Note	\$'000	\$'000
Current assets:			
Cash and cash equivalents	22	15 665	21 921
Receivables	12	4 421	3 466
Inventories		342	304
Prepayments		22	462
Total current assets		<u>20 450</u>	<u>26 153</u>
Non-current assets:			
Specific purpose deposits	13,22	22 321	20 248
Building, plant and equipment	14	230 912	168 870
Total non-current assets		<u>253 233</u>	<u>189 118</u>
Total assets		<u>273 683</u>	<u>215 271</u>
Current liabilities:			
Payables	15	4 915	2 206
Security deposits	16	3 979	5 246
Employee benefits	17	661	978
Total current liabilities		<u>9 555</u>	<u>8 430</u>
Non-current liabilities:			
Payables	15	111	115
Employee benefits	17	1 738	1 793
Borrowings	18	104 575	-
Total non-current liabilities		<u>106 424</u>	<u>1 908</u>
Total liabilities		<u>115 979</u>	<u>10 338</u>
Net assets		<u>157 704</u>	<u>204 933</u>
Equity:			
Contributed capital		78 304	125 976
Retained earnings		79 400	78 957
Total equity		<u>157 704</u>	<u>204 933</u>

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	19
Contingent assets and liabilities	20

Statement of Changes in Equity for the year ended 30 June 2013

		Contributed capital \$'000	Retained earnings \$'000	Total \$'000
	Note			
Balance at 30 June 2011		83 304	78 112	161 416
Prior period adjustment		-	745	745
Restated balance at 30 June 2011		83 304	78 857	162 161
Profit (Loss) after income tax equivalents for 2011-12		-	100	100
Total comprehensive result for 2011-12		-	100	100
Transactions with SA Government as owner:				
Equity contribution		65 000	-	65 000
Equity returned		(22 328)	-	(22 328)
Balance at 30 June 2012		125 976	78 957	204 933
Profit (Loss) after income tax equivalents for 2012-13		-	443	443
Total comprehensive result for 2012-13		-	443	443
Transactions with SA Government as owner:				
Equity contribution	3(k)	-	-	-
Equity returned	2	(47 672)	-	(47 672)
Balance at 30 June 2013		78 304	79 400	157 704

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

Statement of Cash Flows for the year ended 30 June 2013

		2013	2012
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities:			
Cash outflows:			
Employee benefit payments		(16 955)	(17 132)
Payments for supplies and services		(12 330)	(13 321)
GST payments on purchases		(7 682)	(5 096)
GST payments to the ATO		(246)	(3 055)
Cash used in operations		(37 213)	(38 604)
Cash inflows:			
Facility charges		28 844	29 275
Interest received		2 195	2 789
GST receipts on facility charges		2 367	3 076
GST received from the ATO		5 002	5 186
Other receipts		257	351
Cash generated from operations		38 665	40 677
Cash flows from SA Government:			
Receipts from SA Government		4 824	4 454
Cash generated from SA Government		4 824	4 454
Net cash provided by (used in) operating activities	22	6 276	6 527
Cash flows from investing activities:			
Cash outflows:			
Purchase of building, plant and equipment		(67 003)	(41 050)
Cash used in investing activities		(67 003)	(41 050)
Cash inflows:			
Proceeds from the sale of building, plant and equipment		11	128
Cash generated from investing activities		11	128
Net cash provided by (used in) investing activities		(66 992)	(40 922)
Cash flows from financing activities:			
Cash outflows:			
Capital returned to government	2	(47 672)	(22 328)
Borrowing costs	11	(370)	-
Cash used in financing activities		(48 042)	(22 328)
Cash inflows:			
Borrowings	18	104 575	65 000
Cash generated from financing activities		104 575	65 000
Net cash provided by (used in) financing activities		56 533	42 672
Net increase (decrease) in cash and cash equivalents		(4 183)	8 277
Cash and cash equivalents at 1 July		42 169	33 892
Cash and cash equivalents at 30 June	22	37 986	42 169

Notes to and forming part of the financial statements

1. Objectives of the Adelaide Convention Centre Corporation (the Corporation)

The Corporation was established as a subsidiary to the Minister for Tourism by Regulations issued under the PCA.

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

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

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

During 2012-13, the SA Government changed the funding arrangements for the Adelaide Convention Centre extension and redevelopment from equity contribution to borrowings. A drawdown of \$104.575 million was taken during 2012-13 for payments estimated for the year and already made for the project. Funding received in previous years under the equity contribution model less previously returned payments totalling \$47.672 million were repaid.

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

(a) *Statement of compliance*

The Corporation has prepared these financial statements in compliance with section 23 of the PFAA and section 13 of the Schedule to the PCA.

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

The Corporation has applied AASs that are applicable to not-for-profit entities, as the Corporation is a not-for-profit entity.

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 2013.

(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, which have been included in this financial report:

(b) Basis of preparation (continued)

- (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies
- (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)
- (c) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees
- (d) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

The financial statements have been prepared based on a 12 month 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 2013 and the comparative information presented.

(c) Comparative information

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

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

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

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

(d) Rounding

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

(e) 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:

- where the GST incurred by the Corporation is not recoverable from the ATO, in which case GST is recognised as part of the cost of acquisition of an asset or as part of the expense item applicable
- receivables and payables are stated with the amount of GST included.

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

(e) Taxation (continued)

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

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

Income tax equivalent payable for 2012-13 is \$190 000 (\$43 000).

(f) Events after 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.

(g) Dividend policy

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

(h) 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 \$10 000 have been included with the non-government transactions, classified according to their nature.

The following are specific recognition criteria:

Income from facility charges

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

Contributions from SA Government

The contribution from the SA Government is recognised as income when the Corporation obtains control over the funding. Control over appropriations is normally obtained upon receipt.

Interest income

Interest income is recognised as it is accrued.

Income from the 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.

Maintenance expense

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.

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 and adjusted if appropriate. The value of leasehold improvements is amortised over the unexpired period of the relevant lease.

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	30-60
Leasehold improvements	Life of lease
Plant and equipment	2-20

(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. 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.

(j) Assets and liabilities

Assets and 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 an asset line item combines amounts expected to be settled within 12 months and more than 12 months, the Corporation has separately disclosed the amounts expected to be 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 reporting date, classified according to their nature.

Transactions with SA Government entities below the threshold of \$10 000 have been included with the non-government transactions, classified according to their nature.

Cash and cash equivalents

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.

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.

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.

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. The Corporation capitalises all non-current physical assets with a value equal or greater than \$3000 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 2013.

- *Revaluation of non-current assets*

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

The Corporation has taken the exemption available under APF III, APS 3.8 to take asset revaluation adjustments to the revaluation surplus on a class basis rather than an individual asset basis. Any accumulated depreciation as at revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset. Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Payables

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

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

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

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

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

The Corporation makes contributions to several superannuation schemes operated by the 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.

Security deposits

The Corporation recognises security deposits at the time of raising a security deposit requisition/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.

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.

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

The liability for salaries and wages is measured as the amount unpaid at 30 June 2013 at remuneration rates current at reporting date.

Provision has been made for the unused component of annual leave as at 30 June 2013. The liability is calculated at nominal amounts based on the 2013-14 pay rates and is expected to be paid during the next financial year.

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.

- *Employer superannuation*

The Corporation made contributions of \$1.116 million (\$1.371 million) in respect of its employees for the financial year to several superannuation schemes operated by the SA Government and externally managed superannuation schemes.

- *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 2013, no provision has been recognised in the Statement of Financial Position.

- *LSL*

The Corporation has adopted the DTF approach to calculating LSL based on submitted data from the payroll system and assessed against actuarial data. The data includes a provision for all employees entitlement calculated from their commencement date including full-time, part-time and casual employees.

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

(k) *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. During 2012-13, previously made equity contributions associated with the Adelaide Convention Centre extension and redevelopment were returned to the SA Government. A new funding model through borrowings was approved and \$104.575 million was drawn down. The outstanding balance of equity provided by the SA Government less previous year payments was \$47.672 million which was repaid in 2012-13.

(l) *Leases*

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

The Corporation has only entered into operating 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.

(m) *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 2013 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 3.36% to 2.79% (4.6% to 3.93%).

Specific purpose deposits comprise the Future Asset Replacement Deposit Account with DTF and the Adelaide Railway Station area service facilities maintenance monies at SAFA. Both deposits and interest income are recorded at cost and are recognised as they accrue. The interest rate on the deposit account with DTF ranged from 3.36% to 2.79% (4.6% to 3.93%) and the average interest rate on the monies at SAFA ranged from 3.93% to 3% (5.08% to 4.16%).

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 including borrowings are valued at historical cost as per the Statement of Financial Position.

(n) Program information

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

4. Facility charges revenues	2013	2012
Facility charges received/receivable from entities external to the SA Government:	\$'000	\$'000
Catering	15 807	16 540
Room hire	3 297	3 548
Technical services	2 587	2 721
Car park	4 457	4 624
Total facility charges - non-SA Government entities	26 148	27 433
Facility charges received/receivable from entities within the SA Government:		
Catering	2 460	863
Room hire	195	-
Technical services	236	173
Car park	47	119
Total facility charges - SA Government entities	2 938	1 155
Total facility charges	29 086	28 588
5. Net gain from disposal of non-current assets		
Building, plant and equipment:		
Proceeds from disposal	-	128
Net book value of assets disposed	-	(87)
Total net gain from disposal of non-current assets	-	41
6. Employee benefits expenses		
Trading activities:		
Salaries and wages	12 042	12 060
LSL	15	737
Annual leave	553	575
Superannuation	957	1 182
Employment on-costs - other	648	713
Board fees	77	68
Total employee benefits expenses - trading activities	14 292	15 335

6. Employee benefits expenses (continued)	2013	2012
Property management activities:	\$'000	\$'000
Salaries and wages	1 931	1 896
LSL	2	130
Annual leave	87	131
Superannuation	160	189
Employment on-costs - other	88	101
Total employee benefits expenses - property management activities	2 268	2 447
Total employee benefits expenses	16 560	17 782

Remuneration of staff

The number of employees whose remuneration received falls within the following bands:	2013	2012
	Number	Number
\$134 000 - \$137 999*	-	2
\$138 000 - \$147 999	3	1
\$148 000 - \$157 999	-	-
\$158 000 - \$167 999	-	-
\$208 000 - \$217 999	1	1
\$348 000 - \$357 999	-	1
\$358 000 - \$367 999	1	-
Total	5	5

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2011-12.

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 \$1.011 million (\$966 000).

7. Supplies and services expense	2013	2012
Supplies and services comprises:	\$'000	\$'000
Supplies and services - trading activities	9 309	8 980
Supplies and services - property management activities	4 514	4 489
Total supplies and services	13 823	13 469

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

Administration expenses and sundries	2 700	3 022
Direct materials	5 366	5 042
Building service costs	2 342	1 992
Maintenance	1 439	1 434
Marketing and promotions	766	883
Total supplies and services - non-SA Government entities	12 613	12 373

Supplies and services provided by entities within the SA Government:

Building service costs	1 159	1 055
Administration expenses and sundries	51	41
Total supplies and services - SA Government entities	1 210	1 096
Total supplies and services	13 823	13 469

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	2013		2012	
	Number	\$'000	Number	\$'000
Below \$10 000	2	12	3	15
Between \$10 000 and \$50 000	2	64	3	63
Above \$50 000	-	-	2	124
Total paid/payable to the consultants engaged	4	76	8	202

8. Auditor's remuneration	2013	2012
Audit fees paid/payable to the Auditor-General's Department relating to the audit of financial statements	\$'000	\$'000
	51	41
Total audit fees	51	41

8. Auditor's remuneration (continued)

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

9. Depreciation and amortisation expense

	2013	2012
	\$'000	\$'000
Depreciation and amortisation comprises:		
Depreciation and amortisation - trading activities	1 669	1 767
Depreciation and amortisation - property management activities	3 139	3 135
Total depreciation and amortisation	4 808	4 902
Depreciation:		
Plant and equipment	1 658	1 756
Building	3 139	3 135
Total depreciation	4 797	4 891
Amortisation:		
Leasehold improvements	11	11
Total amortisation	11	11
Total depreciation and amortisation	4 808	4 902

10. Net loss from disposal of non-current assets

Building, plant and equipment:		
Proceeds from disposal	11	-
Net book value of assets disposed	(154)	-
Total net loss from disposal of non-current assets	(143)	-

11. Borrowing costs

Interest on long-term borrowings	1 451	-
Guarantee fees on long-term borrowings	370	-
Total borrowing costs	1 821	-

Borrowings

The Corporation entered into an agreement with the SAFA during 2012-13 to borrow funding for the extension and redevelopment. This funding arrangement replaced the previous equity contributions which were repaid. The 2012-13 Budget included the provision for DTF to provide grant payments to the Corporation for interest and guarantee fees associated with the borrowings for its entire life.

12. Receivables

	2013	2012
	\$'000	\$'000
Receivables	1 447	2 090
Accrued revenues	1 994	955
GST receivable	980	421
Total receivables	4 421	3 466
Receivables from non-SA Government entities:		
Receivables	1 267	2 090
Accrued revenues	343	729
GST receivable	980	421
Total receivables from non-SA Government entities	2 590	3 240
Receivables from SA Government entities:		
Receivables	180	-
Accrued revenues	1 651	226
Total receivables from SA Government entities	1 831	226
Total receivables	4 421	3 466

Interest rate and credit risk

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

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

13. Specific purpose deposits	2013	2012
Specific purpose deposits with SA Government entities:	\$'000	\$'000
Investments with SAFA	2 492	2 405
Future assets replacement deposit account	19 829	17 843
Total specific purpose deposits	22 321	20 248
14. Building, plant and equipment		
Building:		
Building at fair value	120 446	120 446
Accumulated depreciation	(9 397)	(6 258)
Total buildings	111 049	114 188
Leasehold improvements:		
Leasehold improvements at fair value	170	170
Accumulated amortisation	(121)	(110)
Total leasehold improvements	49	60
Plant and equipment:		
Plant and equipment at fair value	19 728	20 575
Accumulated depreciation	(12 810)	(12 215)
Total plant and equipment	6 918	8 360
Work in progress:		
Work in progress	112 896	46 262
Total work in progress	112 896	46 262
Total building, plant and equipment	230 912	168 870

Reconciliation of building, plant and equipment

The following table shows the movement of building, plant and equipment during 2012-13:

	Building	Leasehold	Plant and	Work in	2013
	\$'000	imprvmnts	equipment	progress	Total
		\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	114 188	60	8 360	46 262	168 870
Additions	-	-	370	66 634	67 004
Disposals	-	-	(154)	-	(154)
Depreciation and amortisation	(3 139)	(11)	(1 658)	-	(4 808)
Acquisition from transfer	-	-	-	-	-
Carrying amount at 30 June	111 049	49	6 918	112 896	230 912

15. Payables	2013	2012
Current:	\$'000	\$'000
Creditors	1 460	358
Accrued expenses	454	466
Income received in advance	64	68
Employment on-costs	79	97
Income tax equivalent payable	1 407	1 217
Interest accrued	1 451	-
Total current payables	4 915	2 206
Non-current:		
Employment on-costs	111	115
Total non-current payables	111	115
Total payables	5 026	2 321
Government/Non-government payables:		
Payables to non-SA Government entities:		
Creditors	1 011	358
Accrued expenses	347	280
Income received in advance	64	68
Total payables to non-SA Government entities	1 422	706

15. Payables	2013	2012
Payables to SA Government entities:	\$'000	\$'000
Creditors	449	-
Accrued expenses	107	186
Employment on-costs	190	212
Income tax equivalent payable	1 407	1 217
Interest accrued	1 451	-
Total payables to SA Government entities	3 604	1 615
Total payables	5 026	2 321

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.

16. Security deposits	2013	2012
Security deposits from non-SA Government entities:	\$'000	\$'000
Security deposits	3 773	4 979
Total security deposits from non-SA Government entities	3 773	4 979
Security deposits from SA Government entities:		
Security deposits	206	267
Total security deposits from SA Government entities	206	267
Total security deposits	3 979	5 246

17. Employee benefits		
Current employee benefits:		
Accrued salaries and wages	101	194
Annual leave	449	487
Short-term LSL	111	297
Total current employee benefits	661	978
Non-current employee benefits:		
Long-term LSL	1 738	1 793
Total non-current employee benefits	1 738	1 793
Total employee benefits	2 399	2 771

AASB 119 prescribes the accounting treatment and reporting requirements for employee benefits including post-employment benefits such as LSL. In 2012-13 the actuarial assessment performed by DTF has provided a set level liability rather than a benchmark for the measurement of LSL. The effect of the change relating to the current period is immaterial.

18. Borrowings	2013	2012
Non-current:	\$'000	\$'000
Borrowings from SA Government	104 575	-
Total non-current borrowings	104 575	-
Total borrowings	104 575	-

The Corporation entered into a client services agreement with the SAFA in 2012-13 for the extension and redevelopment project. Under the arrangement, the Corporation would draw down borrowings from the SA Government replacing the previous equity contribution arrangement.

The drawdown of borrowings funding in 2012-13 of \$104.575 million relates to projected spend associated with the project for the 2012-13 year and also for payment previously made for the project. A payment was made to the SA Government (refer note 2) of \$47.672 million which represents the remaining equity contribution outstanding.

Future drawdowns of borrowings will be made in coming years to reflect the full cost of the expansion and redevelopment project which is \$350.321 million. In 2012-13 the Treasurer provided the Corporation with a deed poll guarantee over all liabilities including borrowings and interest associated with the borrowings is fixed over the term period.

The fair value of total borrowings at 30 June 2013 is not materially different from the carrying value. While movements in interest rates will affect the fair value of the loan, the contracted repayments remain the same due to the fixed interest rate. The Corporation has minimal exposure to liquidity risk in relation to interest repayments as provision has been made in the 2013-14 Budget for DTF to provide funding to the Corporation for repayment amounts.

19. Unrecognised contractual commitments	2013	2012
Operating lease commitments:	\$'000	\$'000
Within one year	585	552
Later than one year but not longer than five years	1 841	1 936
Later than five years	25 837	25 688
Total operating lease commitments	28 263	28 176

20. Contingent assets and liabilities

The Corporation has no contingent assets or liabilities as at 30 June 2013.

21. Remuneration of board members

Members of the Board during the 2013 financial year were:

Ms Jane Jeffreys - Chairman	Ms Megan Hender
Ms Kathy Gramp	Ms Denise Von Wald*
Mr Jeff Ellison	Mr Alan Brideson
Dr Susan Mitchell (appointed 19 September 2012)	

The number of board members whose remuneration received or receivable falls within the following bands:	2013	2012
	Number	Number
\$0 - \$9 999	1	1
\$10 000 - \$19 999	5	4
\$20 000 - \$29 999	1	1
Total	7	6

Remuneration of board members reflects all costs of service including, board fees and superannuation. The total remuneration received by these board members for the year was \$84 000 (\$74 000).

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

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

22. Cash flow reconciliation	2013	2012
Reconciliation of cash and cash equivalents at 30 June:	\$'000	\$'000
Statement of Financial Position:		
Current:		
Cash and cash equivalents	15 665	21 921
Non-current:		
Specific purpose deposits and on hand as disclosed in the Statement of Financial Position	22 321	20 248
Cash and cash equivalents as recorded in the Statement of Cash Flows	37 986	42 169

Reconciliation of net cash provided by (used in) operating activities to profit (loss) after income tax equivalents:

Net cash provided by (used in) operating activities	6 276	6 527
Non-cash items:		
Depreciation and amortisation	(4 808)	(4 902)
Net gain from disposal of non-current assets	-	41
Net loss from disposal of non-current assets	(143)	-
Movements in assets/liabilities:		
Receivables	955	811
Inventories	38	(32)
Prepayments	(440)	47
Payables	(2 704)	(234)
Security deposits held	1 267	(1 542)
Employee benefits	372	(616)
Borrowing costs	(370)	-
Profit (Loss) after income tax equivalents	443	100

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 and 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 note 1 to the financial statements.

Note 33 to the financial statements records that the Corporation entered a lease agreement in March 2013 with the Minister for Recreation and Sport, in respect of the Coopers Stadium (formerly Hindmarsh Stadium). The Corporation will, in accordance with the lease, become responsible for the management and operation of the stadium from 1 July 2013.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 31(1)(b) of the PFAA and section 13(3) of the Schedule to the PCA provide for the Auditor-General to audit the accounts of the Corporation for each financial year.

Assessment of controls

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

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

Scope of the audit

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

During 2012-13, specific areas of audit attention included:

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

Internal audit activities were also reviewed and considered in planning and conducting auditable area reviews.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Adelaide Entertainments Corporation as at 30 June 2013, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

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

Communication of audit matters

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

Audit recommended measures to improve certain financial and control processes, notably:

- ensuring journal adjustments to the general ledger are subject to independent review
- maintaining documentation to support review activity over leave recording
- monthly reporting of creditor account payment performance as required by TI 11.

The responses from the Corporation to the management letters advised implementation of measures that effectively address the matters raised.

Interpretation and analysis of the financial report

Highlights of the financial report

	2013 \$'million	2012 \$'million
Income		
Revenues from the provision of services	7	7
Revenue from sales	5	6
Interest revenues	1	1
Other revenues	2	2
Total income	15	16
Expenses		
Employee benefits expenses	7	7
Other expenses	10	10
Total expenses	17	17
Net profit (loss)	(2)	(1)

	2013 \$'million	2012 \$'million
Net cash provided by (used in) operating activities	4	5
Net cash provided by (used in) investing activities	(12)	(1)
Assets		
Current assets	12	20
Non-current assets	137	129
Total assets	149	149
Liabilities		
Current liabilities	5	3
Non-current liabilities	6	6
Total liabilities	11	9
Total equity	138	140

Statement of Comprehensive Income

The Corporation recorded a net loss of \$2.1 million for 2013 compared to a net loss of \$904 000 in 2012.

The following table shows the income, expenses and profits (losses) for the four years to 2013.

	2013 \$'million	2012 \$'million	2011 \$'million	2010 \$'million
Income	15	16	19	14
Expenses	17	17	19	15
Net profit (loss)	(2)	(1)	-	(1)

The Corporation's income decreased by \$483 000 principally reflecting decreases in revenues from sales (\$325 000), attributable to the reduction in the number of functions held, and reduced interest revenues (\$289 000) as a consequence of reduced cash holdings throughout 2012-13. These decreases were offset by an increase in revenues from the provision of services of \$231 000 due to an increase in the number of events held in 2013 compared to 2012.

Expenses increased by \$700 000 primarily reflecting increases in employee benefits expenses (\$289 000), supplies and services (\$219 000) and other expenses (\$195 000). The increased expenses reflected the increase in events held in 2013 compared to 2012.

Statement of Financial Position

As at 30 June 2013 total assets have increased by \$255 000. This results from decreases in cash and cash equivalents (\$8.1 million) offset by an increase in the Corporation's buildings and other fixed assets (\$8.2 million) and an increase in receivables of \$194 000. The decrease in cash and cash equivalents, and the increase in the Corporation's building and other fixed assets, were due to the construction, during 2012-13, of the multi-deck car park that was funded by the Corporation from available cash balances.

Liabilities as at 30 June 2013 have increased by \$2.3 million, principally reflecting an increase in payables of \$1.9 million, due to creditors outstanding as at 30 June associated with the construction of the multi-deck car park.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2013.

	2013 \$'million	2012 \$'million	2011 \$'million	2010 \$'million
Net cash flows				
Operating	4	5	6	3
Investing	(12)	(1)	(3)	(47)
Change in cash	(8)	4	3	(44)
Cash at 30 June	11	19	15	12

The decrease in cash held by the Corporation principally reflects the net cash used in investing activities of the Adelaide Entertainment Centre. Cash flows from investing activities in 2013 primarily represent payments related to the construction of the multi-deck car park.

Statement of Comprehensive Income for the year ended 30 June 2013

		2013	2012
	Note	\$'000	\$'000
Expenses from trading activities:			
Employee benefits expenses	6	6 343	6 067
Raw materials and consumables used	21	1 526	1 569
Sales and marketing		1 060	960
Ticketing		102	119
Supplies and services	9	846	814
Depreciation and amortisation expense	10	1 243	1 279
Net loss from the disposal of assets	11	3	8
Other expenses	12	396	326
Total expenses		<u>11 519</u>	<u>11 142</u>
Income from trading activities:			
Revenues from fees and charges	14	286	316
Revenues from the provision of services	15	6 876	6 645
Revenues from sales	16	5 503	5 828
Interest revenues	17	729	1 018
Other revenues	18	1 540	1 546
Total income		<u>14 934</u>	<u>15 353</u>
Profit (Loss) from trading activities		<u>3 415</u>	<u>4 211</u>
Expenses from property management activities:			
Employee benefits expenses	6	526	513
Supplies and services	9	1 406	1 219
Depreciation and amortisation expense	10	3 807	3 809
Other expenses	12	241	116
Total expenses		<u>5 980</u>	<u>5 657</u>
Income from property management activities:			
Other revenues	18	478	542
Total income		<u>478</u>	<u>542</u>
Profit (Loss) from property management activities		<u>(5 502)</u>	<u>(5 115)</u>
Net profit (loss)		<u>(2 087)</u>	<u>(904)</u>
Total comprehensive result		<u>(2 087)</u>	<u>(904)</u>

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

Statement of Financial Position as at 30 June 2013

	Note	2013 \$'000	2012 \$'000
Current assets:			
Cash and cash equivalents	19,31	10 611	18 730
Receivables	20	855	661
Inventories	21	188	175
Total current assets		<u>11 654</u>	<u>19 566</u>
Non-current assets:			
Property, plant and equipment	22	137 306	129 139
Total non-current assets		<u>137 306</u>	<u>129 139</u>
Total assets		<u>148 960</u>	<u>148 705</u>
Current liabilities:			
Payables	23	2 711	803
Employee benefits	24	795	508
Other liabilities	26	2 070	1 783
Total current liabilities		<u>5 576</u>	<u>3 094</u>
Non-current liabilities:			
Payables	23	43	50
Employee benefits	24	444	520
Other liabilities	26	5 245	5 302
Total non-current liabilities		<u>5 732</u>	<u>5 872</u>
Total liabilities		<u>11 308</u>	<u>8 966</u>
Net assets		<u>137 652</u>	<u>139 739</u>
Equity:			
Contributed capital	27	55 536	55 536
Revaluation surplus	27	48 551	48 551
Accumulated surplus	27	33 565	35 652
Total equity		<u>137 652</u>	<u>139 739</u>
Total equity is attributable to the SA Government as owner			
Commitments	28		
Contingent assets and liabilities	30		

Statement of Changes in Equity for the year ended 30 June 2013

		Contributed capital \$'000	Revaluation surplus \$'000	Accumulated surplus \$'000	Total \$'000
	Note				
Balance at 30 June 2011		55 536	48 551	36 556	140 643
Net profit (loss) for 2011-12		-	-	(904)	(904)
Total comprehensive result for 2011-12		-	-	(904)	(904)
Balance at 30 June 2012		55 536	48 551	35 652	139 739
Net profit (loss) for 2012-13		-	-	(2 087)	(2 087)
Total comprehensive result for 2012-13		-	-	(2 087)	(2 087)
Balance at 30 June 2013	27	55 536	48 551	33 565	137 652

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

Statement of Cash Flows for the year ended 30 June 2013

		2013 Inflows (Outflows) \$'000	2012 Inflows (Outflows) \$'000
	Note		
Cash flows from operating activities:			
Cash outflows:			
Employee benefit payments		(6 660)	(6 357)
Supplies and services		(7 005)	(6 017)
GST remitted to ATO		(595)	(1 013)
Cash used in operations		(14 260)	(13 387)
Cash inflows:			
Receipts from the sale of goods and services		16 323	17 090
Interest received		753	1 013
GST received from ATO		729	-
Cash generated from operations		17 805	18 103
Net cash provided by (used in) operating activities	31	3 545	4 716
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(11 675)	(892)
Cash used in investing activities		(11 675)	(892)
Cash inflows:			
Proceeds from the sale of property, plant and equipment		11	2
Cash generated from investing activities		11	2
Net cash provided by (used in) investing activities		(11 664)	(890)
Net increase (decrease) in cash and cash equivalents		(8 119)	3 826
Cash and cash equivalents at 1 July		18 730	14 904
Cash and cash equivalents at 30 June	31	10 611	18 730

Notes to and forming part of the financial statements

1. Objectives of the Adelaide Entertainments Corporation (the 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 PCA 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 Corporation has prepared these financial statements in compliance with section 23 of the PFAA.

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

The Corporation has applied AASs that are applicable to not-for-profit entities, as the Corporation is a not-for-profit entity.

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 2013.

(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 equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees
 - (d) board 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.

(b) Basis of preparation (continued)

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 2013 and the comparative information presented for the year ended 30 June 2012.

(c) Reporting entity

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

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

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

(e) Rounding

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

(f) Taxation

The Corporation is not subject to income tax.

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

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

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

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

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

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

(g) Events after reporting period

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

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.

(h) Income and expenses (continued)

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

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

Income

The following are specific recognition criteria:

- *Revenues from fees and charges and from the provision of services*
Revenues from fees and charges are derived from the provision of goods and services to the public and other SA Government agencies. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.
- *Revenues from sales*
Revenues from sales are recognised when the significant risks and rewards of ownership transfer to the purchaser.
- *Interest income*
Interest revenue includes interest received on bank term deposits, interest from investments, and other interest received. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.
- *Revenues from SA Government*
Appropriations for program funding are recognised as revenues when the Corporation obtains control over the funding. Control over appropriations is normally obtained upon receipt.

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

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

- *Other contributions*
All contributions from non-government entities are recognised as income when the Corporation obtains control of the contribution or the right to receive the contribution and the income recognition criteria are met.
- *Resources received/provided free of charge*
Resources received/provided free of charge are recorded as revenue and expenditure in the Statement of Comprehensive Income at their fair value.
- *Disposal of non-current assets*
Income from the disposal of non-current assets is recognised when control of the asset has passed to the buyer and is determined by comparing proceeds with carrying amount. When revalued assets are sold, the revaluation increments are transferred to accumulated surplus.

Expenses

The following are specific recognition criteria:

- *Employee benefits*
Employee benefits expenses include all costs related to employment including wages and salaries and leave entitlements. These are recognised when incurred.
- *Superannuation*
The amount charged to the Statement of Comprehensive Income represents the contributions made by the Corporation to the superannuation plan in respect of current services of current Corporation staff. The Corporation is not liable for benefits payable by the schemes to which it contributes.

(i) ***Current and non-current classification***

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

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

(j) ***Cash and cash equivalents***

Cash and cash equivalents in the Statement of Financial Position include 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. They exclude 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 arrangements then the assets are recorded at the value recorded by the transferor prior to transfer.

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

(n) ***Revaluation of non-current assets***

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

Every five years the Corporation revalues its land, buildings and building 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.

(n) Revaluation of non-current assets (continued)

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

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

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

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

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

(p) Depreciation and amortisation of non-current assets

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

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

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

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

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

(q) Payables

Payables include creditors, accrued expenses, GST payable 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, WorkCover levy and payroll tax with respect to outstanding liabilities for salaries and wages, LSL and annual leave.

(q) Payables (continued)

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.

LSL

The liability for LSL is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

The unconditional portion of the LSL provision is classified as current as the Corporation does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of LSL relates to an unconditional legal entitlement to payment arising after 10 years of service for permanent staff and seven years of service for casual staff.

(s) Other liabilities

Income received in advance represents amounts invoiced under Corporate Suite Licensing and Advertising Agreements and amounts invoiced in relation to events which relate to future periods.

Corporate Suite Licencing and Advertising Agreements payments received are recognised as income over the term of the agreement as the provision of services are supplied.

Event related monies are recognised as income as the provision of services are supplied.

Unearned lease revenue represents payment received for a section of land leased on a 99 year lease agreement during 2007. The payments received for the lease are being recognised as income over the life of the lease.

(t) 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 (refer note 29).

The Corporation receives gross box office receipts from its ticketing agency, and holds those receipts in separate event funds bank accounts. In any instance where an event 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.

(u) 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.

(v) Insurance

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

(w) Workers compensation

Contributions are made by the Corporation to WorkCoverSA 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 WorkCoverSA.

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 cash flow interest rate risk is minimal.

The Corporation has no exposure to foreign exchange risk in relation to its financial assets or liabilities.

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

4. Changes in accounting policies

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

The Corporation did not voluntarily change any of its accounting policies during 2012-13.

5. Activities of the Corporation

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

6. Employee benefits expenses

	2013	2012
	\$'000	\$'000
Trading activities:		
Salaries and wages	4 877	4 498
LSL	123	285
Annual leave	287	258
Employment on-costs - superannuation	449	428
Employment on-costs - other	359	343
Board fees	108	108
Other employee related expenses	140	147
Total employee benefits expenses from trading activities	6 343	6 067
Property management activities:		
Salaries and wages	425	410
LSL	9	9
Annual leave	21	21
Employment on-costs - superannuation	39	39
Employment on-costs - other	31	31
Other employee related expenses	1	3
Total employee benefits expenses from property management activities	526	513
Total employee benefits expenses	6 869	6 580

During the year payments made to entities within SA Government include employment on-costs of \$390 000 (\$374 000).

Remuneration of employees

	2013 Number	2012 Number
The number of employees whose remuneration received/receivable falls within the following bands:		
\$134 000 to \$137 999*	n/a	1
\$138 000 to \$147 999	1	-
\$278 000 to \$287 999	1	1
Total	2	2

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2011-12.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$425 000 (\$418 000).

7. 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) Remuneration of governing board members

	2013 Number	2012 Number
The number of governing board members whose remuneration received or receivable falls within the following bands:		
\$10 000 - \$19 999	6	6
\$20 000 - \$29 999	1	1
Total	7	7

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

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.

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

8. Related party

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

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

9. Supplies and services

	2013 \$'000	2012 \$'000
Trading activities:		
Supplies and services provided by entities external to the SA Government:		
Contractors	278	280
Equipment hire	43	66
Linen and laundry	86	89
Printing and stationery	46	47
Repairs and maintenance	75	58
Utilities	150	119
Total supplies and services - non-SA Government entities	678	659

9. Supplies and services (continued)	2013	2012
Supplies and services provided by entities within the SA Government:	\$'000	\$'000
Insurance	157	144
Contractors	3	1
Legal	8	10
Total supplies and services - SA Government entities	168	155
Total supplies and services from trading activities	846	814

Property management activities:

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

Repairs and maintenance	522	449
Utilities	528	448
Total supplies and services - non-SA Government entities	1 050	897

Supplies and services provided by entities within the SA Government:

Utilities	356	322
Total supplies and services - SA Government entities	356	322
Total supplies and services from property management activities	1 406	1 219
Total supplies and services	2 252	2 033

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:	2013		2012	
	Number	\$'000	Number	\$'000
Below \$10 000	-	-	-	-
\$10 000 - \$50 000	2	43	1	12
Total paid/payable to the consultants engaged	2	43	1	12

10. Depreciation and amortisation	2013	2012
Depreciation:	\$'000	\$'000
Trading activities:		
Plant and equipment	1 243	1 279
Total depreciation for trading activities	1 243	1 279
Property management activities:		
Buildings	3 807	3 809
Total depreciation for property management activities	3 807	3 809
Total depreciation	5 050	5 088

11. Net gain (loss) from disposal of assets		
Plant and equipment:		
Proceeds from disposal	12	2
Net book value of assets disposed	(15)	(10)
Net gain (loss) from disposal of assets	(3)	(8)

12. Other expenses		
Trading activities:		
Other expenses paid/payable to entities external to the SA Government:		
Other	346	284
Total other expenses - non-SA Government entities	346	284
Other expenses paid/payable to entities within the SA Government:		
Other	50	42
Total other expenses - SA Government entities	50	42
Total other expenses from trading activities	396	326

12. Other expenses (continued)	2013	2012
Property management activities:	\$'000	\$'000
Other expenses paid/payable to entities external to the SA Government:		
Other	141	116
Total other expenses - non-SA Government entities from property management activities	141	116
Other expenses paid/payable to entities within the SA Government		
Other	100	-
Total other expenses - SA Government entities from property management activities	100	-
Total other expenses - from property management activities	241	116
Total other expenses	637	442
13. Auditor's remuneration		
Audit fees of \$38 900 (\$33 300) were paid/payable to the Auditor-General's Department, relating to the audit of the financial statements.		
No other services were provided by the Auditor-General's Department.		
14. Revenues from fees and charges		
Fees and charges received/receivable from entities external to the SA Government:		
Merchandise revenues	286	316
Total fees and charges - non-SA Government entities	286	316
15. Revenues from the provision of services		
Services provided to entities external to the SA Government:		
Corporate revenue	2 170	2 121
Equipment hire	405	417
Recoveries	1 594	1 415
Venue hire	2 693	2 602
Total revenues from the provision of services - non-SA Government entities	6 862	6 555
Services provided to entities within the SA Government:		
Corporate revenue	-	54
Recoveries	10	22
Venue hire	4	14
Total revenues from the provision of services - SA Government entities	14	90
Total revenues from the provision of services	6 876	6 645
16. Revenues from sales		
Sales from entities external to the SA Government:		
Beverage sales	2 421	2 511
Food sales	2 933	3 207
Total revenues from sales - non-SA Government entities	5 354	5 718
Sales from entities within the SA Government:		
Beverage sales	26	19
Food sales	123	91
Total revenues from sales - SA Government entities	149	110
Total revenues from sales	5 503	5 828
17. Interest revenues		
Interest from entities external to the SA Government	47	75
Interest from entities within the SA Government	682	943
Total interest revenues	729	1 018

18. Other revenues	2013	2012
Trading activities:	\$'000	\$'000
Other revenue from entities external to the SA Government:		
Car park	205	217
Ticketing charges	475	469
Other revenue	860	860
Total other revenues - non-SA Government entities	1 540	1 546
Total other revenues from trading activities	1 540	1 546
Property management activities:		
Property lease revenue	229	221
Other revenue	249	321
Total other revenues from property management activities	478	542
Total other revenues	2 018	2 088
19. Cash and cash equivalents		
Cash at bank and cash on hand	436	1 135
Short-term deposits with SAFA	10 175	17 595
Total cash and cash equivalents	10 611	18 730

Cash deposits

The cash deposits are carried at cost in accordance with APF IV, APS 2.1. Cash at bank is comprised of funds held in an operating account at a commercial banking institution. Cash at bank deposits are on-call and carry an average variable interest rate of 3.03% (4.23%). Interest is accrued daily and distributed monthly. 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 SAFA Cash Management Funds are on-call and carry an average variable interest rate of 3.44% (4.74%). 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. Deposits at call earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

20. Receivables	2013	2012
Current:	\$'000	\$'000
Receivables	614	534
Provision for doubtful debts	(8)	(8)
Accrued revenues	39	71
GST receivable	48	-
Prepayments	162	64
Total current receivables	855	661
Government/Non-government receivables:		
Receivables from non-SA Government entities:		
Receivables	606	522
Provision for doubtful debts	(8)	(8)
Accrued revenues	-	2
GST receivable	48	-
Prepayments	147	61
Total receivables from non-SA Government entities	793	577
Receivables from SA Government entities:		
Receivables	8	12
Accrued revenues	39	69
Prepayments	15	3
Total receivables from SA Government entities	62	84
Total receivables	855	661

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)

	2013	2012
	\$'000	\$'000
Carrying amount at 1 July	(8)	(8)
Increase in the provision	-	-
Amounts written off	-	-
Carrying amount at 30 June	(8)	(8)

Interest rate and credit risk

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

Bad and doubtful debts

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

21. Inventories

	2013	2012
	\$'000	\$'000
Current - inventories held for resale:		
Beverages	177	168
Food	11	7
Total inventories held for resale	188	175

Inventory wastage

The Corporation has recognised an inventory wastage expense of \$5000 (\$5000) in the Statement of Comprehensive Income.

Raw materials and consumables

The Corporation recognised an expense for raw materials and consumables of \$1.526 million (\$1.569 million).

22. Property, plant and equipment

	2013	2012
	\$'000	\$'000
Land and buildings:		
Land at fair value	27 000	27 000
Buildings at fair value	102 428	102 428
Accumulated depreciation	(11 365)	(7 581)
Total land and buildings	118 063	121 847
Building improvements:		
Building improvements at cost	12 179	223
Accumulated depreciation	(36)	(13)
Total building improvements	12 143	210
Work in progress	61	310
Total work in progress	61	310
Plant and equipment:		
Plant and equipment at cost	13 265	11 840
Accumulated depreciation	(6 226)	(5 068)
Total plant and equipment	7 039	6 772
Total property, plant and equipment	137 306	129 139

Valuation of land and buildings

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

Impairment

There were no indications of impairment of property, plant and equipment, infrastructure and intangible assets at 30 June 2013.

Reconciliation of non-current assets

	Land	Buildings	Building imprvmnts	Work in progress	Plant and equipment	Non-current assets Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2013						
Carrying amount at 1 July	27 000	94 847	210	310	6 772	129 139
Revaluation increments (decrements)	-	-	-	-	-	-
Reclassify assets from cost to fair value	-	-	-	-	-	-
Additions	-	-	-	13 231	-	13 231
Transfers in (out)	-	-	11 956	(13 480)	1 525	1
Disposals eg sales, write-off	-	-	-	-	(15)	(15)
Depreciation and amortisation	-	(3 784)	(23)	-	(1 243)	(5 050)
Carrying amount at 30 June	27 000	91 063	12 143	61	7 039	137 306
2012						
Carrying amount at 1 July	27 000	98 645	112	-	7 502	133 259
Revaluation increments (decrements)	-	-	-	-	-	-
Reclassify assets from cost to fair value	-	-	-	-	-	-
Additions	-	-	-	979	-	979
Transfers in (out)	-	-	109	(669)	559	(1)
Disposals eg sales, write-off	-	-	-	-	(10)	(10)
Depreciation and amortisation	-	(3 798)	(11)	-	(1 279)	(5 088)
Carrying amount at 30 June	27 000	94 847	210	310	6 772	129 139

Capital additions of \$11.386 million (\$0) were paid/payable to entities within SA Government.

23. Payables	2013	2012
Current:	\$'000	\$'000
Creditors	1 539	249
Accrued expenses	1 069	436
GST payable	-	52
Employment on-costs	103	66
Total current payables	2 711	803
Non-current:		
Employment on-costs	43	50
Total non-current payables	43	50
Total payables	2 754	853
Government/Non-government payables:		
Payables to non-SA Government entities:		
Creditors	757	230
Accrued expenses	832	383
GST payable	-	52
Employment on-costs	67	51
Total payables to non-SA Government entities	1 656	716
Payables to SA Government entities:		
Creditors	782	19
Accrued expenses	237	53
Employment on-costs	79	65
Total payables to SA Government entities	1 098	137
Total payables	2 754	853

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	2013	2012
Current:	\$'000	\$'000
Annual leave	294	255
LSL	401	245
Accrued salaries and wages	100	8
Total current employee benefits	<u>795</u>	<u>508</u>
Non-current:		
LSL	444	520
Total non-current employee benefits	<u>444</u>	<u>520</u>
Total employee benefits	<u>1 239</u>	<u>1 028</u>

AASB 119 contains the calculation methodology for LSL liability. This year an actuarial assessment performed by DTF was used to calculate the liability rather than using a shorthand measurement technique for the calculation of the liability.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has increased from 2012 (3%) to 2013 (3.75%).

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

The net financial effect of the changes in methodology and actuarial assumptions in the current financial year is immaterial. The impact on future periods is impracticable to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

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

25. Dividend

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

26. Other liabilities	2013	2012
Current:	\$'000	\$'000
Income received in advance	2 012	1 725
Unearned lease revenue	58	58
Total current other liabilities	<u>2 070</u>	<u>1 783</u>
Non-current:		
Unearned lease revenue	5 245	5 302
Total non-current other liabilities	<u>5 245</u>	<u>5 302</u>
Total other liabilities	<u>7 315</u>	<u>7 085</u>
Government/Non-government other liabilities:		
Other liabilities to non-SA Government entities:		
Income received in advance	1 975	1 699
Unearned lease revenue	5 303	5 360
Total other liabilities to non-SA Government entities	<u>7 278</u>	<u>7 059</u>
Other liabilities to SA Government entities:		
Income received in advance	37	26
Total other liabilities to SA Government entities	<u>37</u>	<u>26</u>
Total other liabilities	<u>7 315</u>	<u>7 085</u>

27. Equity		
Contributed capital	55 536	55 536
Revaluation surplus	48 551	48 551
Accumulated surplus	33 565	35 652
Total equity	<u>137 652</u>	<u>139 739</u>

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

28. Commitments	2013	2012
Capital commitments	\$'000	\$'000
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:		
Within one year	-	83
Total capital commitments	-	83

Remuneration commitments

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

Within one year	579	451
Later than one year but not longer than five years	1 435	405
Later than five years	17	-
Total remuneration commitments	2 031	856

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

Other commitments

The Corporation's other commitments are associated with ongoing business operations, reflected by purchase orders issued but not filled.

Within one year	46	35
Total other commitments	46	35

Operating lease commitments receivable

Future minimum lease payments receivable under non-cancellable operating leases contracted for at reporting date but not recognised as receivables are:

Within one year	354	160
Later than one year but not longer than five years	1 238	318
Later than five years	134	111
Total operating lease revenue commitments	1 726	589

The Corporation's operating lease commitments as lessor are for sponsorship, the lease of shops, offices and site space located on sites owned or leased by the Corporation. The Corporation also leases a section of land. 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.

29. Administered items	2013	2012
Event funds:	\$'000	\$'000
Administered revenues:		
Net box office receipts	29 601	24 650
Interest earned on event funds	369	319
Total administered revenues	29 970	24 969
Administered expenses:		
Settlements paid	22 513	23 022
Total administered expenses	22 513	23 022
Movement in administered items during the year	7 457	1 947
Administered assets:		
Cash at bank	13 669	6 224
Receivable - interest	28	16
Total administered assets	13 697	6 240
Administered liabilities:		
Funds held in trust	13 669	6 224
Accrued interest payable	28	16
Total administered liabilities	13 697	6 240
Movement in administered items during the year	7 457	1 947
Total administered assets held at 1 July	6 240	4 293
Total administered assets held 30 June	13 697	6 240

Cash deposits

The cash deposits are carried at cost in accordance with APF IV, APS 2.1. Cash at bank is comprised of funds held in a bank account at a commercial banking institution and in a SAFA Cash Management Fund. Commercial bank account deposits are on-call and carry an average variable interest rate of 3.03% (4.23%). Interest is accrued daily and distributed monthly. 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 SAFA Cash Management Funds are on-call and carry an average variable interest rate of 3.44% (4.74%). 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

Deposits at call earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

30. 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.

31. Cash flow reconciliation

Reconciliation of cash and cash equivalents:

Statement of Cash Flows

Statement of Financial Position

	2013	2012
	\$'000	\$'000
	10 611	18 730
	<u>10 611</u>	<u>18 730</u>

Reconciliation of profit (loss) to net cash provided by (used in) operating activities:

Net profit (loss) for the year

(2 087) (904)

Non-cash items:

Depreciation and amortisation expense

5 050 5 088

Leased land income

(58) (58)

Net loss (gain) on disposal of assets

3 8

Movements in assets/liabilities:

Receivables

(194) 617

Inventories

(13) 57

Payables

345 (464)

Other liabilities

288 150

Employee benefits

211 222

Net cash provided by (used in) operating activities

3 545 4 716

32. Events after the reporting period

The Corporation is not aware of any events after the reporting period.

33. Other matters

On 20 March 2013 the Corporation entered into a lease agreement with the Minister for Recreation and Sport for the lease of Coopers Stadium (formerly Hindmarsh Stadium). Under the lease agreement the Corporation is responsible for the management, maintenance and operation of Coopers Stadium for a five year period, commencing 1 July 2013. The financial effect of the lease agreement has not been reflected in the financial statements in accordance with accounting standards.

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 under the general control and direction of the Minister for the Arts.

Regulations enacted under the PCA specify certain provisions of that Act apply to the Trust. These provisions relate mainly to governance and operational performance.

Functions

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

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 24(3) of the AFCT Act, section 32(4) of the PCA and section 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

Section 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 the audit

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

During 2012-13, areas of audit attention included:

- revenue, receipting and banking
- BASS
- payroll
- procurement and expenditure
- fixed assets
- follow-up of information technology matters.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Adelaide Festival Centre Trust as at 30 June 2013, 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 all matters raised 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 communicated in management letters to the Chief Executive Officer and responses were received. The main matters raised with the Trust and the related responses are detailed below.

Timeliness of the conduct and review of reconciliations

Audit noted that the conduct or review of some reconciliations could be performed more timely to reduce the risk of unresolved discrepancies causing misstatements in internal and external financial reports.

The Trust responded that a concerted effort had been made to address this issue.

Documentation of policies and procedures

Audit noted that some documented policies, procedures or instructions could describe individual controls better. This would help ensure controls are always performed properly even when performed temporarily by different officers.

The Trust responded that it will describe the individual controls better in its documented policies, procedures or instructions and will prioritise this work.

Procurement

The Trust established a new procurement policy in November 2012 however it was yet to be rolled out due to the emergence of other higher risk priorities. That said, the Trust indicated that major procurements were undertaken or reviewed by the procurement manager to help ensure compliance with the policy.

Audit noted that in some instances, the transparency, accountability and probity of procurement processes could be improved by:

- maintaining documentation of how each supplier is procured
- obtaining quotes from a number of suppliers irrespective of the highly specialised service being procured from few suppliers
- no longer allowing certain officers to authorise the payment of invoices below certain thresholds for goods and services purchased without any independent review.

The Trust indicated it will refine the policy taking into account Audit's recommendations and roll it out across the organisation.

Information and communications technology and control

Last year's Report provided specific comment on the Trust's new ticketing sales and customer data capture (ENTA) system and general ICT management and security controls.

The Report noted that no full information security risk assessment had occurred in the past six years. The Trust was also continuing to address a number of matters that were identified through a series of IT security reviews performed specific to the ENTA application. This progressive development of operational and security policy and procedures and business continuity plans was based on the limited availability of allocated funds.

The progressive remediation of outstanding matters seeks to address the Trust's compliance with the Government's Information Security Management Framework.

Follow-up review by Audit during 2012-13 focused on a number of matters. These included the updating and development of the Trust's IT strategic plan; IT security policy and procedures; business continuity and disaster recovery plans; ENTA application configuration and operational guidelines; and remediation of matters raised in the 2013 externally contracted security review.

In response the Trust updated Audit on the remediation steps being taken to address these matters. These include the completion of certain IT security policies and procedures, testing of the business continuity and disaster recovery plans, updating ENTA user documentation and working through issues raised in the 2013 security review.

These matters need to be addressed to ensure the Trust's ICT security and control environment operates satisfactorily.

Interpretation and analysis of the financial report

Highlights of the financial report

	2013 \$'million	2012 \$'million
Expenses		
Staff benefits expenses	18	18
Other expenses	26	20
Total expenses	44	38
Income		
User charges and interest	27	23
Net cost of providing services	17	15
Revenues from SA Government	17	15
Net result	-	-
Net cash provided by (used in) operating activities	-	4
Assets		
Current assets	12	12
Non-current assets	9	9
Total assets	21	21

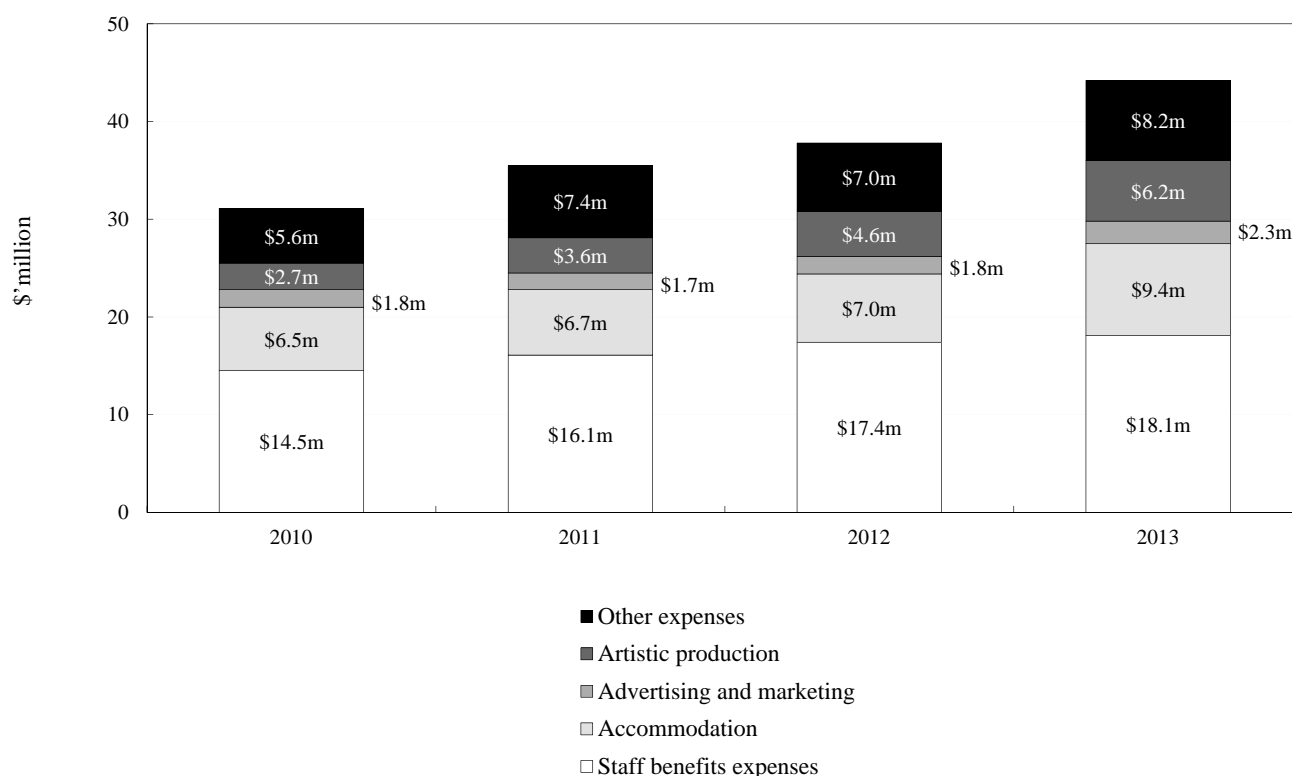
	2013 \$'million	2012 \$'million
Liabilities		
Current liabilities	9	10
Non-current liabilities	3	3
Total liabilities	12	13
Total equity	9	8

Statement of Comprehensive Income

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

Expenses

An analysis of expenses for the Trust for the four years to 2013 is presented in the following chart.

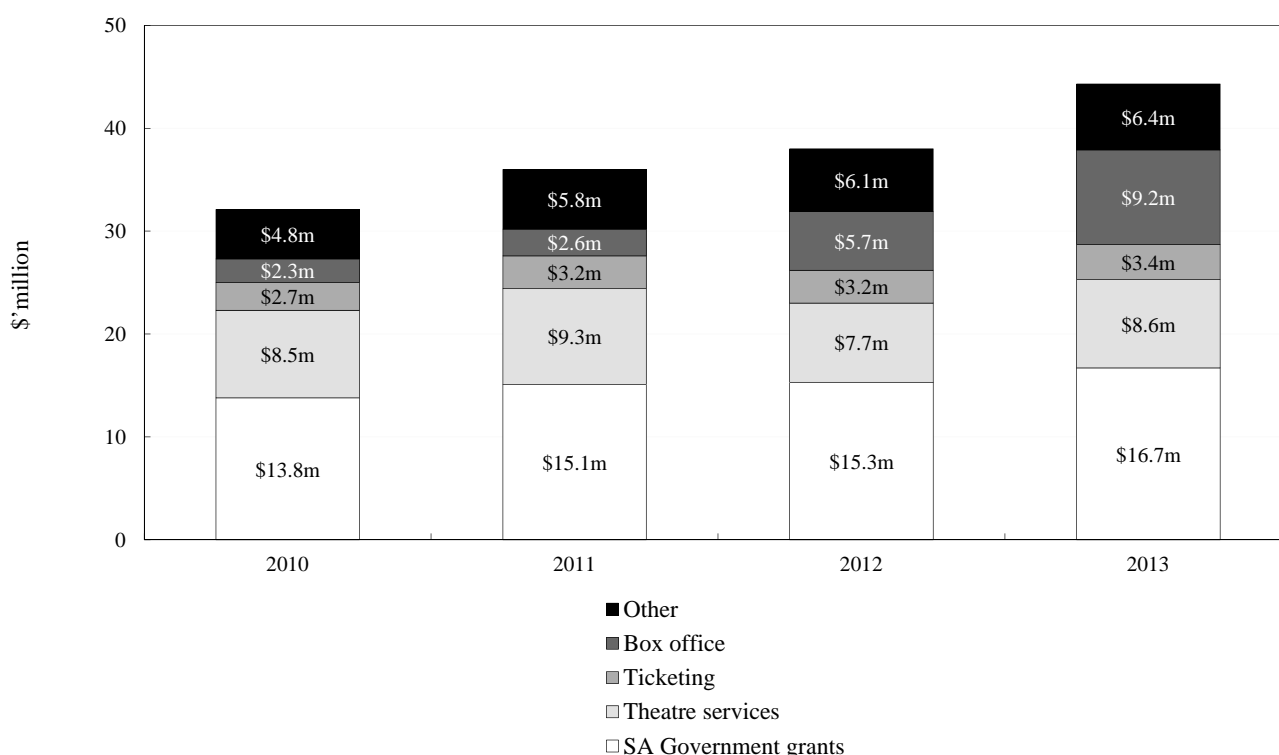


Expenses increased in 2013 by \$6.4 million to \$44.2 million. The increase was due to:

- accommodation expense rising by \$2.4 million due mainly to higher rent being payable as a result of the triennial market review of rent for the Adelaide Festival Centre and Her Majesty's Theatre. The Trust received extra grants from the SA Government to pay the increased rentals
- other major categories of expense increasing as a result of more large productions being staged. In 2013 the Trust incurred significant expense on The Illusionists, Chitty Chitty Bang Bang and Cabaret whereas in 2012 the Trust incurred significant expense on A Chorus Line and Cabaret.

Income

An analysis of income for the Trust for the four years to 2013 is presented in the following chart.



Income increased in 2013 by \$6.3 million to \$44.3 million. The chart reflects the significance of:

- SA Government funding which increased by \$1.4 million and represents 38% (40%) of income
- theatre services income which increased by \$900 000 due mainly to increased set building activities at the Gepps Cross workshop
- box office income which increased by \$3.5 million due to more large productions being staged including *The Illusionists* and *Chitty Chitty Bang Bang*.

Statement of Financial Position

Current assets and liabilities

As at 30 June 2013 current assets, \$12.4 million (\$12.3 million), exceeded current liabilities, \$9.4 million (\$10.3 million). Current assets and liabilities include \$3 million (\$5.8 million) held by the Trust payable to promoters.

Current assets include prepaid production expenses of \$432 000 (\$675 000). The decrease in prepaid production expenses is due mainly to the Adelaide Guitar Festival which is held every two years and was last held in early August 2012.

Non-current assets

The Trust's non-current assets comprise works of art \$5.9 million (\$5.2 million), plant, equipment and capital works in progress \$2 million (\$2.9 million) and intangible assets \$896 000 (\$329 000). The value of works of art increased due to the revaluation upwards of a certain sculpture. The development of the new suite of financial systems was completed in 2012-13 resulting in a decrease in capital works in progress and a corresponding increase in intangible assets.

Liabilities

Payables of \$6.4 million (\$7.3 million) together with staff entitlements of \$4.5 million (\$4.2 million) represent 88% (89%) of total liabilities. Payables reduced due mainly to less amounts payable to promoters.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2013.

	2013 \$'million	2012 \$'million	2011 \$'million	2010 \$'million
Net cash flows				
Operating	(0.4)	4.3	1.1	1.0
Investing	(0.3)	(0.5)	(0.6)	(0.7)
Change in cash	(0.7)	3.8	0.5	0.3
Cash at 30 June	9.7	10.4	6.6	6.1

Cash held at 30 June 2013 includes \$3 million (\$5.8 million) held on behalf of promoters.

Cash inflows from the SA Government amounted to \$16.7 million (\$14.7 million) and are included in operating activities. The Trust is highly reliant on the SA Government for funding both operating and investing activities.

Statement of Comprehensive Income for the year ended 30 June 2013

		2013	2012
	Note	\$'000	\$'000
Expenses:			
Staff benefits expenses	8	18 135	17 404
Supplies and services	9	25 381	19 830
Depreciation and amortisation expense	10	659	531
Net loss on disposal of non-current assets	7	2	-
Total expenses		<u>44 177</u>	<u>37 765</u>
Income:			
Revenue from fees and charges	5	27 227	22 304
Interest revenue	6	380	419
Total income		<u>27 607</u>	<u>22 723</u>
Net cost of providing services	23	<u>16 570</u>	<u>15 042</u>
Revenues from SA Government:			
Revenues from SA Government	4	16 718	15 303
Net result		<u>148</u>	<u>261</u>
Gain on revaluation of artworks		750	-
Total comprehensive result		<u>898</u>	<u>261</u>

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

Statement of Financial Position as at 30 June 2013

		2013	2012
	Note	\$'000	\$'000
Current assets:			
Cash and cash equivalents	11	9 670	10 386
Receivables	12	2 479	1 781
Inventories	13	219	143
Total current assets		<u>12 368</u>	<u>12 310</u>
Non-current assets:			
Property, plant and equipment	14	1 987	2 942
Works of art	14	5 932	5 179
Intangible assets	14	896	329
Total non-current assets		<u>8 815</u>	<u>8 450</u>
Total assets		<u>21 183</u>	<u>20 760</u>
Current liabilities:			
Payables	15	6 170	7 091
Staff benefits	16	1 819	1 867
Provisions	17	327	304
Other	18	1 082	1 033
Total current liabilities		<u>9 398</u>	<u>10 295</u>
Non-current liabilities:			
Payables	15	250	213
Staff benefits	16	2 657	2 296
Provisions	17	47	23
Total non-current liabilities		<u>2 954</u>	<u>2 532</u>
Total liabilities		<u>12 352</u>	<u>12 827</u>
Net assets		<u>8 831</u>	<u>7 933</u>
Equity:			
Revaluation surplus	19	9 538	8 788
Accumulated deficits	19	(707)	(855)
Total equity		<u>8 831</u>	<u>7 933</u>
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 2013

		Revaluation surplus \$'000	Accumulated deficits \$'000	Total \$'000
	Note			
Balance at 30 June 2011		8 788	(1 116)	7 672
Net result for 2011-12		-	261	261
Total comprehensive result for 2011-12		-	261	261
Balance at 30 June 2012	19	8 788	(855)	7 933
Net result for 2012-13		-	148	148
Gain on revaluation of artworks		750	-	750
Total comprehensive result for 2012-13		750	148	898
Balance at 30 June 2013	19	9 538	(707)	8 831

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

Statement of Cash Flows for the year ended 30 June 2013

		2013 Inflows (Outflows) \$'000	2012 Inflows (Outflows) \$'000
	Note		
Cash flows from operating activities:			
Cash outflows:			
Staff benefit payments		(17 722)	(16 601)
Payments for supplies and services		(25 320)	(22 697)
Decrease in funds held on behalf of promoters		(2 799)	-
GST paid to the ATO		(374)	(260)
Cash used in operations		(46 215)	(39 558)
Cash inflows:			
Receipts from patrons and customers		28 570	24 164
Increase in funds held on behalf of promoters		-	4 017
Interest received		396	410
GST recovered from the ATO		91	561
Cash generated from operations		29 057	29 152
Cash flows from SA Government:			
Receipts from SA Government		16 718	14 740
Cash generated from SA Government		16 718	14 740
Net cash provided by (used in) operating activities	23	(440)	4 334
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment and works of art		(276)	(544)
Net cash provided by (used in) investing activities		(276)	(544)
Net increase (decrease) in cash and cash equivalents		(716)	3 790
Cash and cash equivalents at 1 July		10 386	6 596
Cash and cash equivalents at 30 June	11	9 670	10 386

Notes to and forming part of the financial statements

1. Adelaide Festival Centre Trust (Trust) objectives

The objectives of the Trust are to:

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

2. Summary of significant accounting policies

(a) *Statement of compliance*

The Trust has prepared these financial statements in compliance with section 23 of the PFAA.

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

The Trust has applied AASs that are applicable to not-for-profit entities, as the Trust is a not-for-profit entity.

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 2013 (refer note 3).

(b) *Basis of preparation*

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in this financial report:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies
 - (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)
 - (c) staff whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly, by the Trust 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 2013 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 Inc (the Foundation) was incorporated under the *Associations Incorporation Act 1985*, 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 activities of the Foundation are not material and therefore a full consolidated presentation has not been adopted. 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 24.

(d) Transactions performed on behalf of promoters

The Trust provides services on behalf of event promoters under exclusive agency arrangements. The Trust charges a fee for these services that is recognised as revenue. The Trust does not control the revenue (net of fees charged) generated from promoter events and as such only recognises the changes in cash held in trust on behalf of promoters (refer note 11) 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) Comparative information

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

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

Where the Trust 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 and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

(g) Taxation

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

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

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

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

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

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

(h) Events after the 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.

(h) Events after the reporting period (continued)

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

(i) Income

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

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

The following are specific recognition criteria:

Fees and charges

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

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

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

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

Revenues from SA Government

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

Net gain (loss) on non-current assets

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

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

(j) Expenses

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

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

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 the superannuation plan in respect of current services of current Trust staff. DTF centrally recognises the 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

Except for certain heritage 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 Trust holds a collection of heritage assets in the form of an artwork collection which has an extremely long useful life. Depreciation is not applied because these items have an indeterminable useful life.

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	5-25
Intangibles	5-10

(k) Current and non-current classification

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

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

(l) Assets

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

Where an asset line item combine 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.

Cash and cash equivalents

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

Receivables

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

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are generally settled within 14 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.

Heritage assets

The Trust holds a collection of heritage assets, referred to as the performing arts collection, which are unique and not capable of being reliably measured. This is due to the type and life of the collection and lack of a market for items within it.

Inventories

Inventories are maintained for catering, 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.

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

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

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

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

- *Impairment*

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

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

- *Intangible assets*

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

The Trust 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 criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$10 000.

(m) Liabilities

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

Where a liability line item combine 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.

Payables

Payables include creditors, accrued expenses, GST payable 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 benefits on-costs include payroll tax and superannuation contributions with respect to outstanding liabilities for salaries and wages, LSL, annual leave and skills and experience retention leave.

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

- *Salaries, wages, annual leave, skills and experience retention 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 and the skills and experience retention leave liability are expected to be payable within 12 months and are measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages, annual leave and skills and experience retention leave liability 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.

- *LSL*
The liability for LSL is measured as the present value of expected future payments to be made in respect of services provided by staff up to the end of the reporting period using the projected unit credit method.

The expected liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and period of service. These assumptions are based on employee data over SA Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

The Trust classifies a portion of LSL as current, based on its history of settlements.

Provisions

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

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

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

(n) Unrecognised contractual commitments and contingent assets and liabilities

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

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

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

3. New and revised accounting standards and policies

The Trust did not voluntarily change any of its accounting policies during 2012-13.

AASs and interpretations that have recently been used, issued or amended but are not yet effective, have not been adopted by the Trust for the period ending 30 June 2013. The Trust has assessed the impact of the new and amended standards and interpretations and considers there will be no material impact on the accounting policies for the financial statements of the Trust.

4. Revenues from SA Government

	2013	2012
Grants received:	\$'000	\$'000
Operating base	16 718	14 740
Capital replacement	-	563
Total revenues from SA Government	16 718	15 303

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

Capital assets received free of charge were \$0 (\$563 000, of which \$525 000 was capitalised as plant and equipment and the balance of \$38 000 was expensed).

5. Revenues from fees and charges

	2013	2012
	\$'000	\$'000
Theatre services	8 550	7 674
Ticketing	3 412	3 233
Car park	982	829
Box office	9 176	5 679
Sponsorship	893	628
Catering and functions	2 759	2 488
Other	1 455	1 773
Total revenues from fees and charges	27 227	22 304

6. Interest revenue

Interest from entities within the SA Government	380	419
Total interest revenue	380	419

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

Plant and equipment:		
Proceeds from disposal	-	-
Net book value of assets disposed	(2)	-
Total net gain (loss) from disposal of plant and equipment	(2)	-

8. Staff benefits expenses	2013 \$'000	2012 \$'000
Salaries and wages	14 223	13 339
LSL	307	826
Annual leave	896	886
Skills and experience retention leave	57	-
Employment on-costs - superannuation	1 367	1 292
Employment on-costs - other	928	706
Board fees	99	105
Other	258	250
Total staff benefits expenses	18 135	17 404

Remuneration of staff excluding performance bonus

The number of staff who received remuneration within the following bands are:	2013 Number	2012 Number
\$138 000 - \$147 999	4	3
\$148 000 - \$157 999	1	-
\$178 000 - \$187 999	1	2
\$218 000 - \$227 999	-	1
\$248 000 - \$257 999	1	-
\$308 000 - \$317 999	-	1
\$318 000 - \$327 999	1	-
Total	8	7

This table includes all staff who received total remuneration of \$138 000 (\$134 000) or more during the year. Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any FBT paid or payable in respect of those benefits.

Performance bonus remuneration of staff

The number of staff who received performance bonus remuneration within the following bands:	2013 Number	2012 Number
\$28 000 - \$37 999	-	1
\$68 000 - \$77 999	-	1
\$108 000 - \$117 999	1	-
\$198 000 - \$207 999	1	-
Total	2	2

This table includes performance bonuses received by staff which accrued over a three year period between 2009 and 2012.

The total remuneration received by staff included in the tables above for the year was \$1.78 million (\$1.43 million).

9. Supplies and services	2013 \$'000	2012 \$'000
Accommodation	9 370	7 001
Advertising and marketing	2 341	1 769
Artistic production	6 200	4 609
Communications and IT	1 202	1 055
Finance expenses	246	273
Professional expenses	1 000	641
Repairs and maintenance	1 589	1 240
Sponsorship	205	167
Supplies	2 265	2 007
Travel and entertainment	412	289
Other	551	779
Total supplies and services	25 381	19 830

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

During the year operating lease payments totalled \$6.1 million (\$4.4 million). These payments are included in accommodation and other supplies and services.

9. 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:	2013		2012	
	Number	\$'000	Number	\$'000
Below \$10 000	10	46	7	31
\$10 000 - \$50 000	5	110	3	62
Above \$50 000	1	125	2	185
Total paid/payable to the consultants engaged	16	281	12	278

Auditor's remuneration

	2013	2012
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	72	73
Audit fees paid/payable to Edwards Marshall for the audit of the Adelaide Festival Foundation Inc financial statements	4	4
Total audit fees	76	77

No other audit services were provided by the Auditor-General's Department or Edwards Marshall.

10. Depreciation and amortisation expense

Depreciation:		
Plant and equipment	458	393
Amortisation:		
Intangible assets	201	138
Total depreciation and amortisation expense	659	531

11. Cash and cash equivalents

Cash at bank and on hand	6 649	4 566
Cash held in trust for promoters	3 021	5 820
Total cash and cash equivalents	9 670	10 386

Interest rate risk

Cash on hand is non-interest bearing.

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

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

12. Receivables

Current:		
Receivables	1 184	903
Allowance for doubtful debts	(1)	(47)
Prepayments	432	675
Accrued interest	24	40
GST input tax recoverable	840	210
Total current receivables	2 479	1 781

Movement of doubtful debts

The following table shows the movement of doubtful debts (impairment loss):

Carrying amount at 1 July	47	34
Increase in allowance	3	28
Amounts recovered during the year	(18)	(11)
Amounts written off	(31)	(4)
Carrying amount at 30 June	1	47

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (ie calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired.

An allowance for impairment loss of \$31 000 (\$17 000) has been recognised in finance expenses in 'supplies and services' (refer note 9) for specific debtors for which such evidence exists.

All impaired receivables are greater than 60 days overdue. Unimpaired receivables overdue by less than 30 days is \$65 000 (\$237 000) and overdue by more than 30 days is \$108 000 (\$34 000).

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 14 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.

13. Inventories

	2013 \$'000	2012 \$'000
Theatre set construction work in progress at cost	81	19
Materials at cost	138	124
Total inventories	219	143

Cost of inventories

The costs recognised as an expense for raw materials and consumables is \$1.702 million (\$1.464 million).

14. Non-current assets**Plant and equipment:**

At fair value	1 975	2 014
Accumulated depreciation at 30 June	(990)	(798)
At cost (deemed fair value)	1 471	1 274
Accumulated depreciation at 30 June	(476)	(249)
	1 980	2 241

Capital work in progress:

Capital work in progress at cost (deemed fair value)	7	701
Total plant and equipment	1 987	2 942

Works of art:

At fair value	5 932	5 179
Total works of art	5 932	5 179

Intangible assets:

At cost	1 420	652
Accumulated amortisation	(524)	(323)
Total intangible assets	896	329
Total non-current assets	8 815	8 450

Valuation of non-current assets

The full collection of works of art was revalued by Theodore Bruce Auctions Pty Ltd as at 30 June 2011. Subsequently, annual impairment testing on the collection by Theodore Bruce Auctions Pty Ltd resulted in one piece being revalued upwards by \$750 000 as at 30 June 2013. A valuation of plant and equipment comprising of computers, furniture, catering and theatre set construction equipment was carried out at 30 June 2009 by Valcorp Australia Pty Ltd. A valuation of theatre-related plant and equipment was carried out at 30 June 2010 by Maloney Field Services (Australia) Pty Ltd. All assets are valued at the current market price with regard to the asset's highest and best use.

Carrying amount of non-current assets

Non-current assets include \$371 000 of fully depreciated assets still in use.

Non-current assets classified as held for sale

Non-current assets with a written down value of \$9000 included in plant and equipment have been decommissioned and will be sold during the 2013-14 financial year.

Impairment

There were no indications of impairment of non-current assets at 30 June 2013.

Reconciliation of non-current assets

The following table shows the movements of non-current assets during 2012-13:

Reconciliation of non-current assets (continued)

	Plant and equipment \$'000	Works of art \$'000	Intangibles \$'000	Capital work in progress \$'000	Total \$'000
Carrying amount at 1 July	2 241	5 179	329	701	8 450
Acquisitions	199	3	-	74	276
Transfers between asset classes	-	-	768	(768)	-
Disposals	(2)	-	-	-	(2)
Depreciation and amortisation	(458)	-	(201)	-	(659)
Revaluation increment	-	750	-	-	750
Carrying amount at 30 June	1 980	5 932	896	7	8 815

Plant and equipment additions of \$0 (\$525 000) were received free of charge as a capital grant from Arts SA.

Capital works in progress additions of \$74 000 (\$503 000) represent an acquired intangible asset yet to be commissioned for \$7000 and \$67 000 of additions that were commissioned during 2012-13.

The following table shows the movements of non-current assets during 2011-12:

	Plant and equipment \$'000	Works of art \$'000	Intangibles \$'000	Capital work in progress \$'000	Total \$'000
Carrying amount at 1 July	2 068	5 177	467	198	7 910
Acquisitions	566	2	-	503	1 071
Depreciation and amortisation	(393)	-	(138)	-	(531)
Carrying amount at 30 June	2 241	5 179	329	701	8 450

15. Payables	2013	2012
Current:	\$'000	\$'000
Creditors	1 091	477
Accrued expenses	1 726	478
Amounts payable to promoters	3 021	5 820
Staff on-costs	332	316
Total current payables	6 170	7 091
Non-current:		
Staff on-costs	250	213
Total payables	6 420	7 304

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of LSL taken as leave has remained at the 2012 rate of 40% and the average factor for the calculation of employer superannuation on-cost has remained at the 2012 rate of 10.3%. These rates are used in the employment on-cost calculation.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. 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	2013	2012
Current:	\$'000	\$'000
Annual leave	1 069	1 027
LSL	175	304
Accrued salaries and wages	518	536
Skills and experience retention leave	57	-
Total current staff benefits	1 819	1 867
Non-current:		
LSL	2 565	2 296
Accrued salaries and wages	92	-
Total non-current staff benefits	2 657	2 296
Total staff benefits	4 476	4 163

16. Staff benefits (continued)

AASB 119 contains the calculation methodology for LSL liability. This year, an actuarial assessment performed by DTF was used to calculate the liability rather than using a shorthand measurement technique for the calculation of the liability.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has increased from 2012 (3%) to 2013 (3.75%).

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

The net financial effect of the changes in methodology and actuarial assumptions in the current financial year is a decrease in the LSL liability of \$100 000 and employee benefit expense of \$100 000. The impact on future periods is impracticable to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

17. Provisions

	2013 \$'000	2012 \$'000
Current:		
Liability for outstanding claim	295	295
Provision for workers compensation	32	9
Total current provisions	327	304
Non-current:		
Provision for workers compensation	47	23
Total provisions	374	327
<i>Provision for workers compensation</i>		
Carrying amount at 1 July	32	125
Additional provisions recognised	95	-
Reductions in provisions recognised	-	(87)
Reductions arising from payments	(48)	(6)
Carrying amount at 30 June	79	32

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by Taylor Fry.

On 30 June 2010 a liability was recognised to reflect an outstanding claim by WorkCoverSA. The Trust was required to cease its registration as a levy paying employer with WorkCoverSA following enactment of the *Statutes Amendment (Public Sector Employment) Act 2006*. Subsequently, WorkCoverSA has sought to impose a supplementary levy, known as a balancing payment of \$295 000 on the Trust. At 30 June 2013, the Trust continues to appeal against this claim.

18. Other liabilities

	2013 \$'000	2012 \$'000
Current:		
Venue hire deposits	215	301
Other	11	14
Income in advance	784	648
Unclaimed monies	72	70
Total other liabilities	1 082	1 033

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.

Interest rate risk

The carrying amount of other liabilities represents fair value.

19. Equity

Revaluation surplus:		
Plant and equipment	4 015	4 015
Works of art	5 523	4 773
	9 538	8 788
Accumulated deficits	(707)	(855)
Total equity	8 831	7 933

19. Equity (continued)

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

As at 30 June 2013, works of art were revalued upwards by \$750 000.

20. Unrecognised contractual commitments***Expenditure commitments - remuneration***

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:

	2013 \$'000	2012 \$'000
Within one year	7 171	6 052
Later than one year and not longer than five years	5 663	3 893
Total remuneration commitments	12 834	9 945

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

Expenditure commitments - other

The Trust's other commitments are payable as follows:

Within one year	497	346
Later than one year and not longer than five years	107	151
Total other commitments	604	497

Operating lease commitments

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

Within one year	6 342	4 382
Later than one year and not longer than five years	25 726	18 005
Later than five years	70 413	58 604
Total operating lease commitments	102 481	80 991

The Trust's operating leases include accommodation and motor vehicle leases for fixed terms up to five years.

The Trust has a 20 year lease agreement to rent Her Majesty's Theatre and the Adelaide Festival Centre. The rent payable is determined by a combination of annual rent increases and triennial market reviews commencing 30 October 2011. The lease expires on 30 June 2028 and the Trust has a right of renewal for 10 years.

21. Contingent assets and liabilities

The Trust is not aware of any contingent assets but has a contingent liability for a possible obligation in relation to an unsettled current claim.

22. Remuneration of trustees

Trustees of the Trust during the 2013 financial year were:

Mr Barry Fitzpatrick (Chairperson)
Ms Susan Clearihan
Ms Caroline Cordeaux
(retired 20.01.2013)

Ms Zannie Flanagan
Mr James Hazel
Mr Ian Kowalick
(retired 20.01.2013)

Mr Hieu Van Le
Ms Carolyn Mitchell
Ms Corrine Namblard
Mr Bill Spurr

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

	2013 Number	2012 Number
\$0 - \$9 999	4	1
\$10 000 - \$19 999	5	7
\$20 000 - \$29 999	1	1
Total	10	9

Remuneration of members reflects all costs of trustee duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by trustees was \$108 000 (\$115 000).

22. Remuneration of trustees (continued)

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.

23. Cash flow reconciliation

	2013	2012
	\$'000	\$'000
Reconciliation of cash and cash equivalents at 30 June:		
Cash and cash equivalents disclosed in the Statement of Financial Position	9 670	10 386
Balance as per the Statement of Cash Flows	9 670	10 386

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

Net cash provided by (used in) operating activities	(440)	4 334
Revenues from SA Government	(16 718)	(15 303)
Non-cash items:		
Capital assets received free of charge	-	527
Depreciation and amortisation expense of non-current assets	(659)	(531)
Loss on sale or disposal of non-current assets	(2)	-
Movements in assets and liabilities:		
Receivables	698	620
Inventories	76	11
Payables	884	(3 387)
Other liabilities	(49)	(472)
Provisions	(47)	93
Staff benefits	(313)	(934)
Net cost of providing services	(16 570)	(15 042)

24. Controlled entity

The consolidated financial statements at 30 June 2013 include the following controlled entity:

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

Significant items in the financial report of the Foundation are:	2013	2012
	\$'000	\$'000
Revenue	220	312
Expenses	300	248
Surplus (Deficit)	(80)	64
Cash at bank	164	283

25. Government/Non-government split

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

	SA Government	
	2013	2012
	\$'000	\$'000
Revenues from SA Government:		
Operating grant	16 718	14 740
Capital grant	-	563
Total revenue from SA Government	16 718	15 303

25. Government/Non-government split (continued)

	SA Government	
	2013	2012
	\$'000	\$'000
Revenue from fees and charges:		
Theatre services	2 162	2 535
Ticketing	657	-
Car park	20	-
Box office	144	-
Sponsorship	5	-
Catering and functions	358	-
Other	54	178
Total revenue from fees and charges	<u>3 400</u>	<u>2 713</u>
Interest revenue:		
Interest from entities within the SA Government	<u>380</u>	<u>419</u>
Total interest revenue	<u>380</u>	<u>419</u>
Supplies and services:		
Accommodation	6 009	4 541
Professional expenses	89	-
Other	51	-
Total supplies and services	<u>6 149</u>	<u>4 541</u>
Receivables		
Receivables	219	259
Accrued interest	24	40
Total receivables	<u>243</u>	<u>299</u>
Payables:		
Current:		
Creditors	10	112
Accrued expenses	102	-
Employment on-costs	<u>332</u>	<u>166</u>
	<u>444</u>	<u>278</u>
Non-current:		
Employment on-costs	<u>250</u>	<u>118</u>
Total payables	<u>694</u>	<u>396</u>
Other liabilities:		
Venue hire deposits	10	-
Income in advance	<u>63</u>	<u>-</u>
Total payables	<u>73</u>	<u>-</u>

Adelaide Festival Corporation

Functional responsibility

Establishment

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

Functions

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

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 31(1)(b) of the PFAA and section 19(3) of the AFC Act provide for the Auditor-General to audit the accounts of the Corporation for each financial year.

Assessment of controls

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

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

Scope of the audit

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

During 2012-13, specific areas of audit attention included:

- revenue
- expenditure
- salaries and wages
- receipting and banking
- cash
- general ledger.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Adelaide Festival Corporation as at 30 June 2013, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

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

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Chief Executive. Major matters raised with the Corporation and the related responses are detailed below.

Expenditure

The audit included review of the monthly reconciliations between the purchase order system and the general ledger. The review found the reconciliations were not prepared during the festival period (February to April) but were completed after the festival period.

The Corporation advised they will ensure this reconciliation is completed monthly in the future.

Cash handling

The audit included a follow-up of action by the Corporation to improve cash handling and record keeping practices for festival events. The 2012-13 audit found that while the Corporation has implemented measures to improve the handling of cash during festival events:

- there were variances between cash banked and cash register/EFTPOS machine reports on every day/night for festival events
- there was a lack of explanations of variances in cash report reconciliations
- there were no records to substantiate or reconcile admission fees for the festival's outdoor events.

The Corporation advised they are investigating alternative approaches to handling cash to further mitigate risks and exposures in this area. Documentation will be improved for fee-paying entrants to the festival's outdoor events.

Bank reconciliations

The audit reviewed the Corporation's bank reconciliation processes and found:

- no monthly reconciliations of the foreign currency accounts
- no independent review of the donations account reconciliation.

In response to the audit findings the Corporation advised reconciliations will be applied to every bank account.

Interpretation and analysis of the financial report

	2013 \$'million	2012 \$'million
Expenses		
Staff benefits expenses	3.6	3.2
Supplies and services	9.8	10.2
Depreciation expense	0.1	-
Total expenses	13.5	13.4
Income		
Grants from non-SA Government	0.3	0.1
Box office sales	2.4	2.6
Sponsorship	1.7	2.1
Other	1.3	1.7
Total income	5.7	6.5
Net cost of providing services	(7.8)	(6.9)
Revenues from (Payments to) SA Government	8.0	6.4
Net result and total comprehensive result	0.2	(0.5)
Net cash provided by (used in) operating activities	0.8	(0.8)
Assets		
Current assets	1.3	1.0
Non-current assets	0.2	0.1
Total assets	1.5	1.1
Liabilities		
Current liabilities	0.6	0.4
Total liabilities	0.6	0.4
Total equity	0.9	0.7

Statement of Comprehensive Income

Expenses

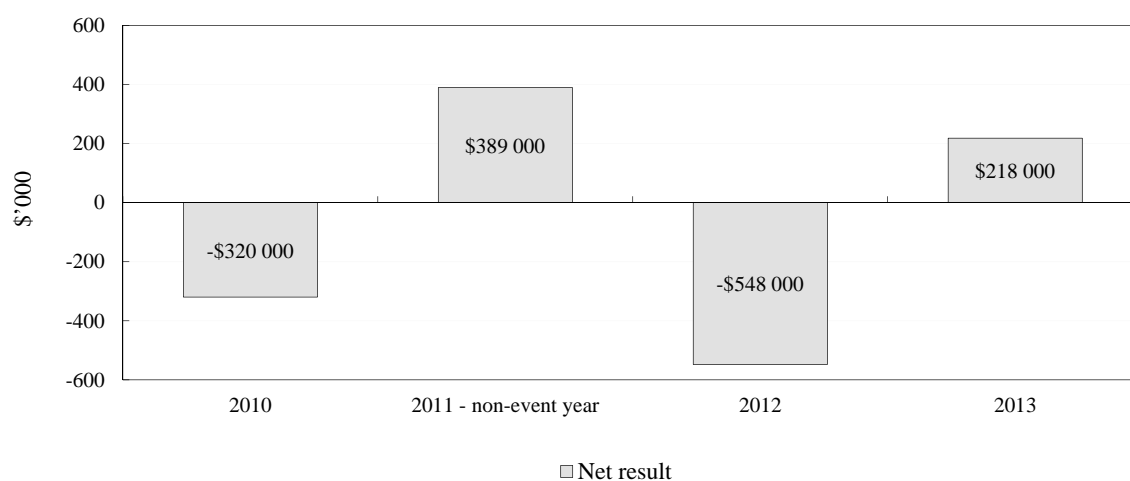
An increase of \$453 000 in staff benefits expenses, primarily due to changing the employment status of certain operations contractors who are now employed as Corporation staff, was partly offset by a \$424 000 decrease in supplies and services related to artist fees and allowances and artist travel and accommodation. Expenditure fluctuates as the shows, artists and venues change each festival.

Income

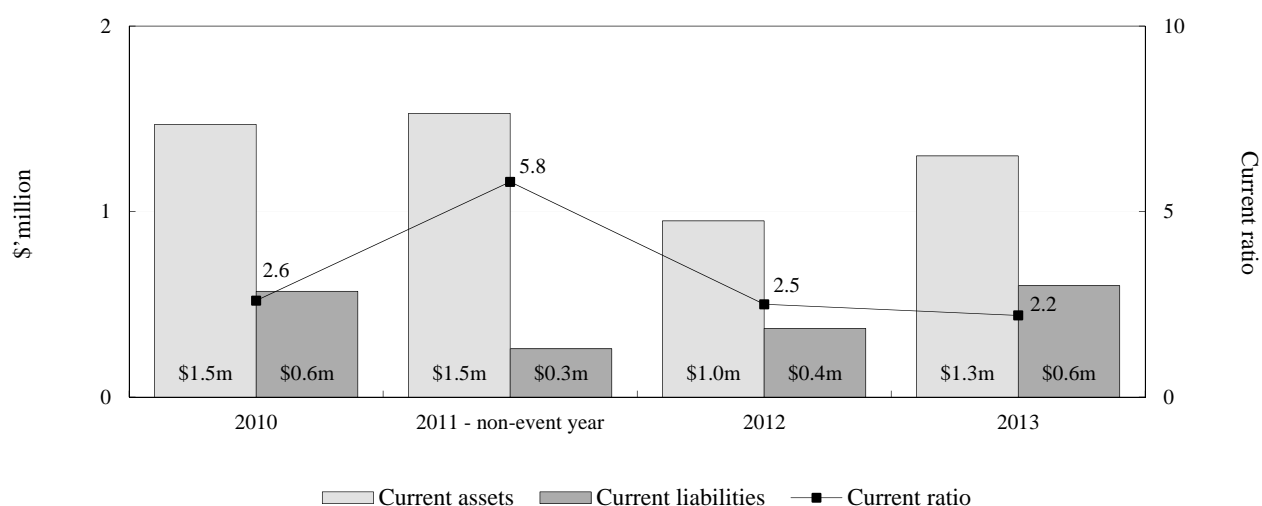
The Corporation is reliant on the State Government to fund its operations and government grants represent 58% (50%) of total income. The decrease in box office sales was primarily due to differences in shows, ticket numbers and venues which vary each festival.

Net cost of providing services

The net result for the year was a surplus of \$218 000 (deficit of \$548 000). The following chart shows the fluctuation in the net result for the four years to 2013, including 2011 which was a non-event year.

**Statement of Financial Position**

The following chart shows that current assets, including cash, increased 32% to \$1.3 million as at 30 June 2013. Current assets exceeded current liabilities by \$706 000 as at 30 June 2013.

**Statement of Cash Flows**

The following table summarises the net cash flows for the four years to 2013.

	2013 \$'million	2012 \$'million	Non-event year 2011 \$'million	2010 \$'million
Net cash flows				
Operating	0.8	(0.8)	0.5	(0.3)
Investing	(0.1)	(0.1)	-	-
Change in cash	0.7	(0.9)	0.5	(0.3)
Cash at 30 June	1.2	0.5	1.4	0.9

Net cash provided by operating activities is higher mainly due to an increase in receipts from the SA Government of \$1.6 million.

Statement of Comprehensive Income for the year ended 30 June 2013

		2013	2012
	Note	\$'000	\$'000
Expenses:			
Staff benefits expenses	3	3 640	3 187
Supplies and services	4	9 761	10 185
Depreciation expense		66	45
Total expenses		<u>13 467</u>	<u>13 417</u>
Income:			
Grants from non-SA Government	6	263	107
Box office sales		2 388	2 555
Other sales		781	736
Interest revenues		142	163
Sponsorship - corporate		681	939
Sponsorship - in-kind		556	557
Sponsorship - government		450	650
Other income	7	431	808
Total income		<u>5 692</u>	<u>6 515</u>
Net cost of providing services	14	<u>(7 775)</u>	<u>(6 902)</u>
Revenues from (Payments to) SA Government:			
Revenues from SA Government	6	7 993	6 354
Net result		<u>218</u>	<u>(548)</u>
Total comprehensive result		<u><u>218</u></u>	<u><u>(548)</u></u>

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

Statement of Financial Position as at 30 June 2013

		2013	2012
	Note	\$'000	\$'000
Current assets:			
Cash and cash equivalents	8	1 211	526
Receivables	9	46	409
Inventories		-	16
Total current assets		<u>1 257</u>	<u>951</u>
Non-current assets:			
Plant and equipment	10	229	173
Total non-current assets		<u>229</u>	<u>173</u>
Total assets		<u>1 486</u>	<u>1 124</u>
Current liabilities:			
Payables	11	287	196
Staff benefits	12	224	193
Provisions	13	40	40
Total current liabilities		<u>551</u>	<u>429</u>
Non-current liabilities:			
Payables	11	4	3
Staff benefits	12	42	21
Total non-current liabilities		<u>46</u>	<u>24</u>
Total liabilities		<u>597</u>	<u>453</u>
Net assets		<u>889</u>	<u>671</u>
Equity:			
Retained earnings		889	671
Total equity		<u>889</u>	<u>671</u>

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments 15

Statement of Changes in Equity for the year ended 30 June 2013

	Retained earnings \$'000	Total equity \$'000
Balance at 30 June 2011	1 219	1 219
Net result for 2011-12	(548)	(548)
Total comprehensive result for 2011-12	(548)	(548)
Balance at 30 June 2012	671	671
Net result for 2012-13	218	218
Total comprehensive result for 2012-13	218	218
Balance at 30 June 2013	889	889

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

Statement of Cash Flows for the year ended 30 June 2013

		2013 Inflows (Outflows) \$'000	2012 Inflows (Outflows) \$'000
Cash flows from operating activities:	Note		
Cash outflows:			
Staff benefits payments		(3 582)	(3 139)
Payments for supplies and services		(9 643)	(10 070)
Payments for paid parental leave scheme		(13)	(11)
GST paid to the ATO		-	(27)
Cash used in operations		(13 238)	(13 247)
Cash inflows:			
Receipts from patrons, sponsors, donors and others		5 316	5 576
Receipts from Commonwealth		187	74
Interest received		142	167
Receipts for paid parental leave scheme		16	11
GST recovered from the ATO		391	304
Cash generated from operations		6 052	6 132
Cash flows from SA Government:			
Receipts from SA Government		7 993	6 354
Net cash provided by (used in) operating activities	14	807	(761)
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(122)	(141)
Cash used in investing activities		(122)	(141)
Net cash provided by (used in) investing activities		(122)	(141)
Net increase (decrease) in cash and cash equivalents		685	(902)
Cash and cash equivalents at 1 July		526	1 428
Cash and cash equivalents at 30 June	8	1 211	526

Notes to and forming part of the financial statements

1. Functions of the Adelaide Festival Corporation (the Corporation)

The functions of 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 *Statement of compliance*

The Corporation has prepared these financial statements in compliance with section 23 of the PFAA.

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

The Corporation has applied AASs that are applicable to not-for-profit entities, as the Corporation is a not-for-profit entity.

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 2013.

2.2 *Basis of preparation*

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- 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:
 - 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
 - expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)
 - employee TVSP information
 - employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees
 - 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 expense reimbursement.

2.2 Basis of preparation (continued)

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. 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 2013 and the comparative information presented.

2.3 Rounding

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

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

2.5 Events after the reporting period

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

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

2.6 Income

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

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

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

The following are specific recognition criteria:

Operating and performing arts grants

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

Sponsorship, sundry income and interest

All income of this nature is recognised as revenue as it accrues. Some sponsorship is received as resources in-kind which is valued at fair value.

Box office

All box office income is recognised as revenue when received.

Donations

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

2.7 Expenses

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

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

The following are specific recognition criteria:

Staff benefits expenses

The employment provisions of the *Adelaide Festival Corporation Act 1998* provide that the Chief Executive of DPC is to be the employing authority of all staff of the Corporation.

Consistent with the *Statutes Amendment (Public Sector Employment) Act 2006*, the Chief Executive of DPC has delegated all of his powers and functions relating to the employment of staff to the Corporation. The Treasurer, pursuant to the *Statutes Amendment (Public Sector Employment) Act 2006*, 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*.

Salaries, wages and compensated absences

Liabilities for staff entitlements to salaries, wages and compensated absences owed at reporting date (including payroll based on-costs) are measured in accordance with AASB 119.

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.

Depreciation

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 to five years and is recognised from the date of acquisition.

2.8 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.

2.9 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 Corporation has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

2.10 Assets

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

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include 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.

Receivables

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

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

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

Inventories

Inventories held for sale are measured at the lower of cost or their net realisable value.

Plant and equipment

Office furniture and equipment is valued at cost.

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 \$1000 are capitalised.

Leasehold improvements

Leasehold improvements have been valued at cost and were amortised over the length of the initial lease term. These improvements have now been fully amortised.

2.11 Liabilities

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

Payables

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

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

Staff benefits

Liabilities for staff entitlements to salaries, wages and compensated absences owed at reporting date (including payroll based on-costs) are measured in accordance with AASB 119.

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

LSL is measured at the present value of the estimated future cash outflows (including payroll based on-costs) to be made in respect of services provided by staff up to the reporting date. This calculation is consistent with the Corporation's experience of employee retention and leave taken. Present values are calculated using government guaranteed securities rates with similar maturity terms.

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.

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

Staff benefits (continued)

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 and superannuation contributions in respect to outstanding liabilities for salaries and wages, LSL and annual leave.

2.12 Workers compensation

The Corporation is self-insured for workers compensation purposes. The Corporation is responsible for the payment of workers compensation claims.

For the period 1 July 2012 to 30 June 2013, the Corporation processed zero (three) workers compensation claims.

A provision for workers compensation liabilities has been included as at 30 June 2013 (refer note 13) and is based on management's assessment as being a reasonable estimate of the outstanding liability as at 30 June 2013. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

2.13 Economic dependency

The normal business activity of the Corporation is dependent on the contribution of grants from the State Government at the appropriate levels. The Corporation was advised by the Minister that the Corporation will, from the 2012 year onwards, produce the Adelaide Festival on an annual basis (historically produced biennially). Accordingly, this financial report has been prepared on a going concern basis.

2.14 Comparative figures

Where presentation or classification of items in the financial statements has been amended, comparative amounts have been adjusted to conform with changes in presentation and classification in the current financial year.

3. Staff benefits expenses

	2013	2012
	\$'000	\$'000
Salaries and wages	3 078	2 681
LSL	28	26
Annual leave	23	41
Staff on-costs - superannuation	290	260
Staff on-costs - other	145	127
Board fees	76	52
	<u>3 640</u>	<u>3 187</u>

Remuneration of staff

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

	2013	2012
	Number	Number
\$198 000 - \$207 999	1	-
\$208 000 - \$217 999	-	1
\$218 000 - \$227 999	1	-

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and FBT paid or payable in respect of those benefits. The total remuneration received by these staff for the year was \$423 000 (\$216 000).

Remuneration of board members

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

As at 30 June 2013 two members of the board, who are government employees, received no sitting fees from the Corporation.

During the 2013 financial year, the following persons occupied the position of board members of the Corporation:

Mr Richard Ryan, AO	Mr Stephen Yarwood
Ms Tammie Pribanic	Mr Peter Goers
Mr Graham Walters, AM	Dr Steve Brown
Ms Christabel Anthoney	Ms Amanda Duthie

Remuneration of board members (continued)

Remuneration of the board members whose remuneration received or receivable fell between the following bands:	2013 Number	2012 Number
\$0 - \$9 999	2	5
\$10 000 - \$19 999	6	2
\$20 000 - \$29 999	-	1

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any FBT paid or payable in respect of those benefits.

The aggregate remuneration referred to in the above table for board members is \$83 000 (\$56 000).

The aggregate superannuation paid on behalf of the board members included in the above was \$7000 (\$4000).

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

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

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.

4. Supplies and services	2013	2012
Supplies and services provided by entities external to the SA Government:	\$'000	\$'000
Artist fees and allowances	2 041	2 243
Artist travel and accommodation	1 037	1 170
Commissioning fees	482	174
Royalty and license fees	124	170
Event staging and contracts	1 690	1 923
Marketing, advertising and media	1 296	1 188
Design, printing and distribution costs	443	433
Hospitality, sponsorship and ticketing costs	413	420
Cost of goods for sale	538	440
Property costs	205	193
Communications and IT	109	97
Insurance	80	100
Other expenditure	438	741
Total supplies and services - non-SA Government entities	8 896	9 292
Supplies and services provided by entities within the SA Government:		
Event staging and contracts	805	834
Insurance	4	4
Other expenditure	56	55
Total supplies and services - SA Government entities	865	893
Total supplies and services	9 761	10 185

During the year, the Board did not engage any consultants to assist in its operation.

5. Remuneration to auditors

Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements for the year was \$27 000 (\$31 000). No other services were provided by the Auditor-General's Department.

6. Grants from government

	2013	2012
	\$'000	\$'000
Grants from SA Government	7 993	6 354
Commonwealth grants	187	74
Grants from overseas governments	76	33
Grants from non-SA Government	263	107

7. Other income	2013	2012
	\$'000	\$'000
Sundry	310	716
Friends membership	67	58
Donations	54	34
	<u>431</u>	<u>808</u>
8. Cash and cash equivalents		
Cash on hand	7	3
Cash at bank	462	522
Short-term deposits with SAFA	742	1
	<u>1 211</u>	<u>526</u>

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. Interest is paid monthly.

9. Receivables		
Trade debtors	8	43
Prepayments and accrued revenue	26	361
Other receivables (GST)	12	5
	<u>46</u>	<u>409</u>

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. No receivables are past due or impaired.

10. Plant and equipment	2013	2012
	\$'000	\$'000
(a) Office equipment and furniture at cost	599	477
Accumulated depreciation	(370)	(304)
Written down value	<u>229</u>	<u>173</u>
(b) Leasehold improvements	334	334
Accumulated amortisation	(334)	(334)
Written down value	-	-
Total plant and equipment written down value	<u>229</u>	<u>173</u>
(c) Reconciliation of carrying amounts of plant and equipment		
Balance at 1 July	811	649
Additions (plant and equipment)	122	162
Balance at 30 June	<u>933</u>	<u>811</u>
Accumulated depreciation/amortisation:		
Balance at 1 July	638	593
Depreciation expense (plant and equipment)	66	45
Balance at 30 June	<u>704</u>	<u>638</u>
Net book value	<u>229</u>	<u>173</u>

11. Payables		
Current:		
Trade creditors and accruals	260	172
Staff on-costs	27	24
	<u>287</u>	<u>196</u>
Non-current:		
Staff on-costs	4	3
	<u>4</u>	<u>3</u>

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.

		2013 \$'000	2012 \$'000
12. Staff benefits			
Current:			
Accrued salaries and wages		31	29
Annual leave		112	89
LSL		81	75
		<u>224</u>	<u>193</u>
Non-current:			
LSL		42	21
		<u>42</u>	<u>21</u>
13. Provisions			
Current:			
Provision for workers compensation (self-insurance)		40	40
Total provisions		<u>40</u>	<u>40</u>
14. Reconciliation of net cash provided by (used in) operating activities to net cost of providing services:			
Net cash provided by (used in) operating activities		807	(761)
Revenues from SA Government		(7 993)	(6 354)
Non-cash items:			
In-kind sponsorship income		556	557
In-kind box office income		80	100
In-kind expenditure		(636)	(657)
Assets acquired at no cost or nominal consideration		-	21
Depreciation		(66)	(45)
Movements in assets/liabilities:			
Receivables		(363)	311
Inventories		(16)	16
Payables		(92)	(90)
Provision for staff benefits		(52)	(25)
Provisions		-	25
Net cost of providing services		<u>(7 775)</u>	<u>(6 902)</u>
15. Unrecognised contractual commitments			
<i>Operating lease commitments</i>			
Commitments in relation operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:			
Not later than one year		196	189
Later than one year but not later than five years		273	470
Total operating lease commitments		<u>469</u>	<u>659</u>
Representing:			
Non-cancellable operating leases		469	659
Total operating lease commitments		<u>469</u>	<u>659</u>
16. Financial instruments/Financial risk management			
<i>16.1 Categorisation of financial instruments</i>			
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.			
		2013 Carrying amount \$'000	2012 Carrying amount \$'000
Financial assets	Note		
Cash and cash equivalents:			
Cash and cash equivalents	8	1 211	526
Receivables:			
Receivables ⁽¹⁾	9	34	404
Total financial assets		<u>1 245</u>	<u>930</u>

16.1 Categorisation of financial instruments (continued)

Financial liabilities	Note	2013 \$'000	2012 \$'000
Financial liabilities at cost:			
Payables ⁽¹⁾	11	155	141
Total financial liabilities		155	141

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

Fair value

The Corporation recognises financial assets and financial liabilities at face value which approximates fair value (refer notes 2, 8, 9 and 11).

Credit risk

Credit risk arises when there is the possibility of the Corporation's debtors defaulting on their contractual obligations resulting in financial loss to the Corporation. The Corporation measures credit risk on a fair value basis and monitors risk on a regular basis. The carrying amount of financial assets as detailed in note 16.1 represents the Corporation's maximum exposure to credit risk. No collateral is held as security and no credit enhancements relate to financial assets held by the Corporation. The Corporation has minimal concentration of credit risk. The Corporation has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Corporation does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. 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.

16.2 Ageing analysis of financial assets

	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	
2013				
Not impaired:				
Receivables ⁽¹⁾	33	-	1	34
2012				
Not impaired:				
Receivables ⁽¹⁾	398	6	-	404

- ⁽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 are excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.

Maturity analysis of financial assets and financial liabilities

The Corporation has assessed the maturity of its financial assets and financial liabilities as being less than one year.

Liquidity risk

Liquidity risk arises where the Corporation is unable to meet its financial obligations as they are due to be settled. The Corporation is funded principally from appropriation by the SA and Commonwealth Governments. The Corporation works with DTF to determine the cash flows associated with its government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The Corporation settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

Liquidity risk (continued)

The Corporation'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 16.1 represents the Corporation's maximum exposure to financial liabilities.

Market risk

Market risk for the Corporation is primarily through interest rate risk. Exposure to foreign currency is managed through SAFA.

Sensitivity disclosure analysis

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

Credit standby arrangements

The Corporation has a \$25 000 (\$15 000) credit card facility with the ANZ Bank.

The unused portion of this facility as at 30 June 2013 was \$17 498 (\$4603).

Adelaide Oval SMA Limited

Functional responsibility

Establishment

The Adelaide Oval SMA Limited (AOSMA) is a company whose directors and members are appointed equally by the South Australian Cricket Association (SACA) and the South Australian National Football League (the SANFL).

AOSMA is not a public authority. It was created in December 2009 as a non-profit public company limited by guarantee.

Functions

AOSMA is bound by the objects in its constitution which are to:

- develop, promote, control and manage the game of cricket and the game of football within the precinct
- develop, promote, control and manage a multi-purpose stadium at the Adelaide Oval
- promote and conduct sports, recreation and entertainment other than cricket and football within the precinct
- control, manage, improve, promote and maximise the use of the precinct having regard to, among other things, the environment
- control, manage, improve, promote and maximise the use of any other ground controlled by AOSMA from time to time.

AOSMA will manage the new stadium at the Adelaide Oval upon its expected completion in March 2014. AOSMA also manages the area closely surrounding the stadium (the precinct).

The operations of AOSMA are subject to the requirements of the *Adelaide Oval Redevelopment and Management Act 2011* (AORM Act) which specifies the following matters:

- leasing and licensing requirements for the redevelopment and management of the Adelaide Oval. These requirements involve the Adelaide City Council, the responsible Minister, AOSMA, SACA and the SANFL
- the establishment of a sinking fund to be managed by AOSMA to pay for non-recurrent expenditure of the Adelaide Oval in the years after its completion. After consulting AOSMA the Treasurer must determine annually the amount payable by AOSMA into the sinking fund. A report on monies paid into and out of the fund must be provided to the Minister by 1 September of each year. In preparing this Report, Audit sought to understand the status of the sinking fund and was advised by AOSMA that it has obtained a report from a project consultant that provides an estimate of the total forecast non-recurrent expenditure over a 20 year period and the required annual sinking fund contribution. AOSMA further advised that it had established a bank account to hold sinking fund monies and had sought the Treasurer's approval of the annual contributions and the date for commencement of the contributions to the sinking fund
- financial and audit reporting requirements of AOSMA and the redevelopment in general

- that AOSMA be audited by the Auditor-General effective 1 July 2011. As a consequence, this is the second year that AOSMA has been reported on in the Annual Report of the Auditor-General to Parliament. The financial statements of AOSMA were previously audited by a private sector auditor.

For the 2010 and 2011 financial years AOSMA focused on preparing and developing the requirements, briefs, concepts, designs, plans and costings for the Adelaide Oval redevelopment. The Treasurer provided a grant of \$5 million to AOSMA for this specific purpose. Most of this grant was expended in 2010 and 2011 with the remainder being expended in early 2012.

The focus of AOSMA's operations changed in 2012 to finalising leasing and licensing requirements, engaging permanent staff and developing business models and strategies to generate income to cover AOSMA's expenses that will be incurred before and after the stadium's completion. In addition, during 2012-13, AOSMA received \$18 million from the State Government under a funding deed between AOSMA and the Minister for Transport and Infrastructure. The \$18 million was provided to AOSMA to procure certain items and works for the Adelaide Oval redevelopment. AOSMA also began selling on behalf of SACA and the SANFL certain Adelaide Oval memberships, Stadium Club corporate seats and corporate suites.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 9(3) of the AORM Act stipulates that the Auditor-General must audit the accounts of AOSMA each year and include a report on that audit in the Auditor-General's Annual Report.

Section 6 of the AORM Act stipulates that the Auditor-General must, at least once in every year, audit the accounts of the sinking fund and report if necessary on its operations.

Scope of the audit

The audit program covered financial accounting records and processes and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial report.

During 2012-13, specific areas of audit attention included:

- revenue from the State Government and other sources
- sale of certain Adelaide Oval memberships, Stadium Club corporate seats and corporate suites
- expenditure of the \$18 million received from the State Government under a funding deed
- employee benefit expenses and other administrative expenses.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report of the Adelaide Oval SMA Limited:

- (a) gives a true and fair view of the company's financial position as at 30 June 2013 and its performance for the year ended on that date
- (b) complies with Australian Accounting Standards and the Corporations Regulations 2001.

Communication of audit matters

The audit did not identify any notable matters requiring formal communication to parties with governance authority for AOSMA.

Interpretation and analysis of the financial report

Highlights of the financial report	2013	2012
	\$'000	\$'000
Income		
State Government grants and other contributions	2 376	1 368
Interest	522	2
Other	537	131
Total income	3 435	1 501
Expenses		
Employee benefit expenses	1 596	45
Redevelopment expenses	1 415	-
Services contributed by SACA and the SANFL	-	900
Other	1 801	694
Total expenses	4 812	1 639
Net result and total comprehensive result	(1 377)	(138)
Net cash provided by (used in) operating activities	15 260	(137)
Assets		
Current assets	17 364	29
Non-current assets	963	3
Total assets	18 327	32
Liabilities		
Current liabilities	17 770	148
Non-current liabilities	2 050	-
Total liabilities	19 820	148
Total equity	(1 493)	(116)

AOSMA's negative equity has grown from \$116 000 in 2012 to \$1.5 million in 2013.

Note 1 to the financial statements explains that AOSMA is a going concern and that the negative equity reflects the costs incurred with starting the business with minimum income streams available until the Adelaide Oval redevelopment is completed in 2014. The continuity of normal business activities is deemed possible due to an \$8 million funding facility provided by its bank and a Promoters Agreement between the SANFL, SACA and AOSMA which has a clause whereby financial support to AOSMA must be provided by the SANFL and SACA in times of financial difficulty.

Ignoring the receipt and timing of the expenditure of the \$18 million, it is evident that AOSMA operations in 2012-13 were funded mainly by bank borrowings of \$2.1 million, revenue of \$506 000 from canteen and car park operations and interest of \$522 000 earned mainly on the \$18 million provided by the State Government under the funding deed. AOSMA's main expenses are employee benefits of \$1.6 million, professional services expenses of \$588 000 for mainly legal fees and administration expenses of \$764 000 for mainly marketing and human resource consultancies.

To generate income, AOSMA established a car park and catering activities for use by the construction workforce at Adelaide Oval. Both these activities incurred losses in 2012. The car park operations were temporarily stopped while the catering activity continued in anticipation of increased sales

following commencement of building activities. The car park for use by the construction workforce was restarted in 2013. Both activities are no longer incurring losses. The income and expenses from these activities are included in the Statement of Comprehensive Income.

\$18 million funding deed

In August 2012 Cabinet approved that \$18 million of Commonwealth funding be passed onto AOSMA under a funding deed to procure certain items and works for the Adelaide Oval redevelopment. The Cabinet submission advised that AOSMA was well placed to procure the works as they related to items concerning the playing surface, oval operations and equipment with which SACA and the SANFL have previous operational experience.

The \$18 million was received by AOSMA in 2012-13 in four tranches upon AOSMA providing procurement plans to the Minister. The State Government anticipates that approximately \$12.4 million of the items and works procured will be treated as expenses or assets of AOSMA with the balance treated as assets of the Department of Planning, Transport and Infrastructure (DPTI). AOSMA recognises the \$18 million as a liability (deferred income) which is reduced when spent. The amount spent is recognised as revenue with a corresponding amount recognised as either capital works in progress (AOSMA assets) or expensed. The amount expensed includes items to be treated as assets of DPTI. Up to 30 June 2013, AOSMA had spent \$2.4 million of the \$18 million of which \$961 000 is recognised in the Statement of Financial Position as capital works in progress and \$1.4 million recognised in the Statement of Comprehensive Income as redevelopment expenses. This left a deferred income balance of \$15.6 million in the Statement of Financial Position at 30 June 2013. The spent \$2.4 million is recognised as revenue from State Government grants in the Statement of Comprehensive Income.

Trade and other payables of \$1.7 million in the Statement of Financial Position comprises mainly payables for certain items and other works procured under the \$18 million funding deed.

Cash of \$16.4 million in the Statement of Financial Position comprises mainly unspent cash from the \$18 million funding deed.

Membership sales

In 2013, AOSMA began selling on behalf of SACA and the SANFL certain Adelaide Oval memberships, Stadium Club corporate seats and corporate suites. Revenue from these sales does not belong to AOSMA, hence is not recognised as revenue of AOSMA. Instead these amounts are disclosed in note 15 of the financial statements as income received on behalf of SACA and the SANFL. AOSMA has been allowed by SACA to retain its share of the sales revenue as an interest bearing loan. The SANFL's share of sales revenue is transferred to the SANFL periodically. Current liabilities in the Statement of Financial Position at 30 June 2013 includes the SACA loan of \$265 000 and the SANFL's undisbursed share of sales revenue.

Further commentary on operations

At 30 June 2013 all leasing and licensing requirements for the redevelopment and management of the Adelaide Oval had been finalised apart from the Adelaide Oval Area sublicense between the responsible Minister and AOSMA.

Until 1 June 2012, AOSMA had no staff. Instead SANFL and SACA staff undertook AOSMA activities. On 1 June 2012 a Chief Executive Officer was appointed to work full-time on AOSMA activities. Additional staff have been recruited by AOSMA in 2012-13. More staff will be recruited in 2013-14.

Statement of Comprehensive Income for the year ended 30 June 2013

		2013	2012
	Note	\$	\$
Revenue	2	2 913 080	1 498 924
Other income	2	521 543	2 498
Total revenue and other income		3 434 623	1 501 422
Employee benefits expense		(1 595 660)	(45 259)
Depreciation and amortisation expense	2	(921)	-
Canteen expenses		(297 131)	(56 330)
Car park expenses		(58 956)	(10 807)
Finance costs		(32 561)	(324)
Redevelopment expenses		(1 414 782)	-
Rental expense	2	(39 758)	(2 000)
Audit expense	2	(19 000)	(10 000)
Professional services expense		(588 425)	(560 247)
Administration expense		(764 312)	(54 263)
Services contributed by SACA and the SANFL	2	-	(899 925)
Total expenditure		(4 811 506)	(1 639 155)
Profit (Loss) before income tax		(1 376 883)	(137 733)
Income tax expense	1(h)	-	-
Profit (Loss) for the year		(1 376 883)	(137 733)
Other comprehensive income:			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(1 376 883)	(137 733)
Profit (Loss) attributable to members of the entity		(1 376 883)	(137 733)
Total comprehensive income (loss) attributable to members of the entity		(1 376 883)	(137 733)

Statement of Financial Position as at 30 June 2013

	Note	2013 \$	2012 \$
Current assets:			
Cash and cash equivalents	3	16 373 672	25 459
Trade and other receivables	4	951 392	-
Inventories		7 202	-
Other assets	5	31 239	3 640
Total current assets		17 363 505	29 099
Non-current assets:			
Property, plant and equipment	6	963 517	3 069
Total non-current assets		963 517	3 069
Total assets		18 327 022	32 168
Current liabilities:			
Trade and other payables	7	1 713 200	145 164
Loans and borrowings	8	265 261	-
Provisions	9	143 454	3 263
Deferred income	10	15 648 249	-
Total current liabilities		17 770 164	148 427
Non-current liabilities			
Loans and borrowings	8	2 050 000	-
Total non-current liabilities		2 050 000	-
Total liabilities		19 820 164	148 427
Net assets		(1 493 142)	(116 259)
Equity:			
Retained earnings		(1 493 142)	(116 259)
Total equity		(1 493 142)	(116 259)

Statement of Changes in Equity for the year ended 30 June 2013

	Retained earnings \$	Total \$
Balance at 1 July 2011	21 474	21 474
Profit (Loss) attributable to the entity	(137 733)	(137 733)
Total other comprehensive income for the year	-	-
Balance at 30 June 2012	(116 259)	(116 259)
Balance at 1 July 2012	(116 259)	(116 259)
Profit (Loss) attributable to the entity	(1 376 883)	(1 376 883)
Total other comprehensive income for the year	-	-
Balance at 30 June 2013	(1 493 142)	(1 493 142)

Statement of Cash Flows for the year ended 30 June 2013

		2013	2012
		Inflows (Outflows)	Inflows (Outflows)
		\$	\$
Cash flows from operating activities:	Note		
Receipt of grants		18 000 000	411 242
Receipt of other income		536 929	132 660
Payments to suppliers and employees		(3 766 329)	(683 454)
Interest received		521 543	2 498
Finance costs		(32 561)	(324)
Net cash provided by (used in) operating activities	16(b)	15 259 582	(137 378)
Cash flows from investing activities:			
Payment for property, plant and equipment		(961 369)	(3 069)
Net cash provided by (used in) investing activities		(961 369)	(3 069)
Cash flows from financing activities:			
Loans drawn down		2 050 000	-
Net cash provided by (used in) financing activities		2 050 000	-
Net increase (decrease) in cash held		16 348 213	(140 447)
Cash and cash equivalents at 1 July		25 459	165 906
Cash and cash equivalents at 30 June	3	16 373 672	25 459

Notes to and forming part of the financial statements

The financial statements are for Adelaide Oval SMA Limited (AOSMA) as an individual entity, incorporated and domiciled in Australia. AOSMA is a company limited by guarantee.

1. Summary of significant accounting policies

Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001*, AASs, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group interpretations. AASs set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated. The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 18 September 2013 by the directors of AOSMA.

Going concern

The financial report has been prepared on the going concern basis, which the AOSMA Board believe contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

AOSMA incurred a trading loss of \$1 376 883 (\$137 733 loss) and has a net working capital deficiency of \$406 659 (net working capital deficiency of \$119 328). The deficiency in working capital is due to costs incurred with starting the business with minimal income streams available until the stadium redevelopment project is completed in 2014.

The continuity of normal business activities is deemed possible due to the following:

- The Promoters Agreement is an agreement between the SANFL, SACA and AOSMA, and details the rights and obligations of each party. Clause 14.4 of the agreement provides a vehicle for financial support from the SANFL and SACA in the event of AOSMA experiencing financial difficulty.

Going concern (continued)

- AOSMA has entered into a funding facility agreement with Commonwealth Bank of Australia. This facility will provide funding up to \$5.1 million to assist with the initial start-up costs. Subsequent to year end, this facility was increased to \$8 million.

Accounting policies**(a) Revenue**

Grant revenue is recognised in the Statement of Comprehensive Income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the Statement of Financial Position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. All revenue is stated net of the amount of GST.

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair values as indicated, less, where applicable, accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<i>Class of fixed asset</i>	<i>Depreciation rate</i>
Plant and equipment	20%
Electronic equipment, computer hardware and software	30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Financial instruments**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that AOSMA commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified at fair value through profit or loss in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and subsequent measurement (continued)

Amortised costs are calculated as:

- (i) the amount at which the financial asset or financial liability is measured at initial recognition
- (ii) less principal repayments
- (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method
- (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, AOSMA assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(d) *Impairment of assets*

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(e) *Employee benefits*

Employee benefits comprise wages and salaries, annual and LSL, and contributions to superannuation plans.

Liabilities for wages and salaries expected to be settled within 12 months are recognised in other payables in respect to employees' services up to reporting date. Liabilities for annual leave in respect of employees' services up to the reporting date which are expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in the provision for annual leave. Both liabilities are measured at the amounts expected to be paid when the liabilities are settled.

The liability for LSL is recognised in the provision for employee benefits and measured as the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to anticipated future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yield at the reporting date on notional government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(f) *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held at call with banks or SAFA, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(g) *GST*

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

(h) *Income tax*

The entity is exempt from income tax under section 50.1 of the ITAA as the entity has been established for the encouragement of sport.

(i) *Provisions*

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(j) Comparative figures

Where required by accounting standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a Statement of Financial Position as at the beginning of the earliest comparative period must be disclosed.

(k) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by AOSMA during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Grant and unearned grant incomes

Grant monies are recorded as revenue as they are spent. Unspent monies are recorded as unearned grant income.

Grant monies expended are either recorded as a fixed asset or expensed depending on the nature of each transaction.

(m) Membership and corporate facility deposits received

Deposits received by AOSMA relating to Adelaide Oval membership and corporate facility (including Stadium Club) sales are not recognised by AOSMA as income. These receipts are paid or payable directly to SACA and SANFL in line with the Promoter's Agreement, and will be recognised as income in the accounts of these entities accordingly.

(n) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates

- *Unearned grant revenue*

The conditions of the grant provided to AOSMA require the entity to expend the grant monies on permitted expenses as incurred. For the year ended 30 June 2013 \$15 623 849 remains unexpended.

(m) Economic dependence

(i) The SA Government has committed to fund the Adelaide Oval redevelopment, and as such operations of AOSMA are dependent on the completion of these capital works. At the date of this report the Board of Directors has no reason to believe that the SA Government will not continue to support these capital works.

(ii) The operations of AOSMA are dependent on SANFL and SACA pursuant to clause 14.4 of the Promoters Agreement.

(p) New accounting standards for application in future periods

AOSMA did not voluntarily change any of its accounting policies during 2012-13.

AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by AOSMA for the period ending 30 June 2013. AOSMA has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies of the financial statements of the entity.

2. Revenue, other income and expenses

	2013	2012
Revenue:	\$	\$
State Government grants and other contributions	2 376 151	1 367 555
Northern car park operations	134 408	109 057
Canteen operations	371 499	22 312
Other	31 022	-
Total revenue	2 913 080	1 498 924

2. Revenue, other income and expenses (continued)

	2013	2012
Other income:	\$	\$
Interest received	521 543	2 498
Total other income	521 543	2 498
Total revenue and other income	3 434 623	1 501 422
Expenses:		
Depreciation and amortisation	921	-
Rental expense on operating leases:		
Minimum lease payments	39 758	2 000
Total rental expense	39 758	2 000
Auditor remuneration:		
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	19 000	10 000
Total auditor remuneration	19 000	10 000

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

Services contributed by SACA and SANFL

Services contributed by SACA and SANFL included salaries of SACA and SANFL staff, legal fees and other professional services. For the 2012-13 financial year, these services amounted to \$0 (\$899 925).

3. Cash and cash equivalents

	2013	2012
Current:	\$	\$
Cash at bank	16 371 572	25 259
Cash on hand	2 100	200
	16,17	16 373 672
		25 459

4. Trade and other receivables

Current:		
Trade receivables	723 951	-
Provision for impairment	-	-
Due from related party	227 441	-
Total current trade and other receivables	17	951 392
		-

	Past due by (not impaired)				Within initial trade terms
	Gross amount	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 90 days	
2013	\$	\$	\$	\$	\$
Trade and term receivables	695 265	629 845	2 816	62 604	-
Other receivables	256 127	-	-	-	256 127
Total	951 392	629 845	2 816	62 604	256 127
2012					
Trade and term receivables	-	-	-	-	-
Other receivables	-	-	-	-	-
Total	-	-	-	-	-

AOSMA does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

There are no balances within trade receivables that contain assets that are impaired and are past due. It is expected that these balances will be received when due.

5. Other assets

	2013	2012
Current:	\$	\$
Prepayments	31 239	3 640
	31 239	3 640

6. Property, plant and equipment

	2013	2012
	\$	\$
Plant and equipment at cost	19 949	19 949
Less accumulated depreciation	(17 801)	(16 880)
	<u>2 148</u>	<u>3 069</u>
Capital works in progress	961 369	-
Total property, plant and equipment	<u>963 517</u>	<u>3 069</u>

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Property, plant and equipment	Total
	\$	\$
2013		
Balance at 1 July	3 069	3 069
Additions at cost	-	-
Disposals	-	-
Depreciation expense	(921)	(921)
Capital works in progress	961 369	961 369
Carrying amount at 30 June	<u>963 517</u>	<u>963 517</u>

2012

Balance at 1 July	-	-
Additions at cost	3 069	3 069
Disposals	-	-
Depreciation expense	-	-
Carrying amount at 30 June	<u>3 069</u>	<u>3 069</u>

7. Trade and other payables

		2013	2012
	Note	\$	\$
Current:			
Trade payables	7(a)	1 265 314	24 190
Other current payables	7(a)	355 451	76 533
Due to related party	7(a)	92 435	44 441
		<u>1 713 200</u>	<u>145 164</u>

(a) Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables:

Total current	1 713 200	145 164
Total non-current	-	-
Financial liabilities as trade and other payables	<u>1 713 200</u>	<u>145 164</u>

Trade and other payables exclude amounts which are not considered a financial instrument such as unearned grant revenue.

8. Interest bearing loans

Current:

Due to related party (unsecured)	265 261	-
	<u>265 261</u>	<u>-</u>

Non-current:

Secured bank loans	2 050 000	-
	<u>2 050 000</u>	<u>-</u>

9. Provisions

Current:

Annual leave	81 999	3 263
LSL	61 455	-
	<u>143 454</u>	<u>3 263</u>

10. Deferred income

Unearned grant income	15 623 849	-
Other unearned income	24 400	-
	<u>15 648 249</u>	<u>-</u>

(a) Reconciliation of grant income		2013	2012
		\$	\$
Grant monies received		18 000 000	-
Expenditure:			-
Expensed as redevelopment expenses		(1 414 782)	-
Capitalised as work in progress		(961 369)	-
Unearned grant income		<u>15 623 849</u>	<u>-</u>

11. Expenditure commitments

As at 30 June 2013, AOSMA was committed to expend \$15 623 849 remaining of the \$18 million government grant funding towards secondary capital works relating to the operations of Adelaide Oval (\$0).

At the end of the financial year, the future minimum lease payments under non-cancellable operating leases are payables as follows:	2013	2012
	\$	\$
Less than one year	50 000	-
	<u>50 000</u>	<u>-</u>

12. Contingent liabilities and assets

There are no other matters in relation to the entity that would give rise to contingent liabilities or assets in the financial statements at 30 June 2013.

13. Events after the reporting period

There are no significant post balance day events.

14. Key management personnel compensation

The names and positions of those having authority for planning, directing and controlling AOSMA's activities, directly or indirectly (other than directors) are:

Andrew Daniels (Chief Executive Officer)
Paul Drennan (Chief Operations Officer)
Darren Chandler (General Manager Commercial)
Tommy Pavic (Chief Finance Officer)
Adam Vonthethoff (General Manager Food and Beverage)

The compensation paid to key management personnel noted above is as follows:

	2013	2012
	\$	\$
Short-term employee benefits	995 194	240 337
Post-employment benefits	71 817	20 196
	<u>1 067 011</u>	<u>260 533</u>

15. Related party transactions

The names of each person who has been a director during the year and to the date of this report are:

Ian Murray McLachlan AO	John Wayne Olsen AO
John Charles Bannon AO	Leigh Robert Whicker AM
Keith Bradshaw	Philip James Gallagher
Dion McCaffrie	Philip Reynold Duval (alternate director)
Andrew William Sinclair (changed status from alternate to director effective 6 March 2013)	Simon Stuart Rodger (alternate director appointed 13 June 2013)
Kevin Raymond Griffiths (alternate director appointed 14 May 2013)	Richard Price Allen (alternate director retired 13 June 2013)
Francis Creagh O'Connor (retired 6 March 2013)	Andrew Carver (alternate director)

No directors fees were paid or payable in 2013 (\$0).

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

	2013	2012
	\$	\$
During the year, AOSMA incurred amounts paid or payable to SANFL as reimbursement for expenses paid on its behalf	-	116 394
During the year, AOSMA incurred amounts paid or payable to SACA as reimbursement for expenses paid on its behalf	-	61 963
During the year, SANFL paid or is due to pay AOSMA income received on its behalf	54 000	4 684

15. Related party transactions (continued)		2013	2012
During the year, SACA paid or is due to pay AOSMA income received on its behalf	Note	\$	\$
		96 263	139 822
During the year, AOSMA paid or is due to pay SANFL income received on its behalf		514 971	-
During the year, AOSMA paid or is due to pay SACA income received on its behalf		259 216	-
Net amount owing to (from) related parties		(135 006)	44 441
Unsecured loan from SACA		265 261	-
16. Cash flow information			
(a) Reconciliation of cash			
Cash at bank		16 371 572	25 259
Other cash		2 100	200
	3	<u>16 373 672</u>	<u>25 459</u>
(b) Reconciliation of net cash provided by (used in) operating activities with profit (loss) after income tax			
Profit (Loss) after income tax		(1 376 883)	(137 733)
Non-cash flows:			
State Government grant and contributions		-	(956 225)
Services contributed by SACA and SANFL		-	899 925
Other non-cash expenditure		-	56 300
Depreciation and amortisation		921	-
Increase (Decrease) in provisions		140 191	3 263
Movements in assets/liabilities:			
Trade and other receivables		(951 392)	1 291
Stock		(7 202)	-
Trade and other payables		1 568 036	106 603
Related party loan account		265 261	-
Deferred income		15 648 249	(111 330)
Prepayments		(27 599)	528
Net cash provided by (used in) operating activities		<u>15 259 582</u>	<u>(137 378)</u>

17. Financial risk management

AOSMA's financial instruments consist mainly of deposits with banks, and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		2013	2012
Financial assets	Note	\$	\$
Cash and cash equivalents	3	16 373 672	25 459
Trade and other receivables	4	951 392	-
Total financial assets		<u>17 325 064</u>	<u>25 459</u>
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	7(a)	1 713 200	145 164
Borrowings	8	2 315 261	-
Total financial liabilities		<u>4 028 461</u>	<u>145 164</u>

Financial risk management policies

The Board's overall risk management strategy seeks to assist AOSMA in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management exposures are reviewed by the Board on a periodic basis. These include credit risk policies and future cash flow requirements.

Specific financial risk exposures and management

The main risks AOSMA is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and equity price risk.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for AOSMA.

(a) Credit risk (continued)

AOSMA does not have any material credit risk exposure as its major source of revenue is the receipt of grants. Credit risk is further mitigated as 100% of the grant received from the State Government is in accordance with funding agreements which ensure regular funding for the term of the grant.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at note 4.

AOSMA has no significant concentration of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables are provided in note 4.

Credit risk related to balances with banks and other financial institutions is managed by the Board. Other than a nominal amount of cash on hand, surplus funds are only invested with major Australian financial institutions. The following table provides information regarding the credit risk relating to cash and cash equivalents.

		2013	2012
Cash and cash equivalents:	Note	\$	\$
Cash on hand		2 100	200
Cash held with a major Australian financial institution		16 371 572	25 259
	3	<u>16 373 672</u>	<u>25 459</u>

(b) Liquidity risk

Liquidity risk arises from the possibility that AOSMA might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. AOSMA manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- only investing surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Contractual maturities			Total \$
	Within 1 year \$	1-5 years \$	More than 5 years \$	
2013				
Financial liabilities due for payment:				
Trade and other payables	1 713 200	-	-	1 713 200
Loans and borrowings	265 261	2 050 000	-	2 315 261
Total expected outflows	<u>1 978 461</u>	<u>2 050 000</u>	<u>-</u>	<u>4 028 461</u>
Financial assets - cash flows realisable:				
Cash and cash equivalents	16 373 672	-	-	16 373 672
Trade and other receivables	951 392	-	-	951 392
Total anticipated inflows	<u>17 325 064</u>	<u>-</u>	<u>-</u>	<u>17 325 064</u>
Net inflow (outflow) on financial instruments	<u>15 346 603</u>	<u>(2 050 000)</u>	<u>-</u>	<u>13 296 603</u>

Financial liability and financial asset maturity analysis (continued)

	Contractual maturities			Total \$
	Within 1 year \$	1-5 years \$	More than 5 years \$	
2012				
Financial liabilities due for payment:				
Trade and other payables	145 164	-	-	145 164
Total expected outflows	145 164	-	-	145 164
Financial assets - cash flows realisable:				
Cash and cash equivalents	25 459	-	-	25 459
Trade and other receivables	-	-	-	-
Total anticipated inflows	25 459	-	-	25 459
Net inflow (outflow) on financial instruments	(119 705)	-	-	(119 705)

*(c) Market risk**(i) Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. AOSMA is also exposed to earnings volatility on floating rate instruments.

At 30 June 2013 AOSMA has secured loans of \$2.05 million (\$0) (refer note 8). These loans are subject to a fixed rate of interest, and therefore there is no exposure to changes in the variable interest rate.

(ii) Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held.

AOSMA is not exposed to securities price risk as it has no investments held for trading or for medium to longer terms.

Net fair values*Fair value estimation*

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the Statement of Financial Position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

	2013		2012	
	Net carrying value \$	Net fair value \$	Net carrying value \$	Net fair value \$
Financial assets				
Cash and cash equivalents ⁽ⁱ⁾	16 373 672	16 373 672	25 459	25 459
Trade and other receivables ⁽ⁱ⁾	951 392	951 392	-	-
Total financial assets	17 325 064	17 325 064	25 459	25 459
Financial liabilities				
Trade and other payables ⁽ⁱ⁾	1 713 200	1 713 200	145 164	145 164
Loans and borrowings ⁽ⁱ⁾	2 315 261	2 315 261	-	-
Total financial liabilities	4 028 461	4 028 461	145 164	145 164

The fair values disclosed in the above table have been determined based on the following methodologies:

- ⁽ⁱ⁾ Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other receivables and payables exclude amounts, which are not considered a financial instrument such as unearned grant revenue.

18. Capital management

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its activities. The Board ensures that the overall risk management strategy is in line with this objective.

Risk management exposures are reviewed by the Board on a regular basis. These include credit risk exposures and future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year.

19. Entity details

The registered office of the entity is:

Level 2, 115 Grenfell Street, Adelaide, SA, 5000.

The principal place of business is:

Adelaide Oval, War Memorial Drive, North Adelaide, SA 5006.

20. Members' guarantee

The entity is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstandings and obligations of the entity. At 30 June 2013 the number of members was eight.

Art Gallery Board

Functional responsibility

Establishment

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

Audit mandate and coverage

Audit authority

Audit of the financial report

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

Assessment of controls

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

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

Scope of the audit

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

During 2012-13, specific areas of audit attention included:

- legal compliance
- compliance with TIs
- expenditure
- revenue
- payroll
- property, plant and equipment
- heritage collections
- general ledger.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Art Gallery Board as at 30 June 2013, 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.

Qualified Independent Auditor's Report on the Board's 2011-12 financial report

As stated in my Supplementary Report to Parliament tabled in November 2012, the Independent Auditor's Report on the Board's 2011-12 financial report was qualified. The qualification concerned disclosures in the Board's financial report relating to bequests and donations.

In order to address the prior year qualification issues, presentation changes have been made in the Board's 2012-13 financial report. All income from bequests and donations is now presented with other items of income in the Statement of Comprehensive Income and included in the calculation of net cost of providing services. In addition, the reference to a deficiency in funds in the Art Gallery Board Bequests Account has been removed from both notes 19 and 29 to the financial statements.

As a result, the qualification issues raised in the prior year are no longer applicable and an unmodified Independent Auditor's Report has been issued on the Board's 2012-13 financial report.

Assessment of controls

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

Communication of audit matters

Issues identified during the course of the audit were detailed in a management letter to the Director of the Art Gallery of South Australia. A response to the letter has been received outlining planned actions to address the identified issues. The main issues raised with the Board and the related responses are detailed below.

In addition, matters relating to SSSA as a service provider to the Board are also described below.

Legal compliance

Bequests and donations guideline

The Board established a bequests and donations guideline in March 2013. The guideline establishes a number of processes and controls to ensure compliance with accounting practice and principles, benefactors' wishes, and ethical standards in managing bequests and donations received by the Board. This includes:

- establishing separate fund types in the general ledger for specified and unspecified bequests and donations
- allocating bequests and donations to appropriate specified or unspecified fund types based on review of relevant source documentation
- updating details of bequests and donations to the Raiser's Edge database
- reconciling details of bequests and donations received and recorded in the Raiser's Edge database to the general ledger monthly

- reporting all bequests and donations received to the Board monthly
- ensuring only key Board finance staff have the authority to transact with the specified and unspecified bequests and donations fund types.

Audit review indicated separate specified and unspecified fund types were not implemented until 1 July 2013. As a result, specified and unspecified funds received during 2012-13 were not separately tracked and recorded in the general ledger.

Audit also noted that the guideline did not specifically address the following:

- the criteria for establishing separate cost centres in the general ledger for new individual bequests and donations
- checks to be performed to ensure expenditure incurred on specified funds is in accordance with relevant terms and conditions
- the treatment of historical bequests and donations (ie whether the new fund types will only be used for future transactions)
- monitoring of bequeathed and donated funds with negative balances.

In order to ensure the Board complies with the terms and conditions of all bequests and donations, Audit recommended that the guideline be amended to specifically address these areas. Audit also recommended that Board management implement monitoring mechanisms to ensure compliance with the guideline requirements.

The Board responded that the following actions have been implemented:

- checks to ensure expenditure on specified funds is in accordance with relevant conditions
- examination of historical bequests and donations to ensure they have been allocated to appropriate fund types
- active monitoring and management of all fund types with negative balances.

Regular meetings are also held to discuss compliance with the guideline and the effectiveness of relevant controls.

Approved purpose of bequests account

Audit review in 2011-12 indicated the section 21 deposit account titled 'Art Gallery Board Bequests Account' was not being used in accordance with the account's specific purpose approved by the Treasurer. Specifically the account was being used for general revenue including sponsorships and grants in addition to bequests.

Audit recommended the Board approach DTF to seek approval to amend the purpose of the bequests account to include both bequests and general gifts, as this would be consistent with the approach taken in section 29 of the Gallery Act.

Audit also recommended the Board work with SSSA to revise the apportionment process that is used to allocate funds to the bequests account to ensure ongoing compliance with the approved purpose of the account.

Audit follow-up in 2012-13 indicated approval had not yet been obtained to amend the purpose of the bequests account. Audit review also indicated that significant revenue and expenditure not related to bequests is still allocated to the bequests account, rather than the Board's operating account.

As a result, the Board is not currently complying with the Treasurer's specified purpose for the bequests account.

The Board response indicated that formal approval for a broadened use of the bequests account was yet to be obtained from the Treasurer. The Board indicated that this was due to higher priority being given to the more critical issue of how various funds were managed in the bequests account (eg specific purpose funds).

Notification of new bank account to the Under Treasurer

Audit review in 2011-12 indicated the Board opened a new bank account with ANZ in order to establish more convenient banking arrangements for the Art Gallery shop and exhibition admissions. Audit noted the Board had not notified the Under Treasurer of the new bank account. TI 6 requires such notification within seven days of opening the account. The Board advised that it was in the process of opening a new bank account with the Commonwealth Bank and that the ANZ account would be closed.

Audit follow-up in 2012-13 indicated the ANZ account remains in use and the Under Treasurer was yet to be notified of the account. The Board advised that as part of new whole-of-government banking arrangements, negotiations were ongoing with the Commonwealth Bank about a new account to replace the ANZ account.

Audit recommended the Under Treasurer be notified of the final banking arrangements as required by TI 6.

The Board response indicated that a specific staff member has been tasked with formally notifying the Under Treasurer regarding the ANZ account.

Authority to expend funds

Section 19(5) of the Gallery Act states that the Board must not, without the consent of the Minister, make an expenditure that is not provided for by a budget that has been approved by the Minister.

Audit review indicated the Board submitted the 2012-13 budget to the Minister for approval in September 2012. Further correspondence was exchanged between the Minister and the Board regarding 2012-13 funding levels. However, no subsequent correspondence was received from the Minister approving the final 2012-13 budget.

Audit recommended the Board liaise with the Minister to ensure that budget approval or interim expenditure authority is obtained from the Minister prior to the commencement of each financial year to comply with the requirements of section 19(5) of the Gallery Act.

The Board responded that approval to incur expenditure was received from the Minister in June 2013.

Governance

Central register of policies and procedures

The Board's staff are required to follow both Board specific and DPC-wide policies and procedures in the conduct of their work. Audit review of the Board's policies and procedures framework indicated there is no central register of all policies and procedures applicable to Board staff.

The establishment of a central register would ensure that Board staff are aware of all applicable policies and procedures and can easily access the policies and procedures relevant to the work they perform. It would also facilitate the monitoring of policies and procedures to ensure they are kept up to date in accordance with TI 2.

The Board responded that a central register of policies and procedures has now been completed.

Documentation of budget variance analysis in finance reports

Monthly finance reports are provided by SSSA to the Board detailing variances between year to date actuals and budget. Verbal explanations for material variances in these reports are provided by Board finance officers at Art Gallery Board meetings. However, Audit review indicated these explanations are not formally documented.

Given explanations for all material budget variances are not clearly documented, Art Gallery Board members may not be aware of all factors causing material budget variances. As a result, decisions may be made based on an incomplete understanding of the financial position of the Board.

The Board responded that documentation of budget variance analysis in finance reports will be established early in the 2013-14 financial year.

Lack of current service level agreement (SLA) between the Board and DPC

Audit review in 2011-12 indicated a current SLA between the Board and DPC was not in place.

Audit recommended the Board liaise with DPC to establish an SLA that clearly sets out the responsibilities of each party regarding the support services provided.

Audit follow-up in the current year indicated an updated SLA is yet to be finalised and approved.

The Board responded that this issue is being addressed in liaison with Arts SA and DPC. The Board also noted that in early 2013, correspondence signed by the Chairs of the Boards of the Art Gallery of South Australia, South Australian Museum and the State Library of South Australia was sent to DPC requesting an update on the progress of this matter.

Update and finalisation of the financial management compliance program (FMCP)

Audit review in 2011-12 indicated the Board had made progress in implementing an FMCP. However, Audit noted there was a lack of detail included in the FMCP to support the ratings given for some controls. Audit also noted there was incomplete consideration of issues for some areas.

Audit follow-up in 2012-13 indicated that no progress had been made in updating the FMCP.

The Board indicated that limited progress had been made on the Board's FMCP in 2012-13 owing to competing resource demands associated with restructuring the Board's chart of accounts, reviews of bequeathed and donated funds and recasting of the Board's operating budget.

Completeness of risk management policy

The Board established a risk management policy during 2012-13. Audit review of the policy indicated that key elements of effective risk management practice were not specifically addressed within the policy, including the risk identification process, updating of risks identified by staff members to the risk register and the regularity of risk review.

Audit recommended the Board establish a more detailed risk management policy and procedure to address the missing key elements.

The Board responded that suggested changes would be made to the policy and accompanying procedure.

Heritage collections*Timely update of donated artworks to Masterpiece general ledger*

Audit review last year indicated that items donated to the Board during 2011-12 were not recorded in the Masterpiece general ledger until year end.

Audit noted that the delay in recording these items within the general ledger reduced the accuracy of reporting to the Board and contributed to difficulties in reconciling records within Masterpiece with information contained in the K-Emu collection management system.

Audit recommended that donated items be updated to the Masterpiece general ledger on a regular basis throughout the year to improve the accuracy of financial reporting and assist in ongoing reconciliation processes.

Audit follow-up in 2012-13 indicated that donated artworks had not been updated throughout the year.

The Board responded that it would liaise with SSSA to rectify the delays in updating the general ledger.

Reconciliation of additions between K-Emu system and Masterpiece general ledger

Audit review in the prior year indicated a reconciliation process between the K-Emu collection management system maintained by the Board and the Masterpiece general ledger maintained by SSSA had not occurred during 2011-12.

Audit recommended that the Board work with SSSA to re-institute ongoing reconciliation processes for additions to the collections, in order to ensure the accurate and complete recording of collection additions in both systems.

Audit follow-up in 2012-13 indicated this reconciliation process was still not occurring.

The Board responded that it would liaise with SSSA to rectify this issue.

Payroll*Timeliness of review on bona fide and leave reports*

Bona fide reports and leave reports are distributed to managers for review following each pay period. The review of bona fide and leave reports by managers is a key check in ensuring the validity and accuracy of employee payment details and completeness and accuracy of leave recorded.

Audit identified several instances where these reports had not been reviewed in a timely manner.

As a result, there was an increased risk that invalid and inaccurate payroll payments may not have been detected and actioned by the Board in a timely manner.

The Board responded that the importance of checking and approving bona fide and leave reports in a timely manner (within one month) has been reinforced to relevant staff. A formal policy and procedure will also be drafted outlining requirements in this area.

Shared Services SA – CHRIS payroll control environment

SSSA processes payroll transactions specific to the CHRIS HRMS system on behalf of the Board in accordance with a service level determination with SSSA.

The audit of payroll transactions considered the payroll process and control environments of SSSA and the external bureau provider of the CHRIS HRMS payroll service to SSSA.

Review of the process and control environments in previous years has identified SSSA key control weaknesses covering segregation of duties and user access and certain security limitations of the CHRIS 5 application provided by the bureau service.

As SSSA implemented significant remediation action during the year, it was not effective throughout the entire year. As such the process and control environment could not be considered robust and effective for the 2012-13 financial year. Also the planned migration of payroll processing from CHRIS 5 to CHRIS 21, which would address security limitations, is yet to occur.

This matter is further discussed in the commentary under ‘Department of the Premier and Cabinet’ elsewhere in Part B of this Report.

Shared Services SA – accounts payable and electronic payment control environments

SSSA operates an accounts payable function which involves the processing of transactions on behalf of the Board under a service level determination. The function involves the e-Procurement system for ordering, receiving and invoice processing; Masterpiece payment transaction processing and vendor masterfile processing; EFT and cheque payment processing; and Masterpiece general ledger maintenance.

While SSSA continues to progress significant remedial measures to address prior years’ key control weaknesses certain actions are still required before the control environments can be considered to be robust and effective.

This matter is further discussed in the commentary under ‘Department of the Premier and Cabinet’ elsewhere in Part B of this Report.

Interpretation and analysis of the financial report

Highlights of the financial report

	2013 \$'million	2012 \$'million
Expenses		
Staff benefits	5	5
Other expenses	12	10
Total expenses	17	15

	2013 \$'million	2012 \$'million
Income		
Revenues from SA Government	14	9
Other income	14	11
Total income	28	20
Net result	11	5
Net cash provided by (used in) operating activities	9	3
Net cash provided by (used in) investing activities	(3)	(5)
Assets		
Current assets	9	3
Non-current assets	640	625
Total assets	649	628
Total liabilities	3	3
Total equity	646	625

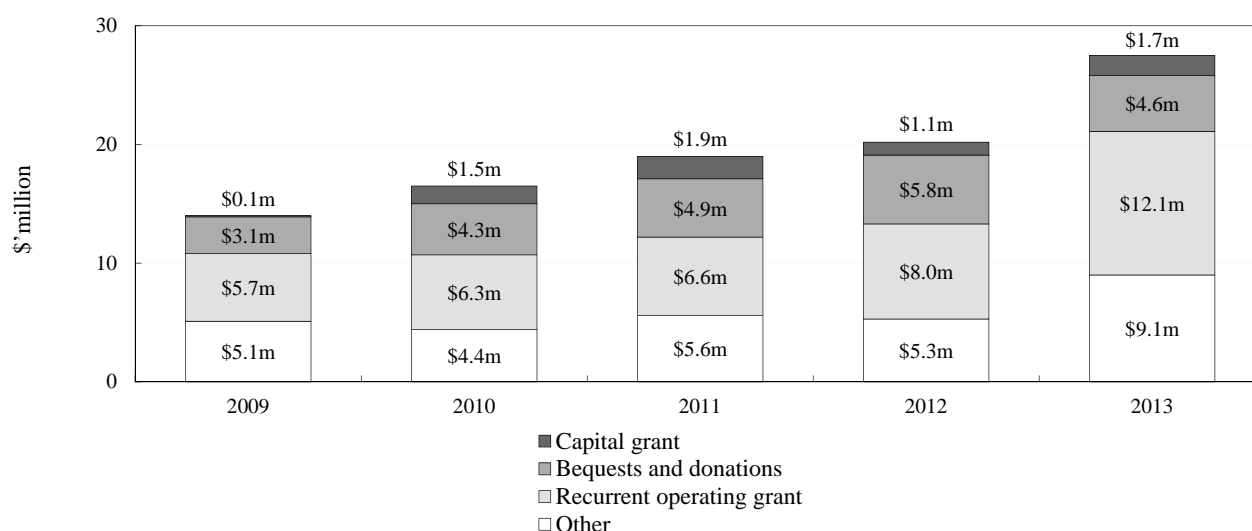
Statement of Comprehensive Income

Income

Total income increased by \$8 million to \$28 million. The increase in income is mainly due to:

- a \$4.7 million increase in revenues from SA Government, which is primarily attributable to the receipt of new working capital to support the ongoing financial sustainability of the Art Gallery and additional capital funding for security upgrades
- a \$1.4 million increase in fees and charges, due mainly to increased admission fees associated with the temporary Turner from the Tate exhibition
- a \$713 000 increase in sponsorships income, primarily due to an increase in in-kind sponsorship relating to the temporary Turner from the Tate exhibition
- a \$418 000 increase in sale of goods, mainly relating to increased Art Gallery shop sales associated with the temporary Turner from the Tate exhibition.

For the five years to 2013, a structural analysis of the major income items for the Board is shown in the following chart.



The recurrent operating grant has increased significantly since 2009.

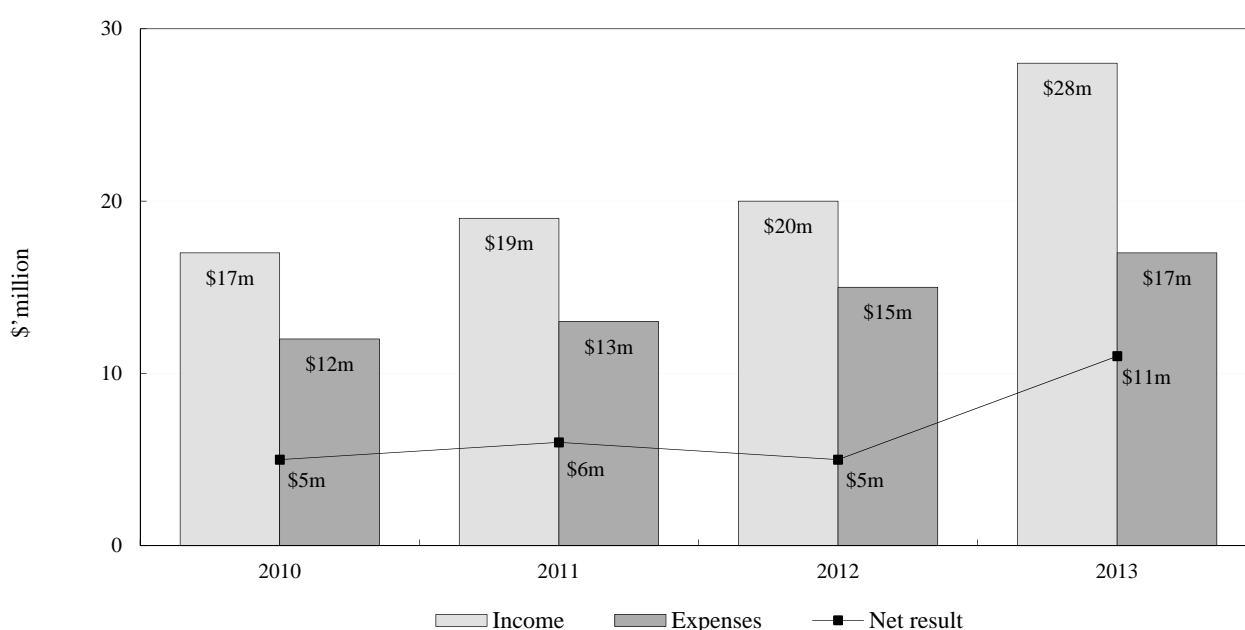
Other income has increased significantly in 2013 compared to prior years, mainly due to higher admission fees, sponsorships income and sales of goods associated with the temporary Turner from the Tate exhibition.

Bequests and donations continue to be a significant source of income for the Board. Total bequests and donations represented 17% (29%) of the Board's total income.

Net result

The net result for the year was a surplus of \$11 million (\$5 million).

The following chart shows the income, expenses and net results for the four years to 2013.



Statement of Financial Position

The total assets of the Board at 30 June 2013 were \$649 million (\$628 million), of which \$592 million (91%) relates to the Board's heritage collections.

The increase in the value of the heritage collections in 2012-13 is a result of purchases and donations totalling \$4.4 million.

The Board's property, plant and equipment increased by \$10.5 million (31%) from the prior year, due mainly to the buildings and improvements revaluation increment arising from the 30 June 2013 independent valuation (refer note 21). The last revaluation of property was performed on 30 June 2008.

The current year valuation was based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use considerations.

As the revaluation increment relates to buildings and improvements with useful lives of 20 to 100 years, the increased valuations will result in a modest increase in future annual depreciation expenses.

Further commentary on operations - financial review

A financial review was performed by a consultant in November 2012. Based on recommendations arising from the review, the Board sought and received \$3.712 million in new working capital from DTF in June 2013 (refer note 17).

The review also identified a number of recommendations to improve accounting practices. In order to action these recommendations the Board established new guidelines in March 2013.

Statement of Comprehensive Income for the year ended 30 June 2013

		2013	2012
	Note	\$'000	\$'000
Expenses:			
Staff benefits	4	5 171	4 907
Supplies and services	6	7 549	6 752
Accommodation and facilities	7	2 681	2 333
Depreciation	8	1 374	1 365
Net loss from the disposal of non-current assets	13	101	-
Total expenses		16 876	15 357
Income:			
Bequest and donations	9	2 204	2 119
Donations of heritage assets		2 444	3 662
Fees and charges	10	2 218	783
Grants	11	1 605	1 173
Interest and investment income	12	974	415
Net gain from the disposal of non-current assets	13	-	2
Rent and facilities hire		140	260
Resources received free of charge	14	594	552
Sale of goods		1 256	838
Sponsorships	15	1 974	1 261
Other	16	261	38
Total income		13 670	11 103
Net cost of providing services		3 206	4 254
Revenues from (Payments to) SA Government:			
Recurrent operating grant	17	12 124	8 008
Capital grant		1 684	1 060
Total revenues from (payments to) SA Government		13 808	9 068
Net result		10 602	4 814
Other comprehensive income:			
Change in property, plant and equipment revaluation surplus	21	10 187	-
Total other comprehensive income		10 187	-
Total comprehensive result		20 789	4 814

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

Statement of Financial Position as at 30 June 2013

	Note	2013 \$'000	2012 \$'000
Current assets:			
Cash and cash equivalents	19	7 687	1 977
Receivables	20	716	664
Inventories		617	578
Investments	23	201	-
Total current assets		<u>9 221</u>	<u>3 219</u>
Non-current assets:			
Receivables	20	5	-
Property, plant and equipment	21	44 657	34 160
Heritage collections	22	592 128	587 687
Investments	23	3 144	3 248
Total non-current assets		<u>639 934</u>	<u>625 095</u>
Total assets		<u>649 155</u>	<u>628 314</u>
Current liabilities:			
Payables	24	1 040	1 132
Staff benefits	25	601	564
Provisions	26	35	28
Other	27	4	15
Total current liabilities		<u>1 680</u>	<u>1 739</u>
Non-current liabilities:			
Payables	24	69	62
Staff benefits	25	746	665
Provisions	26	128	101
Other	27	-	4
Total non-current liabilities		<u>943</u>	<u>832</u>
Total liabilities		<u>2 623</u>	<u>2 571</u>
Net assets		<u>646 532</u>	<u>625 743</u>
Equity:			
Retained earnings		429 950	419 348
Revaluation surplus		216 582	206 395
Total equity		<u>646 532</u>	<u>625 743</u>
Total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	28		
Contingent assets and liabilities	29		

Statement of Changes in Equity for the year ended 30 June 2013

	Revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2011	206 395	414 534	620 929
Net result for 2011-12	-	4 814	4 814
Total comprehensive result for 2011-12	-	4 814	4 814
Balance at 30 June 2012	206 395	419 348	625 743
Net result for 2012-13	-	10 602	10 602
Loss on revaluation of land during 2012-13	(250)	-	(250)
Gain on revaluation of buildings during 2012-13	10 437	-	10 437
Total comprehensive result for 2012-13	10 187	10 602	20 789
Balance at 30 June 2013	216 582	429 950	646 532

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

Statement of Cash Flows for the year ended 30 June 2013

		2013	2012
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities:			
Cash outflows:			
Staff benefits		(4 940)	(4 699)
Supplies and services		(6 009)	(4 949)
Accommodation and facilities		(2 681)	(2 333)
Cash used in operations		(13 630)	(11 981)
Cash inflows:			
Sale of goods		1 225	868
Fees and charges		2 311	772
Bequests and donations		2 324	2 108
Grants		1 724	1 054
Sponsorships		384	522
Interest and investment income		907	436
Rent and facilities hire		203	232
Other receipts		247	46
Cash generated from operations		9 325	6 038
Cash flows from SA Government:			
Receipts from SA Government		13 381	9 068
Cash generated from SA Government		13 381	9 068
Net cash provided by (used in) operating activities	30	9 076	3 125
Cash flows from investing activities:			
Cash outflows:			
Purchase of heritage collections		(1 748)	(2 783)
Purchase of investments		(324)	-
Purchase of property, plant and equipment		(1 420)	(2 090)
Cash used in investing activities		(3 492)	(4 873)
Cash inflows:			
Proceeds from sale/maturity of investments		126	102
Proceeds from the sale of property, plant and equipment		-	1
Cash generated from investing activities		126	103
Net cash provided by (used in) investing activities		(3 366)	(4 770)
Net increase (decrease) in cash and cash equivalents		5 710	(1 645)
Cash and cash equivalents at 1 July		1 977	3 622
Cash and cash equivalents at 30 June	30	7 687	1 977

Notes to and forming part of the financial statements

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

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

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

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

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

2. Summary of significant accounting policies

2.1 *Statement of compliance*

The Board has prepared these financial statements in compliance with section 23 of the PFAA.

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

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Board for the reporting period ending 30 June 2013 (refer note 3).

2.2 *Basis of preparation*

The preparation of the financial statements requires:

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

2.2 *Basis of preparation (continued)*

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013 and the comparative information presented for the year ended 30 June 2012.

2.3 *Source of funds*

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

2.4 *Income and expenses*

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

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend income is recognised when the right to receive a dividend has been established. Donations, bequests, subscriptions, grants and sponsorships are recognised as income in the period in which the Board obtains control over the income. Income from the sale of goods is recognised at the point of sale. Income from the rendering of a service is recognised when the Board obtains control over the income. Government grants are recognised as income in the period in which the Board obtains control over the grants.

Resources received free of charge

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

Under an arrangement with Arts SA and Artlab Australia, both divisions of DPC, Artlab Australia receives SA Government appropriation to perform conservation services on the heritage collections of the Art Gallery. The value of the work performed is recognised as resources received free of charge in income (refer note 14) and a corresponding amount included as conservation work expenditure in supplies and services (refer note 6).

Under an arrangement with the Services Division of DPC, financial services and human resources are provided free of charge to the Board. The value of these services is recognised as resources received free of charge in income (refer note 14) and a corresponding amount included as a business services charge in supplies and services (refer note 6).

2.5 *Current and non-current classification*

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

2.6 *Cash and cash equivalents*

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

Cash is measured at nominal value.

2.7 *Receivables*

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

2.7 Receivables (continued)

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

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 or inventory losses are recognised as an expense in the period the write-down or loss occurred. Any write-down reversals are recognised as an expense reduction.

2.9 Investments

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

2.10 Non-current asset acquisition and recognition

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

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

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

2.11 Valuation of non-current assets

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

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

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

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

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

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

Land and buildings

An independent valuation of the land and buildings was conducted as at 30 June 2013 by Valcorp Australia Pty Ltd. The valuation of land and buildings as at 30 June 2013 was prepared on a fair value basis in accordance with AASB 116.

Plant and equipment

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

Heritage collections

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

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

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

- (i) all collection items with a value greater than \$350 000 valued individually
- (ii) the remaining collection items valued by establishing an average value through the random sampling of 2% of each collection area.

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

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

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

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

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

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

2.12 Impairment of assets

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

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

2.13 Depreciation of non-current assets

All non-current property, plant and equipment assets, having a limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential. Assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, on an annual basis. Land and heritage collections 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>
Property, plant and equipment:	
Buildings and improvements	20-100
Plant and equipment	3-20

2.13 Depreciation of non-current assets (continued)

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

2.14 Payables

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

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

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

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

The public sector skills and experience retention leave entitlement applies as from 1 July 2012 to public sector employees who have completed 15 or more years of effective service who are employed under the PSA.

The skills and experience retention leave entitlement provides eligible employees up to two working days transitional entitlement for 2011-12, and up to two working days entitlement for 2012-13. Eligible employees are able to apply for and take the leave on or after 1 July 2013.

LSL

The liability for LSL is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

On-costs

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

Superannuation

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

2.16 Workers compensation provision

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2013 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

2.17 Leases

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

2.18 Comparative information

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

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

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

2.19 Taxation

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

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

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

2.20 State Government funding

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

2.21 Rounding

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

2.22 Insurance

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

2.23 Unrecognised contractual commitments and contingent assets and liabilities

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

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

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

3. New and revised accounting standards

The Board did not voluntarily change any of its accounting policies during 2012-13.

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 2013. 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

	2013	2012
	\$'000	\$'000
Salaries and wages	4 122	3 773
Annual leave	93	129
Board fees	57	95
LSL	99	278
Payroll tax	258	230
Superannuation	425	413
Other staff related expenses	117	(11)
Total staff benefits	5 171	4 907

Remuneration of staff

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

\$218 000 - \$227 999

\$278 000 - \$287 999

Total

	2013	2012
	Number	Number
	-	1
	1	-
Total	1	1

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits, FBT paid or payable and any salary sacrifice benefits. The total remuneration received by these staff for the year was \$280 000 (\$220 000).

TVSPs

There were no TVSPs paid in 2012-13 or 2011-12.

5. Remuneration of board members

Members that were entitled to receive remuneration for membership during the 2012-13 financial year were:

Mr M Abbott QC (Chairman)

Mr A W Gwinnett (Deputy Chairman)

Ms A Edwards

Ms F Gerard

Ms S Sdraulig

Ms S Tweddell (appointed 20 December 2012)

Ms T Whiting

Mr R Whittington QC

Ms Z Winser (term expired 11 November 2012)

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

\$0 - \$9 999

\$10 000 - \$19 999

\$20 000 - \$29 999

Total

	2013	2012
	Number	Number
	7	1
	2	6
	-	1
Total	9	8

Remuneration of board members reflects all costs of performing board member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received by the board members for the year was \$62 000 (\$104 000).

Amounts paid to superannuation plans for board members were \$5000 (\$9000).

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

6. Supplies and services

	2013	2012
	\$'000	\$'000
Administration expenses	356	454
Business services charge	177	153
Catering	136	105
Conservation work	468	452
Consultants	39	-
Contractors	31	20
Cost of goods sold	386	438
Freight, courier, postage	290	569

6. Supplies and services (continued)	2013	2012
	\$'000	\$'000
EDS charges	5	-
Entertainment	31	52
Fees - exhibitions and publications	1 372	793
Information technology	134	128
Insurance and risk management	499	495
Inventory written off	13	289
Legal fees	5	-
Maintenance	400	107
Marketing and promotion	2 271	1 686
Materials	141	119
Minor equipment purchases and leasing	239	196
Motor vehicle expenses	38	50
Preservation activities	40	86
Projects	3	-
Public education	124	115
Travel and accommodation	234	328
Valuation expenses	18	23
Other	99	94
Total supplies and services	7 549	6 752

Supplies and services provided by entities within the SA Government:

Administration expenses	26	57
Business services charge	177	153
Conservation work	452	435
Fees - exhibitions and publications	33	23
Information technology	33	26
Insurance and risk management	499	493
Legal fees	5	-
Maintenance	154	35
Marketing and promotion	23	179
Materials	(1)	2
Minor equipment purchases and leasing	-	3
Motor vehicle expenses	14	43
Projects	3	-
Other	32	34
Total supplies and services - SA Government entities	1 450	1 483

Payments to consultants

	2013		2012	
The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	Number	\$'000	Number	\$'000
Below \$10 000	-	-	-	-
Between \$10 000 and \$50 000	2	39	-	-
Total paid/payable to the consultants engaged	2	39	-	-

7. Accommodation and facilities	2013	2012
	\$'000	\$'000
Accommodation	869	627
Facilities	707	630
Security	1 105	1 076
Total accommodation and facilities	2 681	2 333

Accommodation and facilities provided by entities within the SA Government:

Accommodation	71	81
Facilities	488	432
Security	8	10
Total accommodation and facilities - SA Government entities	567	523

8. Depreciation	2013	2012
	\$'000	\$'000
Buildings and improvements	1 304	1 296
Plant and equipment	70	69
Total depreciation	1 374	1 365
9. Bequest and donations		
Bequests	299	806
Donations	1 905	1 313
Total bequest and donations	2 204	2 119
Bequests and donations can only be used in accordance with the terms and conditions attributable. Therefore depending on the terms and conditions, they are not available for the operating activities of the Board.		
10. Fees and charges	2013	2012
	\$'000	\$'000
Fees for services	327	307
Admissions to temporary exhibitions	1 891	476
Total fees and charges	2 218	783
11. Grants		
Commonwealth Government	100	98
State Government	1 070	593
Other external grants	435	482
Total grants	1 605	1 173
Grants received/receivable from entities within the SA Government:		
State Government	1 070	593
Total grants - SA Government entities	1 070	593
12. Interest and investment income		
Interest from entities within the SA Government	32	48
Interest and investment income from entities external to the SA Government	942	367
Total interest and investment income	974	415
13. Net gain (loss) from the disposal of non-current assets		
Plant and equipment:		
Proceeds from disposal	-	1
Net book value of assets disposed of	-	-
Net gain (loss) from disposal of plant and equipment	-	1
Investments:		
Proceeds from the sale of investments	126	102
Net book value of investments	(227)	(101)
Net gain (loss) from sale of investments	(101)	1
Total assets:		
Total proceeds from disposal	126	103
Total net book value of assets	(227)	(101)
Total net gain (loss) from the disposal of non-current assets	(101)	2
14. Resources received free of charge		
Resources received free of charge from entities within the SA Government:		
Conservation services	417	399
Business services	177	153
Total resources received free of charge	594	552
15. Sponsorship		
Cash sponsorships	384	562
In-kind sponsorship	1 590	699
Total sponsorship	1 974	1 261

15. Sponsorship (continued)	2013	2012
Sponsorship received/receivable from entities within the SA Government:	\$'000	\$'000
Cash sponsorships	75	-
In-kind sponsorships	-	-
Total sponsorships	<u>75</u>	<u>-</u>
16. Other income		
Fundraising	110	3
Other receipts	151	35
Total other income	<u>261</u>	<u>38</u>
17. Recurrent operating grant		
Recurrent operating grant - (excluding additional exhibition funding) from		
Arts SA per initial budget advice	6 638	6 154
Recurrent operating grant - additional exhibition funding from		
Arts SA per initial budget advice	100	500
Additional one-off exhibition funding provided by Arts SA	448	-
Additional other one-off funding provided by Arts SA	1 226	1 354
Working capital	3 712	-
Total recurrent operating grant	<u>12 124</u>	<u>8 008</u>
18. Auditor's remuneration		
Audit fees paid/payable to the Auditor-General's Department		
for the audit of the financial statements	36	31
Audit fees paid/payable to other auditors for the audit of the Art Gallery		
Foundation	8	7
Total audit fees	<u>44</u>	<u>38</u>

Other services

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

19. Cash and cash equivalents		
Deposits with the Treasurer	6 177	967
Deposits with BankSA	1 500	1 000
Cash on hand	10	10
Total cash and cash equivalents	<u>7 687</u>	<u>1 977</u>

Deposits with Treasurer

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

Deposits with BankSA

Deposits with BankSA are funds held in term deposit facilities.

Cash on hand

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

Interest rate risk

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

In 2012-13 deposits with the Treasurer were bearing a floating interest rate between 2.79% and 3.36% (3.93% and 4.6%). The interest rate for funds held with BankSA as at 30 June 2013 is 4.3% for the term deposit (5.1%).

20. Receivables	2013	2012
Current:	\$'000	\$'000
Prepayments	5	80
Receivables	88	251
Accrued income	623	333
Total receivables	<u>716</u>	<u>664</u>

20. Receivables (continued)

	2013	2012
	\$'000	\$'000
Non-current:		
Receivables	5	-
Total non-current receivables	5	-
Total receivables	721	664

Interest rate and credit risk

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

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

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

21. Property, plant and equipment

	2013	2012
	\$'000	\$'000
Land, buildings and improvements:		
Land at valuation	4 600	4 850
Buildings and improvements at valuation	66 855	52 217
Accumulated depreciation at 30 June	(29 853)	(24 489)
Total land, buildings and improvements	41 602	32 578
Work in progress:		
Work in progress at cost	2 773	1 230
Total work in progress	2 773	1 230
Plant and equipment:		
Plant and equipment at cost (deemed fair value)	655	655
Accumulated depreciation at 30 June	(373)	(303)
Total plant and equipment	282	352
Total property, plant and equipment	44 657	34 160

Valuation of non-current assets

An independent valuation of the land and buildings was conducted as at 30 June 2013 by Valcorp Australia Pty Ltd. The valuation of land and buildings at 30 June 2013 was prepared on a fair value basis in accordance with AASB 116.

All other non-current assets have been deemed to be held at fair value.

Impairment

There were no indications of impairment of property, plant and equipment as at 30 June 2013.

Movement reconciliation of property, plant and equipment

	Land	Buildings & improvements	Work in progress	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2013					
Carrying amount at 1 July	4 850	27 728	1 230	352	34 160
Additions	-	-	1 684	-	1 684
Depreciation expense	-	(1 304)	-	(70)	(1 374)
Disposals	-	-	-	-	-
Transfers from capital work in progress	-	141	(141)	-	-
Revaluation increment (decrement)	(250)	10 437	-	-	10 187
Carrying amount at 30 June	4 600	37 002	2 773	282	44 657
2012					
Carrying amount at 1 July	4 850	28 851	314	389	34 404
Additions	-	-	1 089	32	1 121
Depreciation expense	-	(1 296)	-	(69)	(1 365)
Disposals	-	-	-	-	-
Transfers from capital work in progress	-	173	(173)	-	-
Carrying amount at 30 June	4 850	27 728	1 230	352	34 160

22. Heritage collections	2013			2012		
	At valuation \$'000	At cost \$'000	Total \$'000	At valuation \$'000	At cost \$'000	Total \$'000
Australian paintings and sculptures	240 103	5 307	245 410	240 103	3 713	243 816
Australian and European decorative arts	28 363	1 051	29 414	28 363	458	28 821
Asian art	44 301	1 770	46 071	44 301	696	44 997
European paintings and sculptures	223 714	1 578	225 292	223 714	1 175	224 889
Prints, drawings and photographs	35 814	824	36 638	35 814	379	36 193
Numismatics	6 753	-	6 753	6 753	-	6 753
Philatelic material	450	-	450	450	-	450
Library	1 744	37	1 781	1 744	24	1 768
Archival collection	-	-	-	-	-	-
Collections on instalments	-	319	319	-	-	-
Total heritage collections	581 242	10 886	592 128	581 242	6 445	587 687

Reconciliation of carrying amounts of heritage collections

	Balance 01.07.12 \$'000	Additions \$'000	Disposals \$'000	Balance 30.06.13 \$'000
2013				
Australian paintings and sculptures	243 816	1 594	-	245 410
Australian and European decorative arts	28 821	593	-	29 414
Asian art	44 997	1 074	-	46 071
European paintings and sculptures	224 889	403	-	225 292
Prints, drawings and photographs	36 193	445	-	36 638
Numismatics	6 753	-	-	6 753
Philatelic material	450	-	-	450
Library	1 768	13	-	1 781
Archival collection	-	-	-	-
Collections on instalments	-	319	-	319
Total heritage collections	587 687	4 441	-	592 128

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

23. Investments	2013 \$'000	2012 \$'000
Current:		
Shares and other direct investments in companies	201	-
Total current investments	201	-
Non-current:		
Shares and other direct investments in companies	3 144	3 248
Total non-current investments	3 144	3 248
Total investments	3 345	3 248

The market value of investments as at 30 June 2013 is \$4.1 million (\$3.1 million).

The current investment was sold on 1 July 2013 for proceeds of \$200 000 resulting in a loss on sale of \$1000.

24. Payables

	2013	2012
Current:	\$'000	\$'000
Creditors and accruals	953	1 054
Staff on-costs	87	78
Total current payables	1 040	1 132
Non-current:		
Staff on-costs	69	62
Total non-current payables	69	62
Total payables	1 109	1 194
Payables to SA Government entities:		
Creditors and accruals	526	242
Staff on-costs	70	65
Total payables - SA Government entities	596	307

An actuarial assessment performed by DTF determined that the percentage of the proportion of LSL, taken as leave remains unchanged from the 2012 rate of 40%, and the average factor for the calculation of employer superannuation on-cost is 10.2% (10.3%). These rates are used in the employment on-cost calculation.

The financial effect of the change in superannuation on-cost on employment on-costs and employee benefit expense is immaterial.

Interest rate and credit risk

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

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

25. Staff benefits

	2013	2012
Current:	\$'000	\$'000
Annual leave	465	403
LSL	115	161
Retention leave	21	-
Accrued salaries and wages	-	-
Total current staff benefits	601	564
Non-current:		
LSL	746	665
Retention leave	-	-
Total non-current staff benefits	746	665
Total staff benefits	1 347	1 229

AASB 119 contains the calculation methodology for LSL liability. This year, the actuarial assessment performed by DTF has provided a set level of liability rather than a benchmark for the measurement of LSL. The effect of the change relating to the current period is immaterial.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has increased from 2012 (3%) to 2013 (3.75%).

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

The net financial effect of the changes in the methodology and actuarial assumptions is immaterial.

The salary inflation rate applied to annual leave remains constant at 4%. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

26. Provisions	2013	2012
Current:	\$'000	\$'000
Provision for workers compensation	35	28
Total current provisions	35	28
Non-current:		
Provision for workers compensation	128	101
Total non-current provisions	128	101
Total provisions	163	129
Carrying amount at 1 July	129	230
Increase (Decrease) in provision recognised	34	(101)
Carrying amount at 30 June	163	129
27. Other liabilities		
Current:		
Deferred assets	4	15
Total current other liabilities	4	15
Non-current:		
Deferred assets	-	4
Total non-current other liabilities	-	4
Total other liabilities	4	19
28. Unrecognised contractual commitments		
<i>Operating lease commitments</i>		
Commitments under non-cancellable operating leases at the reporting date not recognised as liabilities in the financial statements, are payable as follows:		
Within one year	20	25
Later than one year and not later than five years	13	29
Total operating lease commitments	33	54
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.		
<i>Capital commitments</i>	2013	2012
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:	\$'000	\$'000
Within one year	155	1 347
Total capital commitments	155	1 347
<i>Remuneration commitments</i>		
Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	277	275
Later than one year and not later than five years	296	581
Total remuneration commitments	573	856
Amounts disclosed include commitments arising from executive and other service contracts. The Board does not offer remuneration contracts greater than five years.		
<i>Other commitments</i>		
The Board's other commitments are for contracts for works of art, exhibitions, security and cleaning:		
Not later than one year	2 298	1 457
Later than one year but not later than five years	2 322	2 130
Total other commitments	4 620	3 587

Other commitments (continued)

Contingent rental provisions within the security and cleaning 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.

29. Contingent assets and liabilities**Contingent assets**

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

Contingent liabilities

The Board is not aware of any contingent liabilities as at 30 June 2013.

30. Cash flow reconciliation**Reconciliation of cash and cash equivalents at 30 June**

Cash and cash equivalents disclosed in the Statement of Financial Position

Balance as per Statement of Cash Flows

	2013	2012
	\$'000	\$'000
	7 687	1 977
	<u>7 687</u>	<u>1 977</u>

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services

Net cash provided by (used in) operating activities

Revenues from SA Government

Non-cash items:

Depreciation of property, plant and equipment

Donations of heritage collections

Gain (Loss) on sale of investments

Gain (Loss) on sale of plant and equipment

Movements in assets/liabilities:

Receivables

Inventories

Payables

Staff benefits

Provisions

Net cost of providing services

	2013	2012
	9 076	3 125
	(13 808)	(9 068)
	(1 374)	(1 365)
	2 444	3 662
	(101)	2
	-	1
	57	230
	39	(226)
	613	(442)
	(118)	(274)
	(34)	101
	<u>(3 206)</u>	<u>(4 254)</u>

31. Financial instruments/Financial risk management**31.1 Categorisation of financial instruments**

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2.

	Note	2013		2012	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets					
Cash and cash equivalents:					
Cash and cash equivalents	19	7 687	7 687	1 977	1 977
Loans and receivables:					
Receivables ⁽¹⁾⁽²⁾	20	716	716	584	584
Available-for-sale financial assets:					
Investments	23	3 345	4 122	3 248	3 088
Financial liabilities					
Financial liabilities - at cost:					
Payables ⁽¹⁾	24	917	917	1 023	1 023

⁽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).

31.1 Categorisation of financial instruments (continued)

- (2) The receivables amount disclosed here, excludes prepayments. Prepayments are presented in note 20 as receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Foreign currency risk

Foreign currency risk arises from changes in the value of assets and liabilities denominated in foreign currency as exchange rates fluctuate.

The Board is exposed to currency risk on purchases of works of art made in currencies other than Australian dollars. The Board does not hedge any future foreign currency purchases when contracted.

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 carrying amount of financial assets as detailed in note 31.1 represents the Board's maximum exposure to credit risk.

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

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

31.2 Ageing analysis of financial assets

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	
2013				
Not impaired:				
Receivables	12	2	5	19
2012				
Not impaired:				
Receivables	116	52	38	206

31.3 Maturity analysis of financial assets and financial liabilities

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

	Carrying amount \$'000	Contractual maturities		
		Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2013				
Financial assets:				
Cash and cash equivalents	7 687	7 687	-	-
Receivables	716	711	5	-
Investments	3 345	201	-	3 144
Total financial assets	11 748	8 599	5	3 144
Financial liabilities:				
Payables	917	917	-	-
Total financial liabilities	917	917	-	-

31.3 Maturity analysis of financial assets and financial liabilities (continued)

	Carrying amount \$'000	Contractual maturities		
		Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2012				
Financial assets:				
Cash and cash equivalents	1 977	1 977	-	-
Receivables	584	584	-	-
Investments	3 248	-	-	3 248
Total financial assets	5 809	2 561	-	3 248
Financial liabilities:				
Payables	1 023	1 023	-	-
Total financial liabilities	1 023	1 023	-	-

Liquidity risk

Liquidity risk arises where the Board is unable to meet its financial obligations as they are due to be settled. The Board is funded principally from grants from the SA Government. The Board works with Arts SA 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 Board settles accounts within 30 days from the date of the invoice or date the invoice is first received.

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

The carrying amount of financial liabilities recorded in note 31.1 represents the Board's maximum exposure to financial liabilities.

32. Events after the reporting period

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

Attorney-General's Department

Functional responsibility

Establishment

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

Functions

The functions of the Department are to help create a secure, safe and fair South Australia by fostering justice and harmony through sound laws, protecting people's rights and strengthening communities.

The Department aims to:

- keep people safe in their homes, community and work
- champion fair and transparent access to justice
- protect people's rights and promote public confidence in state institutions and services
- be a high-performing organisation.

For more information about the Department refer notes 1, 2(c), and 4 to the financial statements and note A1 to the administered financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 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

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

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

Scope of audit

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

During 2012-13, specific areas of audit attention included:

- cash, debtors and investments
- non-current assets, including revaluations

- payroll and employee entitlements
- expenditure, including grants and subsidies
- revenue
- taxation receipts and functions
- statutory funds including the Crown Solicitor's Trust Account
- financial accounting and reporting
- financial management compliance program.

Internal audit activities were reviewed to assess the risks of material misstatement of the financial report and to design and perform audit procedures.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Attorney-General's Department as at 30 June 2013, 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 all matters 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 other officers responsible for the governance of the Department, including for administered activities. Major matters raised with the Department and the related responses are detailed below.

In addition, matters relating to SSSA as a service provider to the Department are also described below.

TIs 2 and 28

TIs 2 and 28 specify financial management requirements for agencies including the need to document key financial policies and procedures. TI 28 also requires agencies to develop and maintain a financial management compliance program (FMCP) to review relevant policies and procedures, internal controls and financial reporting.

Policies and procedures

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

The 2012-13 audit identified documentation from a number of business units that was not regularly reviewed or evidence of the last review date was not present. Policies and procedures that do not reflect current processes increase the risk that control activities will not be performed effectively.

Audit recommended that AGD management remind business units of the need to:

- regularly review and update all policies, procedures and system documentation
- ensure documentation is aligned with corporate level policies
- record the date of last review to assist in scheduling subsequent review.

AGD advised that a database has been established to record the review date and responsible officer for payroll policies to address the audit findings. AGD also advised that policies and procedures identified by Audit were either in draft and awaiting approval or were in the process of being documented and reviewed.

Legal compliance framework

The departmental Legislative/Regulatory Framework register was maintained on an ad hoc basis and was under review for updating of new requirements. The Department advised an updated legislative/regulatory framework register will be forwarded to the Chief Executive for approval and it will work with its internal auditors to determine the best way to monitor compliance.

Audit and Risk Management Committee Charter (Charter)

The Charter provides that the Committee will review its charter at least once a year and recommend changes to the Chief Executive.

The audit for 2012-13 noted the Charter was last approved by the Chief Executive in March 2010. The Charter was revised and was endorsed by the Audit and Risk Management Committee in June 2013 and was formally approved by the Chief Executive in July 2013.

FMCP partial and non-compliant matters

The Department has implemented a program of control self-assessments by its business units as a key element of its FMCP. Audit observed that for the 2012-13 FMCP certain control self-assessments indicating compliance or part-compliance were not independently tested to confirm the validity of the self-assessed ratings. In previous years the Internal Audit and Risk Unit tested the self-assessed ratings. Audit review of the three year Internal Audit Plan prepared by PricewaterhouseCoopers (PwC) confirmed that it was not planned to review and confirm the validity of self-assessments by business units.

AGD advised the Audit and Risk Management Committee will consider whether the independent review of control self-assessments should be reinstated in the forward internal audit plan.

Payroll controls

The audit of payroll controls of the Department determined that bona fide and leave return reports were not reviewed in a timely manner and were not certified by the pay point manager. The timely review of the reports provides assurance that:

- payments to employees are valid and authorised
- leave taken by employees is completely and accurately recorded.

The audit also noted the Department has not developed a time and attendance policy specifying procedures for recording employees' attendance and the requirements for management review of time and attendance records.

The Department advised the documented bona fide and leave return policy and procedure is currently under review, that reports will be sent electronically to managers and the covering email will specify the responsibilities of each pay point manager to review the reports. The Department further advised that a time and attendance policy will be developed to ensure employees are aware of their responsibilities.

Purchasing and receiving goods and services

The audit of procedures for purchasing and receiving goods and services considered whether incompatible functions were effectively segregated. Audit recommended AGD consider whether the role of receiving goods can be segregated from the initiation of the requisition/order as instances were noted where the officer receipting the goods initiated the requisition and/or raised the purchase order with vendors.

AGD advised it will review the process for receiving and receipting goods to determine if any changes need to be made to the process.

Creditor account payment performance

TI 11 prescribes the policy for creditor account payments, including the development of relevant policies and procedures and the preparation of monthly reports to the Attorney-General, as Minister responsible for the Department, on account payment performance.

The audit noted the need for amendments to the monthly reports submitted to the Attorney-General to comply with specific requirements of TI 11, an emphasis on ensuring these reports are provided within mandated timeframes and updates to documented policies and procedures to align them with the updated TI 11.

The Department advised the report format will be updated to align with the requirements of the TI, amended processes will be implemented to ensure timely reporting and the creditors account policy had been reviewed and is expected to be endorsed in September 2013.

Financial accounting

Audit's review of control over general ledger processing noted:

- a number of journals were approved by officers who were not listed in Schedule 6: Delegation to authorise General Ledger Journals
- a number of long outstanding unrepresented cheques with the oldest dating back to January 2011.

AGD advised it relies on SSSA to ensure journal processing is effectively controlled and it will relate with SSSA to ensure controls are in place to effectively manage the processing of journals on behalf of AGD.

The Department further advised that from 1 July 2013, SSSA has implemented a standard service delivery for the management of unclaimed monies which includes the review of unrepresented cheques at four months, eight months and 12 months, and at 15 months the issue of a stop payment with the balance transferred to an unclaimed payables liability account.

Consumer and Business Services (CBS)

Review of CBS penalties

Previous audits of CBS found the Department did not charge all penalties provided for by relevant legislation where licensees had failed to pay annual fees or lodge annual returns as required by conditions of licences or legislation. Follow-up in the past two years has found that the incidence of non-application of penalties was significantly reduced.

Although this improvement was noted the audits have revealed that while supervisors of each section review the Penalties Due Summary reports they have not documented evidence of this review. In response the Department advised:

- a standard operating procedure has since been developed for this function which is supported by the Continuous Licensing policy
- evidence of the supervisor's review of penalties is now maintained.

Other CBS matters

Other matters arising from the audit of CBS that were communicated to the Department include:

- monthly reconciliations of Occupational Licensing System (OLS) and the general ledger were not performed within reasonable timeframes and reconciling items were not promptly investigated and cleared
- certain OLS policies and procedures were not documented and other policies and procedures, such as the Reconciliation procedure, that were not reviewed and updated
- evidence of OLS user access review was not maintained
- maintaining evidence to support the independent check of the update of the 2012-13 gazetted licence rates to OLS
- documentation related to liquor and gaming taxation review functions was not signed to evidence the review performed
- ensuring that the reconciliation between the Liquor and Gaming System (LGS) and the general ledger are performed and reviewed in a timely manner and evidence of preparer and reviewer sign off is maintained
- user access to the LGS was not regularly reviewed.

In response the Department acknowledged the issues and advised the following:

- CBS is in the process of documenting and reviewing procedures identified by Audit and they will also review the reconciliations procedures. Measures have been taken to ensure reconciliations are performed in a timely manner.
- The Standard Operating procedure for the responsible officer has been amended to require the retention of copies of the OLS user access reviews for 12 months.
- Evidence to support the independent check of the 2013-14 gazette rates update was retained and a draft procedure exists and is currently being reviewed.
- The summary template for the liquor and gaming taxation review functions will be updated to provide for the signatures and dates and the procedure manual amended to account for recent structural changes within CBS.
- The monitoring of general access to LGS and to specific modules within LGS will be documented in future.

Crown Solicitor's Office (CSO)

Lawmaster

Lawmaster is a system used by the CSO to support the administration of the CSO's legal practice and incorporates functions to monitor progress with individual matters, billing clients, other financial transactions relevant to matters and follow-up of fees due. The audit of the CSO gives specific focus to the billing and debt follow-up functions supported by the system as well as recording information to support operation of the CSO trust account.

Previous audits of Lawmaster have identified that the review of draft invoices was not performed consistently through the CSO. In 2012-13, the System Administrator CSO advised that the CSO was developing a procedure for the electronic review of draft invoices, which requires Matter Managers to review draft invoices on screen and print a customised report for approval on releasing draft invoices. Matter Managers are also required to document any customised report bills that are not released. The procedure was still in draft at the time of audit completion.

The review of the CSO's follow-up of debtors noted the 90 Days Outstanding Debtors report for December 2012 to April 2013 was not reviewed until April/May 2013 due to the cessation of the CSO role for managing debt. The review also noted that there were a large number of outstanding invoices, the oldest debt dating back to 30 October 2002. In response the Department advised responsibility for this review and follow-up was assigned within the CSO Business Services section.

The audit considered whether control reports which supported administration of new matters and the billing of completed work were subject to appropriate and timely review. Consistent with previous years the 2012-13 audit found that the reviews of the 'Matters Added Report' and the 'Billable Matters not Billed in Last Billing Period' report were not evidenced as reviewed. In response the Department advised it would implement arrangements to evidence the reviews and would specify the timeframe within which the 'Billable Matters not Billed in Last Billing Period' report would be reviewed.

Audit review of the Lawmaster to Masterpiece accounts receivable (MPAR) reconciliation noted, as at June 2013, the April and May 2013 reconciliations were not completed. In response AGD advised the majority of the reconciling items had been resolved and had implemented arrangements to ensure the timely completion of the reconciliation.

Lastly a specific review of IT controls for the Lawmaster system identified some important matters for management attention. This review is discussed below under the heading 'CSO - Lawmaster system'.

Debtrak system and debts related to VOC

In 2008 the CSO implemented the Debtrak system to manage criminal injury compensation (CIC) debts supporting the VOC Fund. Total debt was \$120.9 million at 30 June 2011 which includes \$72.1 million in outstanding managed debt and \$48.8 million in debt notionally written off.

Review of CIC debt and audit findings from 2011-12 and 2012-13 revealed that the CSO has continued to work on resolving the long outstanding and unresolved variances between Debtrak and the general ledger. The outstanding amount had decreased from \$675 000 (representing 254 files) in 2012 to \$39 000 in 2013 (representing 15 files).

While this improvement was noted the audit found the Department has not documented a policy and procedure for the monthly reconciliation of Debtrak and the general ledger, including the independent review of the reconciliation. In response the Department advised that AGD Finance and the CSO will:

- document a policy and procedure for reconciling Debtrak and the general ledger by January 2014

- ensure the reconciliation is independently reviewed
- work together to promptly resolve all reconciling items between Debtrak and the general ledger.

VOC policies and procedures

Previous audit reviews identified that policies and procedures for VOC and debt recovery were in draft form.

Follow-up in 2012-13 revealed that the CSO is currently reviewing and implementing changes to internal controls in response to the findings and recommendations of the PwC 'Special Review: Victims of Crime Payment Controls' report. Audit again recommended that the CSO finalise the review of the VOC/CIC policies and procedures and, once approved, distribute to relevant officers.

In response the Department advised that the review of VOC/CIC policies and procedures are in final draft form and the CSO will ensure that they are finalised, approved and made available to staff.

Residential Tenancies Fund (RTF)

The audit review of the RTF included the review of policies and procedures and assessment of controls and verification of transactions in relation to bond lodgements, bond refunds, receipting and banking and bond lodgement and refund audits.

Audit noted that bond lodgement and refund audits were not performed monthly as intended by management, and were not completed within a reasonable timeframe. In response AGD advised an updated bond lodgement and refunds audit procedure is currently in draft and Residential Tenancies will ensure compliance with the procedure in 2013-14.

The review of Residential Tenancies and Residential Parks bank reconciliations determined they were not performed in a timely manner. In response AGD advised that previous delays in the sign-off and review of bank reconciliations were addressed by an updated monitoring system for all reconciliations and recoupments.

Audit's consideration of system access and other arrangements intended to restrict unauthorised access to systems and to perform sensitive functions noted:

- there were a number of officers who had access to Corporate Online and tokens but were not currently refunding bonds, as these officers were either on extended leave and/or on temporary assignment to other position/duties
- user access to the Bonds Management System was not regularly reviewed and there was no policy and procedure documenting the requirement to review user access each month
- terminated employees identified during the 2011-12 audit were not cancelled as cheque signatories to the Residential Tenancies bank account until 13 May 2013.

In response AGD advised revised policies and procedures have been prepared requiring review of user access and systems powers and specific focus will be given to addressing the access and powers in the areas subject to Audit comment.

The audit noted the Residential Tenancies instrument of delegation had not been reviewed since May 2009 which was inconsistent with TI 8 that requires an annual review of delegations of authority.

Audit noted that since 2009 there has been a major restructure, with the Office of Liquor Gambling and the Office of Consumer and Business Affairs merging to form CBS. This emphasised that a review of the delegations was necessary.

AGD advised that Residential Tenancies will implement a new policy and procedure to provide for an annual review of the instrument of delegation and to confirm the delegations reflect the structure of CBS at the time of approval.

Alleged fraud against the Victims of Crime (VOC) Fund

On 10 August 2012, the then Acting Chief Executive of the Department was advised of an alleged fraud against the VOC Fund. The VOC Fund is reported in the administered financial statements of the Department.

The matter was subject to an investigation by the South Australia Police (SAPOL) and the amount alleged to have been misappropriated was not quantified at the time of the previous audit. SAPOL had taken possession of certain documentation for forensic examination and therefore the VOC Fund's operations were not subject to specific audit examination during 2011-12.

The Department advised that it was assisting SAPOL with its investigation and provided Audit with information throughout this process to enable conclusion of the 2011-12 financial statement audit. During 2012-13, Audit monitored developments and follow-up actions taken to improve the control environment and other matters.

The Department's contracted internal auditors reviewed the VOC internal control environment and reported their audit findings at the December 2012 Audit and Risk Management Committee meeting. At the time, the Department advised that its officers were conducting an ongoing review of VOC controls and anticipated changes to the organisational structure and internal processes within the Crown Solicitor's Office (CSO) - VOC. The changes to the CSO organisation structure for the VOC were implemented as at 30 June 2013.

PwC was also reviewing CSO systems and records to provide advice about any further investigations that could reasonably be taken by the CSO in relation to past VOC payments. The CSO is currently awaiting PwC recommendations. Audit was therefore unable to rely on the control environment of VOC and designed alternate procedures to ensure that transactions were completely and accurately processed and recorded.

During 2012-13, criminal charges arising from SAPOL investigations were laid against certain persons. The total financial impact of the offences and alleged offences is \$1.06 million. The Department has been advised that current insurance arrangements cover any losses incurred by fraudulent activity. The financial exposure of the Department is limited to \$10 000 under these insurance arrangements and will become payable in 2013-14.

The financial activity for VOC is disclosed in Activity 3 'Victims of Crime' per note A1 to the administered financial statements. The alleged fraud against the VOC Fund is relevant to my assessment of controls reported under the earlier heading 'Assessment of controls'.

Information and communications technology and control

A high-level review was undertaken of the Department's IT infrastructure and system security environment, including a follow-up of matters noted in last year's Report. The following issues relating to security policy and business continuity were noted.

IT security policies and procedures

A broad suite of IT security policies and procedures need development and endorsement by senior management to complement the implementation of the Department's current Information Security Management System initiative. The Department advised that IT security policies and procedures are currently being developed.

Business continuity (BC) and disaster recovery

The Department is progressing the implementation of the BC framework. The Department advised that the second stage of the BC management project has commenced with the implementation of the BC management framework into the operations of the Department, involving the establishment of formal governance structures for BC management, endorsement of the BC plan activation procedures and progressive implementation of BC plans for the corporate support areas.

CSO - Lawmaster system

During the year, Audit undertook a review of IT controls for the Lawmaster system that was implemented in 2012 and enhanced in 2013.

The review raised a number of matters requiring management attention. The notable matters were the need to:

- establish an escrow arrangement with the application vendor
- perform a post-implementation review of the new application
- promote the development of certain security and user policies and procedures
- reassess segregation of duties for change management of the system
- review specific user access and password controls
- assess the requirement of audit logging for the new system.

The Department advised the following remediation action:

- Establishment of an escrow agent arrangement is currently underway.
- The Department's internal audit is to perform a post-implementation review of the system during 2013-14.
- Further development of IT security and change management policies and procedures is to occur, aligned and incorporated into the Department's overarching Information Security Management System initiative.
- Password and user access controls incorporating adequate segregation of duties with software and test script developers are to be reviewed and audit logging and reporting are to be reviewed and enhanced.

Shared Services SA – CHRIS payroll control environment

SSSA processes payroll transactions specific to the CHRIS HRMS system on behalf of the Department in accordance with a service level determination with SSSA.

The audit of payroll transactions considered the payroll process and control environments of SSSA and the external bureau provider of the CHRIS HRMS payroll service to SSSA.

Review of the process and control environments in previous years has identified SSSA key control weaknesses covering segregation of duties and user access and certain security limitations of the CHRIS 5 application provided by the bureau service.

As SSSA implemented significant remediation action during the year, it was not effective throughout the entire year. As such the process and control environment could not be considered robust and effective for the 2012-13 financial year. Also the planned migration of payroll processing from CHRIS 5 to CHRIS 21, which would address security limitations, is yet to occur.

This matter is further discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report.

Shared Services SA – accounts payable and electronic payment control environments

SSSA operates an accounts payable function which involves the processing of transactions on behalf of the Department under a service level determination. The function involves the e-Procurement system for ordering, receiving and invoice processing; Masterpiece payment transaction processing and vendor masterfile processing; EFT and cheque payment processing; and Masterpiece general ledger maintenance.

While SSSA continues to progress significant remedial measures to address prior years' key control weaknesses certain actions are still required before the control environments can be considered to be robust and effective.

This matter is further discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report.

Other SSSA findings

SSSA matters specific to AGD raised by Audit include:

- procedures for accounts receivable and the debtor management checklist were drafted but not approved at the time of the audit review
- the Commonwealth Paid Parental Leave Scheme reconciliation was not reviewed in a timely manner and the reconciliation was not signed to evidence review performance
- the review of long outstanding unpresented cheques was not performed.

In response to the issues raised, the Executive Director, SSSA, advised:

- the accounts receivable procedures were completed and signed off in August 2013 and the debtor management checklist was completed and rolled out across the debtor management section
- procedures are now in place to require review of the Commonwealth Paid Parental Leave Scheme reconciliation in accordance with service level determination timeframes
- SSSA is in the process of implementing the unpresented cheques reviews as part of the unclaimed monies project.

Interpretation and analysis of the financial report

Highlights of the financial report - controlled items

	2013 \$'million	2012 \$'million
Expenses		
Employee benefit expenses	123	130
Supplies and services	54	59
Other expenses	12	13
Total expenses	189	202
Income		
Revenues from fees and charges	74	75
Resources received free of charge	1	-
Other	25	26
Total income	100	101
Net cost of providing services	(89)	(101)
Revenues from SA Government	92	98
Net result and total comprehensive result	3	(3)
Net cash provided by (used in) operating activities	3	9
Assets		
Current assets	41	45
Non-current assets	13	11
Total assets	54	56
Liabilities		
Current liabilities	24	21
Non-current liabilities	29	31
Total liabilities	53	52
Total equity	1	4

Statement of Comprehensive Income

Expenses

During 2012-13 total expenses decreased by \$13 million to \$189 million. This included decreases in employee benefit expenses of \$7 million, supplies and services expenses of \$5 million and grants and subsidies expenses of \$1 million.

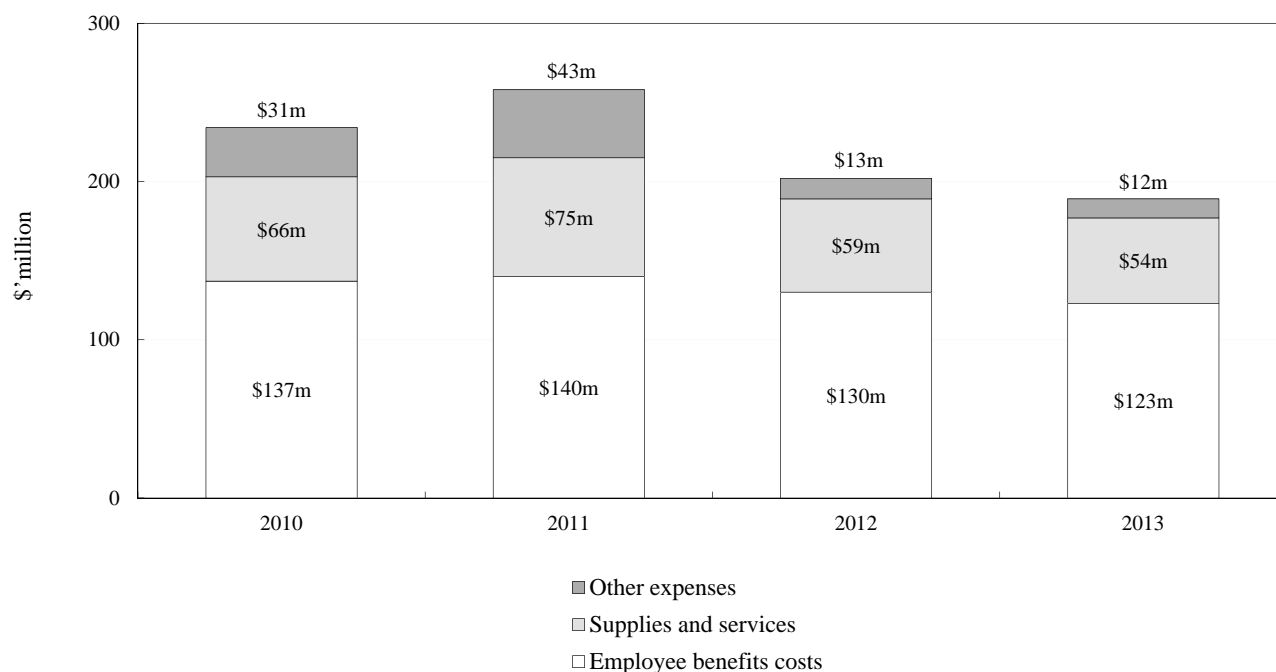
Employee benefit expenses represents 65% of total expenditure which reflects the legal, advisory and compliance activities the Department undertakes through the employment of staff (refer note 5 to the financial statements for details).

The decrease in employee benefit expenses is predominantly due to a decrease in the number of employees as functions and business units were transferred from the Department following the reorganisation of public sector operations (machinery of government) during 2011-12. The transfer of Multicultural SA, Office for Women, Officer for Volunteers and Office for Youth from 1 January 2012 represents the majority of these decreases, including a decrease in related grants.

The decrease in expenditure for supplies and services relates mainly to a decrease in legal fees of \$1.2 million, lower SSSA charges of \$551 000 and a reduction in contract staff payments of \$1 million.

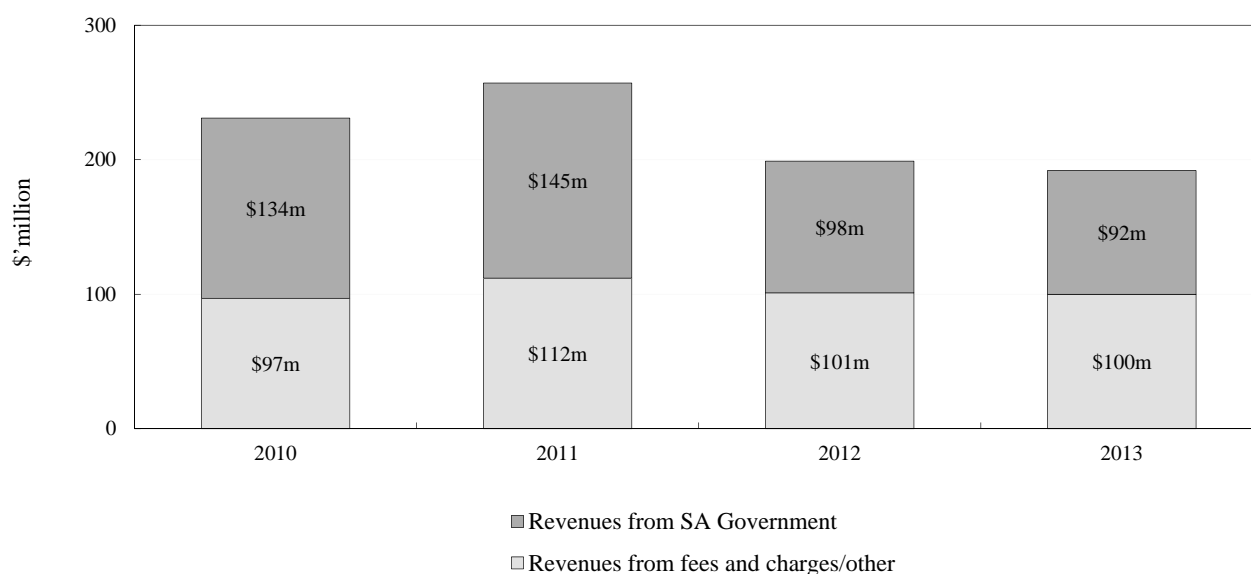
ICT expenses of \$15.5 million, accommodation expenses of \$16 million and grants and subsidies expenses of \$9 million represent an additional 21% of total expenses (refer notes 6 and 7 to the financial statements for details).

The following chart analyses the main expense items for the Department for the four years to 2013.



Income

The following chart analyses the main sources of income, excluding resources received free of charge, for the Department for the four years to 2013.



The Department collected \$73.9 million in fees and charges which represents 74% of total income. Note 11 to the financial statements discloses fees and charges.

In 2012-13 revenues from the SA Government decreased by \$6 million to \$92 million due to a reduction in funding for transferred functions and approved activities as detailed in the earlier section titled 'Expenses'.

Statement of Financial Position

In 2012-13 total assets decreased by \$2 million to \$54 million. This reduction is due mainly to decreases in receivables of \$1.9 million and \$1.8 million in the lease incentive receivable, offset by an increase in non-current assets of \$2.8 million.

Current assets include cash which decreased by \$1.5 million to \$29 million at 30 June 2013 mainly due to a decrease in the accrual appropriation account to \$16.9 million at 30 June 2013 (\$17.5 million). The account is with the Treasurer and can only be used with the Treasurer's/Under Treasurer's approval. Receivables decreased due to a decrease in CSO activities.

Total liabilities have increased by \$1 million to \$53 million due mainly to an increase in payables associated with the amount owed to Department of Planning, Transport and Infrastructure for transactions made on behalf of the Office for Recreation and Sport. This increase was offset by a reduction in the liability for employee benefits of \$2 million which was mainly due to a decrease in LSL liability.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2013.

	2013 \$'million	2012 \$'million	2011 \$'million	2010 \$'million
Net cash flows				
Operating	3	9	6	(2)
Investing	(3)	(1)	(5)	(2)
Financing	(1)	(1)	-	-
Change in cash	(1)	7	1	(4)
Cash at 30 June	29	30	23	22

Highlights of the financial statements - administered items

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

	2013 \$'million	2012 \$'million
Expenses		
Payments to Consolidated Account	318	323
Grants and subsidies	44	43
Other expenses	90	92
Total expenses	452	458
Income		
Revenues from SA Government	66	76
Taxation revenue	311	319
Other income	115	114
Total income	492	509
Net cost of providing services	40	51
Other comprehensive income	13	(17)
Total comprehensive result	53	34

	2013 \$'million	2012 \$'million
Net cash provided by (used in) operating activities	48	79
Assets		
Current assets	429	391
Non-current assets	181	158
Total assets	610	549
Liabilities		
Current liabilities	106	104
Non-current liabilities	87	81
Total liabilities	193	185
Total equity	417	364

Statement of Administered Comprehensive Income

Income

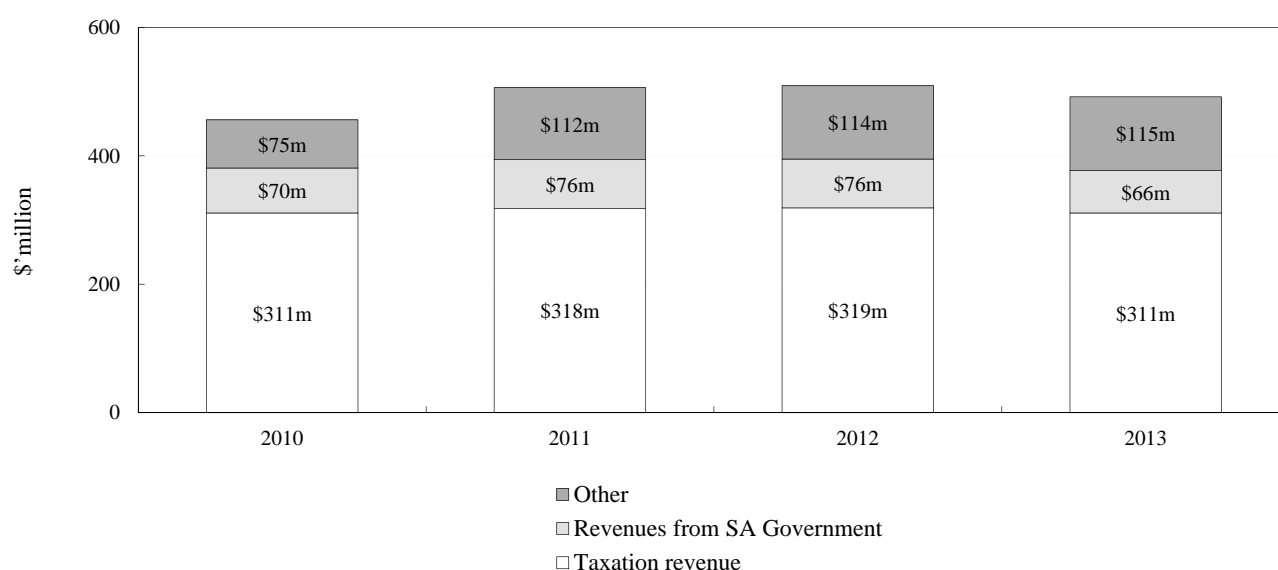
Total income decreased by \$17 million to \$492 million (\$509 million) due mainly to a decrease in revenues from SA Government of \$10 million and a decrease in interest revenues of \$4 million. The decrease in revenues from SA Government is due to reduced funding for the South Australian Government Radio Network, Native Title and liquor licence subsidies partly offset by increased funding for the newly established Independent Commission Against Corruption.

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), and taxation receipts collected from operations at the Adelaide Casino. Note A2 to the administered financial statements provides further details on taxation revenue.

The Department collected \$311 million in administered taxation revenue which represents 63% of total income for 2012-13. The Department also received revenues from the SA Government of \$66 million which represents a further 13% of total income. Note A3 to the administered financial statements discloses revenues from the SA Government.

The following chart analyses the main sources of income administered by the Department for the four years to 2013.



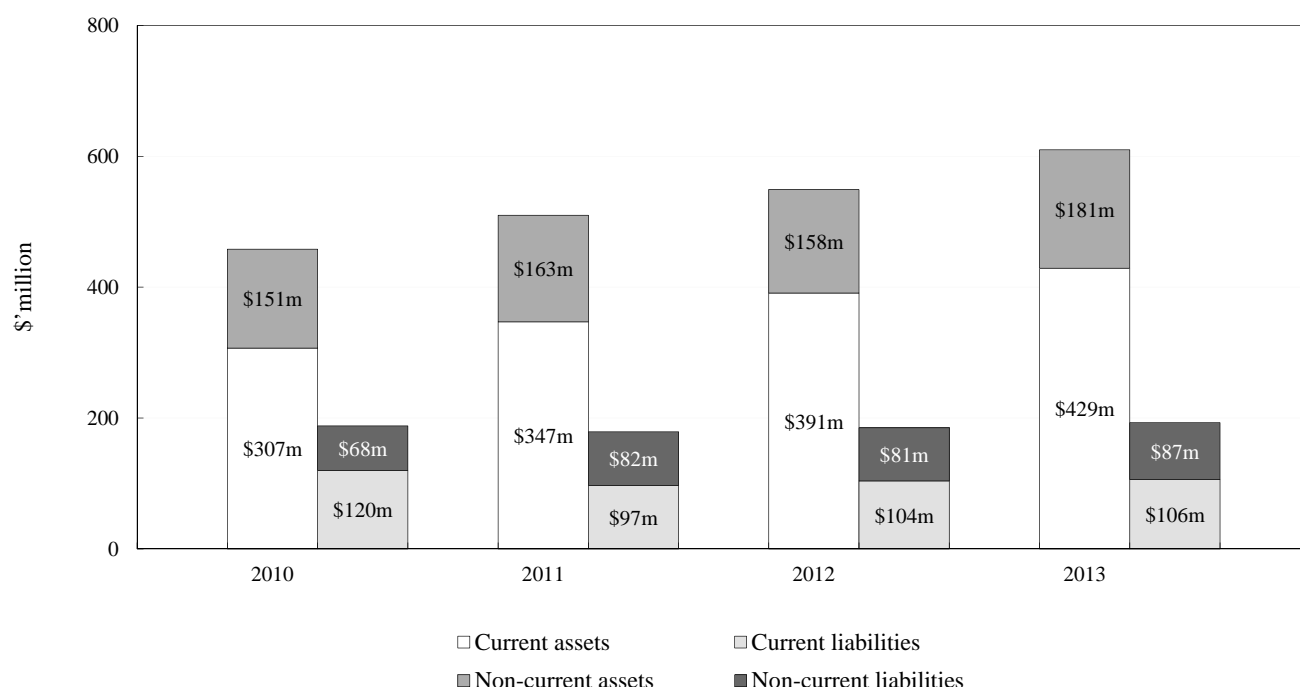
Expenses

Total administered expenses decreased by \$6 million to \$452 million. Payments to the Consolidated Account for gaming taxation and other receipts of \$318 million are the Department's largest administered expenses and represent 70% of total expenditure.

The reduction in total expenses is mainly due to a \$5 million decrease in payments to the Consolidated Account as a result of decreases to gaming machines taxation and casino operations taxation and a \$5 million decrease in victim of crime payments. These decreases were offset by a \$7 million increase in other expenses due to an increase of \$3 million in gaming machine trading round disbursements and an increase in information and technology costs of \$1 million.

Statement of Administered Financial Position

The following chart analyses the administered assets and liabilities of the Department for the four years to 2013.



In 2012-13 total assets increased by \$61 million to \$610 million. This was due mainly to increases in cash and cash equivalents of \$30 million, increases in investments of \$29 million and an increase in property, plant and equipment of \$4 million.

The cash position at 30 June 2013 is principally attributable to an increase in cash balances for VOC Fund of \$31 million.

The Department also administers investments totalling \$219.5 million in common funds operated by the Public Trustee which are exposed to movements in the value of the underlying Common Fund assets. Investments increased by \$29 million during 2012-13.

Total liabilities have increased by \$8 million to \$193 million due mainly to an increase of \$12 million in security bonds lodged offset by a \$2 million decrease in gaming and other receipts payable to DTF (refer note A20 to the administered financial statements for details).

Statement of Administered Cash Flows

The following table summarises the administered net cash flows for the four years to 2013.

	2013 \$'million	2012 \$'million	2011 \$'million	2010 \$'million
Net cash flows				
Operating	48	79	46	83
Investing	(18)	(15)	(33)	(23)
Financing	-	(6)	-	-
Change in cash	30	58	13	60
Cash at 30 June	295	265	207	194

Further commentary on operations**VOC Fund**

The Department is responsible for administering the *Victims of Crime Act 2001* (the VOC Act). The VOC Fund is reported in the administered financial statements of the Department.

The VOC Act establishes principles for the treatment of VOC 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 in addition to costs and disbursements. A claim can succeed without a known offender.

Compensation is paid where an offence has been admitted or proven beyond reasonable doubt. In cases where no person has been charged with an offence, the applicant's evidence must be corroborated. Where an offence has not been established, the Attorney-General has a discretion to make an ex gratia payment to the claimant.

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 \$797 000 (\$836 000).
- Outstanding amounts at 30 June 2013 were \$83 million (\$77 million). Since the inception of the VOC Fund, \$54 million (\$53 million) has been notionally written off.

A further \$2.3 million (\$2.3 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. Total VOC income for 2012-13 was \$49 million (\$48 million) and included VOC levies totalling \$35 million (\$34 million) and revenues from the SA Government of \$8 million (\$7 million). Total VOC expenses for 2012-13 was \$19 million (\$23 million) and included compensation payments of \$11 million (\$16 million), grants of \$3 million (\$3 million) and legal and other costs incurred in the administration of the VOC Fund of \$5 million (\$4 million).

The net result for the VOC was a surplus of \$31 million. Total cash and cash equivalents increased by \$31 million to \$132 million (\$101 million).

Residential Tenancies Fund (RTF)

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

Income derived from investment of the RTF 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.

Security bonds received by the Commissioner during 2012-13 increased by \$2 million to \$83 million (\$81 million). Security bonds refunded for 2012-13 increased by \$6 million to \$71 million (\$65 million).

Investments of fund monies totalling \$168 million are held by the Public Trustee in common funds. These are exposed to movements in the value of the underlying Common Fund assets. Investments increased by \$24 million during 2012-13.

Other administered funds

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

- Agents Indemnity Fund
- Second-hand Vehicles Compensation Fund.

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

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

Taxation

Taxation revenue for 2012-13 totalled \$311 million (\$319 million). Taxation revenue principally comprises gaming machine taxes totalling \$286 million (\$291 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% in the case of machines installed prior to 31 May 2001, and 87.5% in the case of machines installed subsequent to that date. A prescribed percentage of the net gambling revenue is then required to be paid to the Treasurer (Consolidated Account).

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

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

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

On 14 July 2011, the SA Government introduced a new approved trading system to allow eligible persons to purchase and sell gaming machine entitlements. Full details are prescribed in the *Gaming Machines Regulations 2005*.

Under the new approved trading system the purchase price of a gaming machine entitlement is no longer fixed at \$50 000. This means that when a trading round is announced an eligible person can submit a written offer to:

- purchase a gaming machine entitlement and specify the highest price that they would be willing to pay for the entitlement if their offer was accepted
- sell a gaming machine entitlement and specify the lowest price that they would be willing to accept as payment for the entitlement if their offer was accepted.

The following table summarises gaming machine activity for four years to 2013.

	2013	2012	2011	2010
	Number	Number	Number	Number
Machines (installed as at 30 June)	12 613	12 688	12 726	12 744
	2013	2012	2011	2010
	\$'000	\$'000	\$'000	\$'000
Turnover	7 911	7 996	7 989	7 747
Amount won	7 180	7 253	7 243	7 018
Net gambling revenue	731	743	745	751
Tax	286	291	292	283

Independent Gaming Corporation Limited (IGC)

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

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

With respect to the 2012-13 operations, the audit of IGC is complete and an unmodified Independent Auditor's Report was issued for the 2012-13 financial statements of IGC.

Statement of Comprehensive Income for the year ended 30 June 2013

		2013	2012
	Note	\$'000	\$'000
Expenses:			
Employee benefit expenses	5	123 229	129 956
Supplies and services	6	53 748	58 807
Grants and subsidies	7	8 763	9 737
Depreciation and amortisation	8	2 309	2 409
Other expenses	9	1 085	958
Total expenses		<u>189 134</u>	<u>201 867</u>
Income:			
Revenues from fees and charges	11	73 880	74 590
Recoveries	12	18 039	19 455
Commonwealth revenue		4 631	4 178
Grants and subsidies	13	1 550	1 533
Donated asset	30	1 386	-
Other income	14	856	853
Total income		<u>100 342</u>	<u>100 609</u>
Net cost of providing services		<u>(88 792)</u>	<u>(101 258)</u>
Revenues from SA Government	15	91 801	98 328
Net result		<u>3 009</u>	<u>(2 930)</u>
Other comprehensive income:			
Changes in property, plant and equipment revaluation surplus		-	396
Total other comprehensive result		-	396
Total comprehensive result		<u>3 009</u>	<u>(2 534)</u>

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

Statement of Financial Position as at 30 June 2013

		2013	2012
	Note	\$'000	\$'000
Current assets:			
Cash and cash equivalents	16	28 652	30 144
Receivables	17	11 748	13 614
Lease incentives receivable		-	1 779
Total current assets		40 400	45 537
Non-current assets:			
Property, plant and equipment	18(a)	11 569	9 508
Intangible assets	19(a)	1 787	1 086
Total non-current assets		13 356	10 594
Total assets		53 756	56 131
Current liabilities:			
Payables	20	14 093	10 336
Employee benefits	21	8 912	9 024
Provisions	22	302	398
Lease incentives liability		688	699
Other current liabilities	23	28	65
Total current liabilities		24 023	20 522
Non-current liabilities:			
Payables	20	2 129	2 295
Employee benefits	21	23 020	24 701
Provisions	22	1 502	1 317
Lease incentives liability		2 147	2 835
Total non-current liabilities		28 798	31 148
Total liabilities		52 821	51 670
Net assets		935	4 461
Equity:			
Revaluation surplus		396	396
Retained earnings		539	4 065
Total equity		935	4 461

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	25
Contingent assets and liabilities	26

Statement of Changes in Equity for the year ended 30 June 2013

		Revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
	Note			
Balance at 30 June 2011		33 896	236 757	270 653
Net result for 2011-12		-	(1 950)	(1 950)
Changes in property, plant and equipment revaluation surplus		396	-	396
Total comprehensive result for 2011-12		396	(1 950)	(1 554)
Transactions with SA Government as owner:				
Prior period error adjustments to equity		-	(343)	(343)
Other movements for administrative restructure		-	88	88
Net assets transferred as a result of administrative restructures	27	(33 896)	(229 507)	(263 403)
Balance at 30 June 2012		396	5 045	5 441
Prior period adjustments to equity		-	(980)	(980)
Restated balance at 30 June 2012		396	4 065	4 461
Net result for 2012-13		-	3 009	3 009
Total comprehensive result for 2012-13		-	3 009	3 009
Transactions with SA Government as owner:				
Prior period adjustments to equity		-	(44)	(44)
Other movements for administrative restructure		-	(6 491)	(6 491)
Balance at 30 June 2013		396	539	935

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

Statement of Cash Flows for the year ended 30 June 2013

		2013	2012
		Inflows	Inflows
		(Outflows)	(Outflows)
		\$'000	\$'000
Cash flows from operating activities:	Note		
Cash outflows:			
Employee benefit payments		(125 143)	(127 532)
Payments for supplies and services		(54 442)	(57 161)
GST paid to the ATO and suppliers		(11 053)	(8 012)
Grants and subsidies		(8 763)	(9 737)
Payments for Paid Parental Leave Scheme		(374)	(173)
Other payments		(875)	(961)
Cash used in operations		(200 650)	(203 576)
Cash inflows:			
Fees and charges		76 276	79 411
Recoveries		18 039	19 455
GST recovered from the ATO and customers		10 590	8 259
Receipts from Commonwealth		4 631	4 177
Grants and subsidies received		1 549	1 533
Receipts for Paid Parental Leave Scheme		392	201
Other receipts		765	853
Cash generated from operations		112 242	113 889
Cash flows from SA Government:			
Receipts from SA Government		91 801	98 329
Cash generated from SA Government		91 801	98 329
Net cash provided by (used in) operating activities	24	3 393	8 642
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(2 734)	(1 596)
Purchase of intangible assets		(942)	(389)
Cash used in investing activities		(3 676)	(1 985)
Cash inflows:			
Contributions from lease fitout		-	1 120
Cash generated from investing activities		-	1 120
Net cash provided by (used in) investing activities		(3 676)	(865)
Cash flows from financing activities			
Cash outflows:			
Cash from administrative restructure		(1 209)	(378)
Net cash used in financing activities		(1 209)	(378)
Net cash provided by (used in) financing activities		(1 209)	(378)
Net increase (decrease) in cash and cash equivalents		(1 492)	7 399
Cash and cash equivalents at 1 July		30 144	22 745
Cash and cash equivalents at 30 June	16	28 652	30 144

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2013

(Activities - refer note 4)	1	2	3	4	5
Expenses:	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses	77 140	5 434	17 569	3 348	3 520
Supplies and services	34 661	712	7 170	811	749
Grants and subsidies	1 430	7 079	111	132	-
Depreciation and amortisation expense	1 746	8	107	79	7
Other expenses	1 030	4	37	2	2
Total expenses	116 007	13 237	24 994	4 372	4 278
Income:					
Revenues from fees and charges	37 823	132	29 341	6 027	85
Recoveries	8 630	672	916	182	96
Commonwealth revenues	28	4 249	48	10	2
Grants and subsidies	387	27	46	9	9
Donated assets	-	-	-	-	-
Other income	44	-	-	812	-
Total income	46 912	5 080	30 351	7 040	192
Net cost of providing services	(69 095)	(8 157)	5 357	2 668	(4 086)
Revenues from (Payments to) SA Government	-	-	-	-	-
Net result	(69 095)	(8 157)	5 357	2 668	(4 086)

(Activities - refer note 4)	6	7	8	9
Expenses:	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses	5 212	1 154	1 269	1 339
Supplies and services	1 753	319	376	820
Grants and subsidies	-	10	-	-
Depreciation and amortisation expense	82	15	16	16
Other expenses	3	1	1	1
Total expenses	7 050	1 499	1 662	2 176
Income:				
Revenues from fees and charges	124	116	30	30
Recoveries	140	30	34	34
Commonwealth revenues	2	10	-	-
Grants and subsidies	14	3	3	3
Donated assets	-	-	-	-
Other income	-	-	-	-
Total income	280	159	67	67
Net cost of providing services	(6 770)	(1 340)	(1 595)	(2 109)
Revenues from (Payments to) SA Government	-	-	-	-
Net result	(6 770)	(1 340)	(1 595)	(2 109)

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2013 (continued)

(Activities - refer note 4)	10	11	12	Total
	\$'000	\$'000	\$'000	\$'000
Expenses:				
Employee benefit expenses	4 417	2 827	-	123 229
Supplies and services	4 531	1 846	-	53 748
Grants and subsidies	1	-	-	8 763
Depreciation and amortisation expense	84	149	-	2 309
Other expenses	3	1	-	1 085
Total expenses	9 036	4 823	-	189 134
Income:				
Revenues from fees and charges	107	65	-	73 880
Recoveries	7 228	77	-	18 039
Commonwealth revenues	2	280	-	4 631
Grants and subsidies	1 041	8	-	1 550
Donated assets	1 386	-	-	1 386
Other income	-	-	-	856
Total income	9 764	430	-	100 342
Net cost of providing services	728	(4 393)	-	(88 792)
Revenues from (Payments to) SA Government	-	-	91 801	91 801
Net result	728	(4 393)	91 801	3 009

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2012

(Activities - refer note 4)	1	2	3	4	5	6
Expenses:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses	56 752	15 258	2 976	1 262	1 226	3 849
Supplies and services	11 312	9 146	723	368	685	2 065
Grants and subsidies	1 235	216	6 779	-	-	74
Depreciation and amortisation expense	364	1 055	16	31	19	41
Other expenses	420	31	95	12	17	52
Total expenses	70 083	25 706	10 589	1 673	1 947	6 081
Income:						
Revenues from fees and charges	19 471	3 670	-	-	-	12 010
Recoveries	10 406	53	2 445	8	26	573
Commonwealth revenues	-	-	3 871	-	-	-
Grants and subsidies	188	58	98	-	-	-
Other income	-	-	-	-	-	219
Total income	30 065	3 781	6 414	8	26	12 802
Net cost of providing services	(40 018)	(21 925)	(4 175)	(1 665)	(1 921)	6 721
Revenues from (Payments to) SA Government	-	-	-	-	-	-
Net result	(40 018)	(21 925)	(4 175)	(1 665)	(1 921)	6 721

(Activities - refer note 4)	7	8	9	10	11	12
Expenses:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses	13 662	1 115	4 736	7 063	2 396	13 666
Supplies and services	16 381	317	1 399	6 404	1 141	5 992
Grants and subsidies	115	10	-	-	93	114
Depreciation and amortisation expense	439	55	106	96	4	32
Other expenses	46	18	40	14	53	138
Total expenses	30 643	1 515	6 281	13 577	3 687	19 942
Income:						
Revenues from fees and charges	11 302	97	-	6 384	1 002	17 600
Recoveries	3 061	28	12	913	42	1 848
Commonwealth revenues	14	10	-	251	-	-
Grants and subsidies	(3)	-	24	1 009	-	37
Other income	99	198	-	-	-	310
Total income	14 473	333	36	8 557	1 044	19 795
Net cost of providing services	(16 170)	(1 182)	(6 245)	(5 020)	(2 643)	(147)
Revenues from (Payments to) SA Government	-	-	-	-	-	-
Net result	(16 170)	(1 182)	(6 245)	(5 020)	(2 643)	(147)

**Disaggregated Disclosures - Expenses and Income
for the year ended 30 June 2012 (continued)**

(Activities - refer note 4)	13	14	15	16	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses:					
Employee benefit expenses	652	2 176	3 167	-	129 956
Supplies and services	157	1 163	1 554	-	58 807
Grants and subsidies	7	-	1 094	-	9 737
Depreciation and amortisation expense	-	141	10	-	2 409
Other expenses	-	23	(1)	-	958
Total expenses	816	3 503	5 824	-	201 867
Income:					
Revenues from fees and charges	-	1 205	1 849	-	74 590
Recoveries	-	-	40	-	19 455
Commonwealth revenues	-	-	32	-	4 178
Grants and subsidies	-	-	122	-	1 533
Other income	-	21	6	-	853
Total income	-	1 226	2 049	-	100 609
Net cost of providing services	(816)	(2 277)	(3 775)	-	(101 258)
Revenues from (Payments to)					
SA Government	-	-	-	98 328	98 328
Net result	(816)	(2 277)	(3 775)	98 328	(2 930)

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2013

(Activities - refer note 4)	1	2	3	4	5
Current assets:	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	173	-	-	-	-
Receivables	6 066	80	405	1 034	653
Non-current assets:					
Property, plant and equipment	5 720	115	368	939	593
Intangible assets	884	18	57	145	92
Total assets	12 843	213	830	2 118	1 338
Current liabilities:					
Payables	11 048	232	372	949	599
Employee benefits	5 725	451	356	909	574
Provisions	195	15	12	31	19
Lease incentives liability	335	7	22	55	35
Other current liabilities	9	-	-	-	-
Non-current liabilities:					
Payables	1 340	113	87	221	140
Employee benefits	14 482	1 222	937	2 389	1 509
Provisions	945	79	61	156	98
Lease incentives liability	1 061	21	68	174	110
Total liabilities	35 140	2 140	1 915	4 884	3 084
Net assets	(22 297)	(1 927)	(1 085)	(2 766)	(1 746)

(Activities - refer note 4)	6	7	8	9
Current assets:	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	-	-	-	-
Receivables	34	48	-	1
Non-current assets:				
Property, plant and equipment	536	103	29	4
Intangible assets	83	16	4	1
Total assets	653	167	33	6
Current liabilities:				
Payables	109	30	25	121
Employee benefits	236	57	62	111
Provisions	8	2	2	4
Lease incentives liability	31	5	2	-
Other current liabilities	-	-	-	-
Non-current liabilities:				
Payables	39	11	14	25
Employee benefits	422	117	156	273
Provisions	28	8	11	18
Lease incentives liability	100	19	5	1
Total liabilities	973	249	277	553
Net assets	(320)	(82)	(244)	(547)

**Disaggregated Disclosures - Assets and Liabilities
as at 30 June 2013 (continued)**

(Activities - refer note 4)	10	11	12	Total
	\$'000	\$'000	\$'000	\$'000
Current assets:				
Cash and cash equivalents	-	10	28 469	28 652
Receivables	2 896	531	-	11 748
Non-current assets:				
Property, plant and equipment	1 288	1 874	-	11 569
Intangible assets	199	288	-	1 787
Total assets	<u>4 383</u>	<u>2 703</u>	<u>28 469</u>	<u>53 756</u>
Current liabilities:				
Payables	423	185	-	14 093
Employee benefits	365	66	-	8 912
Provisions	12	2	-	302
Lease incentives liability	86	110	-	688
Other current liabilities	10	9	-	28
Non-current liabilities:				
Payables	194	(55)	-	2 129
Employee benefits	2 047	(534)	-	23 020
Provisions	133	(35)	-	1 502
Lease incentives liability	240	348	-	2 147
Total liabilities	<u>3 510</u>	<u>96</u>	<u>-</u>	<u>52 821</u>
Net assets	<u>873</u>	<u>2 607</u>	<u>28 469</u>	<u>935</u>

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2012

(Activities - refer note 4)	1	2	3	4	5	6
Current assets:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	-	173	-	-	-	-
Receivables	4 637	767	128	-	7	21
Lease incentives receivable	130	688	20	6	1	16
Non-current assets:						
Property, plant and equipment	702	3 679	106	33	6	84
Intangible assets	79	420	12	4	1	10
Total assets	5 548	5 727	266	43	15	131
Current liabilities:						
Payables	2 534	1 597	111	63	65	417
Employee benefits	4 136	1 126	278	95	103	224
Provisions	183	49	12	4	5	10
Lease incentives liability	50	262	8	2	-	6
Other current liabilities	(36)	(26)	(2)	(1)	(1)	(7)
Non-current liabilities:						
Payables	956	358	81	21	28	65
Employee benefits	10 311	3 858	875	232	306	702
Provisions	550	206	47	12	16	37
Lease incentives liability	208	1 093	32	10	2	25
Total liabilities	18 892	8 523	1 442	438	524	1 479
Net assets	(13 344)	(2 796)	(1 176)	(395)	(509)	(1 348)
(Activities - refer note 4)	7	8	9	10	11	12
Current assets:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	1	-	-	10	-	-
Receivables	2 624	62	2	2 779	34	2 553
Lease incentives receivable	430	18	97	264	45	68
Non-current assets:						
Property, plant and equipment	2 297	95	516	1 411	241	361
Intangible assets	262	11	59	161	28	41
Total assets	5 614	186	674	4 625	348	3 023
Current liabilities:						
Payables	4 034	19	77	459	155	745
Employee benefits	986	46	205	492	179	952
Provisions	44	2	9	22	8	41
Lease incentives liability	164	7	37	121	17	27
Other current liabilities	(50)	-	(1)	204	(3)	(12)
Non-current liabilities:						
Payables	249	8	41	137	49	236
Employee benefits	2 631	84	439	1 473	531	2 547
Provisions	140	4	23	79	28	136
Lease incentives liability	683	28	153	429	72	107
Total liabilities	8 881	198	983	3 416	1 036	4 779
Net assets	(3 267)	(12)	(309)	1 209	(688)	(1 756)

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2012 (continued)

(Activities - refer note 4)	13	14	15	16	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets:					
Cash and cash equivalents	-	-	-	29 960	30 144
Receivables	-	-	-	-	13 614
Lease incentive receivable	-	(4)	-	-	1 779
Non-current assets:					
Property, plant and equipment	-	(23)	-	-	9 508
Intangible assets	-	(2)	-	-	1 086
Total assets	-	(29)	-	29 960	56 131
Current liabilities:					
Payables	-	60	-	-	10 336
Employee benefits	-	202	-	-	9 024
Provisions	-	9	-	-	398
Lease incentives liability	-	(2)	-	-	699
Other current liabilities	-	-	-	-	65
Non-current liabilities:					
Payables	-	66	-	-	2 295
Employee benefits	-	712	-	-	24 701
Provisions	-	39	-	-	1 317
Lease incentives liability	-	(7)	-	-	2 835
Total liabilities	-	1 079	-	-	51 670
Net assets	-	(1 108)	-	29 960	4 461

Notes to and forming part of the financial statements

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

The aim of the Department is to help create an inclusive, safe and fair South Australia. This will be achieved by fostering justice and harmony through sound laws, protecting people's rights and strengthening communities.

The Department aims to:

- keep people safe in their homes, community and work
- champion fair and transparent access to justice
- protect people's rights and promote public confidence in our institutions and services
- be a high-performing organisation.

2. Summary of significant accounting policies

(a) Statement of compliance

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

The Department has applied AASs that are applicable to not-for-profit entities, as the Department is a not-for-profit entity. 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 2013 (refer note 3).

(b) Basis of preparation

The preparation of the financial statements requires:

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

(b) Basis of preparation (continued)

- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in this financial report:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature
 - (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)
 - (c) employee TVSP information
 - (d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees
 - (e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013 and the comparative information presented.

(c) Reporting entity

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

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

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

The Ombudsman and the Police Ombudsman 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, investigations, advocacy and guardianship services in accordance with its statutory function. The Guardianship Board and Public Advocate were established pursuant to the *Guardianship and Administration Act 1993* and are not subject to the direction of the Minister in the performance of their functions under the Act.

Administered items of the Department include:

- Consumer and Business Services
 - liquor subsidies
 - taxation receipts (casino, gaming, gambling, liquor, lottery licenses)
 - Agents Indemnity Fund
 - Second-hand Vehicles Compensation Fund
 - Residential Tenancies Fund

(c) **Reporting entity (continued)**

- Victims of Crime Fund
- Crown Solicitor's Trust Account
- SA Computer Aided Dispatch
- SA Government Radio Network
- Contribution to Legal Services Commission for Legal Aid
- State Rescue Helicopter Service
- Other
 - Child Abuse Protection program
 - Expensive State Criminal Cases
 - Legal Practitioners Act Fund
 - Professional Standards Council
 - Native Title
 - Special Acts - Payment of Ministerial Salary and Allowances
 - Special Acts - Payment of Statutory Officer Salaries
 - War Graves
 - Industrial Relations Court and Commission & Workers Compensation Tribunal

(d) **Transferred functions**

2011-12

The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 (dated 30 June 2011) declared that:

- the Office for Recreation and Sport, Recreation and Sport Fund, Sport and Recreation Fund and Office for Racing were transferred from the Attorney-General's Department to the Department of Planning and Local Government effective from 1 July 2011 (refer notes 27 and A25).

The Public Sector (Reorganisation of Public Sector Operations) Notice 2011 (dated 8 December 2011) declared that:

- the Office for Women, Office for Youth, Duke of Edinburgh's Award Trust Fund, Office for Volunteers and Multicultural SA were transferred from the Attorney-General's Department to the Department for Communities and Social Inclusion effective from 1 January 2012 (refer notes 27 and A25).

The Administrative Arrangements (Administration of Retail and Commercial Leases Act) Proclamation 2012 (dated 15 March 2012) declared that:

- the Administration of the *Retail and Commercial Leases Act 1995* was committed to the Minister for Small Business effective 22 March 2012. The Retail Shop Lease Fund was transferred from the Attorney-General's Department to the Office of the Small Business Commissioner effective from 22 March 2012 (refer notes 27 and A25).

(e) **Comparative information**

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

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

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

(f) **Rounding**

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

(g) **Taxation**

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

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

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

(g) Taxation (continued)

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

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

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

(h) Events after the reporting period

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

(i) Income

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

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

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

The following are specific recognition criteria:

Fees and charges

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

Contributions (grants)

Contributions are recognised as an asset and income when the Department obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met ie the amount can be reliably measured and the flow of resources is probable.

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

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

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

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

Resources received free of charge

Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

Revenues from SA Government

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

Net gain on non-current assets

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

Other income

Other income consists of refunds and other recoveries.

(j) Expenses

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

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

The following are specific recognition criteria:

Employee benefit expenses

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

Superannuation

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

Depreciation and amortisation

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

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

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

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

Land, non-current assets held for sale and library collections 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 assets</i>	<i>Depreciation method</i>	<i>Useful life (years)</i>
Buildings and other structures	Straight-line	5-80
Leasehold improvements	Straight-line	Life of lease
Plant and equipment	Straight-line	1-16
Intangible assets	Straight-line	1-10
Information technology	Straight-line	3-12
Mobile transport assets	Straight-line	2-16
Radio network assets	Straight-line	5-40

Grants and subsidies

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

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

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

Payments to SA Government

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

(l) Assets

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

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

Cash and cash equivalents

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

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

Cash is measured at nominal value.

Receivables

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

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

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

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Department will not be able to collect the debt. These are generally receivables that are 90 days or more overdue. Bad debts are written off when identified.

Other financial assets

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

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

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

Revaluation increments and decrements are recognised in the investment market value 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. Non-current assets are subsequently measured at fair value less accumulated depreciation. Where assets are acquired at no value or minimal value they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal cost as part of a restructuring of administrative arrangements then the assets are recognised at book value ie the amount recorded by the transferor public authority immediately prior to restructure.

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

Revaluation of non-current assets

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

Every three years, the Department revalues its leasehold improvements, library collections, plant and equipment, IT equipment, buildings and structures and radio network. 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 revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the revaluation surplus to the extent of the credit balance existing in revaluations reserve for that asset class.

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

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

Impairment

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

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

Intangible assets

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

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

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

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

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.

Payables

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

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

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

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

Employee benefit on-costs include superannuation contributions and payroll tax in respect to outstanding liabilities for salaries and wages, LSL, annual leave and skills and experience retention leave.

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

Leases

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

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

- *Lease incentives*

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

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

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

Employee benefits

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

- *Wages, salaries, annual leave, sick leave and skills and experience retention leave*

The liability for salaries and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date. In 2012-13 employees were paid on 28 June for the pay period ending 30 June 2013. Accordingly, at 30 June 2013, there was no liability.

- *Wages, salaries, annual leave, sick leave and skills and experience retention leave (continued)*
The annual leave liability and the skills and experience retention 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, annual leave and the skills and experience retention leave liability are payable later than 12 months, the liability is measured at present value.

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

- *LSL*
The liability for LSL is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

The current portion of LSL reflects the Department's past experience of LSL.

Provisions

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

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

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

A liability has been reported to reflect workers compensation claims. The workers compensation liability, which was based on an actuarial assessment, was provided by the Public Sector Workforce Relations Division of DPC of the outstanding liability as at 30 June 2013. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The workers compensation provision is based on an actuarial assessment prepared by Taylor Fry Consulting Actuaries.

The Department is responsible for the payment of workers compensation claims.

(n) *Unrecognised contractual commitments and contingent assets and liabilities*

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

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

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

(o) *Statement of Change in Equity (Controlled) - prior period adjustments*

An adjustment was made relating to expenses for 2011-12 that were not recorded in 2011-12 financial statements. This amounts to \$980 000 and has been disclosed as a prior period adjustment to equity in the Statement of Changes in Equity.

(p) Statement of Changes in Equity (Controlled) - other movements for administrative restructure

Due to an error in the recovery of costs from the Department of Planning, Transport and Infrastructure during 2012-13, a creditor of \$5.526 million and a debtor of \$242 000 has been brought to account as at 30 June 2013. Corresponding adjustments were also made to the Statement of Changes in Equity for 2012-13.

In addition, an adjustment of \$1.041 million was made to the Statement of Changes in Equity to reflect transactions made on behalf of administrative units that left the Department during 2011-12, but transacted through the Department's accounts during 2012-13.

(q) Statement of Change in Equity (Administered) - prior period adjustments

The valuation brought to account for property, plant and equipment was understated by \$2.788 million in 2011-12. As a result, the revaluation surplus was also understated by \$2.788 million in 2011-12. This has now been corrected through the Statement of Changes in Equity for 2012-13.

(r) Victims of Crime Fund

On 10 August 2012, the Acting Chief Executive was advised of an alleged fraud against the Victims of Crime Fund. During 2012-13, the matter was investigated by South Australia Police and criminal charges arising from these investigations were laid against several individuals. The total sum in question in relation to the offences and alleged offences is approximately \$1.06 million. The Department has been advised that current insurance arrangements cover any losses incurred as a result of fraudulent activity. The insurance arrangement will require the Department to pay a maximum of \$10 000 in respect of each claim.

3. New and revised accounting standards and policies

The Department did not voluntarily change any of its accounting policies during 2012-13.

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 2013. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department.

4. Activities of the Department

Information about the Department's activities are set out in the Disaggregated Disclosures Schedule. An activity is a grouping of related subactivities that contribute to the achievement of agency and government objectives.

Activities from 2012-13**Activity 1: Legal and Justice Services**

This activity is responsible for the provision of legal services by the Crown Solicitor's Office, Office for the Director of Public Prosecutions, Solicitor-General as well as services provided by Forensic Science SA for coronial and police investigations. This activity also includes the Parliamentary Counsel and Justice Technology Services who provide a range of information technology services to justice related agencies.

Activity 2: Legislation and Policy Services

This activity is responsible for providing specialist legal policy advice and develop and review legislative proposals.

Activity 3: Consumer and Business Services

This activity is responsible for the promotion and protection of consumer's interests in South Australia by ensuring that South Australian legislation supports and protects all citizens and that the South Australian public has access to consumer focused services.

Activity 4: Liquor Regulatory Services

This activity deals with encouraging responsible attitudes towards the promotion, sale, supply, consumption and use of liquor products; to minimise the harm associated with these products; and to ensure the sale, supply and consumption of liquor is conducted in a way that contributes to, and does not detract from, the amenity of South Australian community life.

Activity 5: 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 6: Advocacy and Guardianship Services

This activity is responsible for providing services to promote and protect the rights of people with reduced mental capacity and, where appropriate their carers.

Activity 7: Equal Opportunity

This activity is responsible for promoting equality of opportunity for all South Australians through the administration of anti-discrimination legislation.

Activity 8: Police Ombudsman

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

Activity 9: 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 10: Workers Rehabilitation

This comprises the functions of the WorkCover Ombudsman, Workers Compensation Tribunal and Medical Panels SA. These functions support the fair and effective operation of the workers rehabilitation and compensation scheme, the resolution of workers compensation disputes through conciliated agreement or judicial decision and support to independent medical panels which answer questions arising in relation to work injuries.

Activity 11: Employee Advocacy

This comprises the functions of the Employee Ombudsman and the conciliation and arbitration function of the Industrial Relations Commission. These functions help ensure the rights of all parties under South Australian workplace law are protected and to assist parties to resolve their differences by agreement, or otherwise, hear and determine cases in a fair and timely manner.

Activity 12: General/Not attributable

Certain items of the Department are not allocated to activities.

Activities from 2011-12

Activity 1: Legal Services

This activity is responsible for the provision of legal services by the Crown Solicitor's Office, Office for the Director of Public Prosecutions, Solicitor-General and the Parliamentary Counsel.

Activity 2: Forensic Science

Provision of forensic science services, primarily in relation to coronial and police investigations.

Activity 3: Policy, Planning and Legislation

This activity provides advice on policy development, review and reform of the law, evaluation of Justice initiatives and strategic planning.

Activity 4: Police Ombudsman

Included in this activity is the requirement to maintain public confidence in, and proper accountability of the South Australia 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: 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 7: Justice Portfolio

This activity is focused on providing excellence in customer service in the delivery of Justice portfolio support services, including procurement and contract management, ICT, ministerial offices and ministerial support.

Activity 8: Building Communities - Equal Opportunity

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

Activity 9: Building Communities - Advocacy and Guardianship Services

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

Activity 10: Workers Rehabilitation and Employee Advocacy

This comprises the functions of the Industrial Relations Commission, Workers Compensation Tribunal, Employee Ombudsman, WorkCover Ombudsman and Medical Panels SA. These functions support the workers rehabilitation and compensation scheme, the resolution of workers compensation and workplace disputes and assist parties to resolve their differences by agreement, or otherwise, hear and determine cases in a fair and timely manner. This function also supports independent medical panels which answer questions arising in relation to work injuries.

Activity 11: 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 12: Consumer and Business Affairs

This activity covers the promotion and protection of consumer's interests in South Australia by ensuring that South Australian legislation supports and protects all citizens and that the South Australian public has access to consumer focused services.

Activity 13: Building Communities - Status of Women

Pursuit of the full and equal participation of women in the social and economic life of the State by providing innovative and balanced public policy advice to government. Providing high quality state-wide 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; to minimise the harm associated with these products; and to ensure the sale, supply and consumption of liquor is conducted in a way that contributes to, and does not detract from, the amenity of South Australian community life.

Activity 15: Building Communities - Multicultural, Youth and Volunteer Services

This activity is focused on providing valued services to South Australia's multicultural community, young people and volunteers. It incorporates Multicultural SA, the Office for Youth and the Office for Volunteers.

Activity 16: General/Not attributable

Certain items of the Department are not allocated to activities.

5. Employee benefit expenses	2013	2012
	\$'000	\$'000
Salaries and wages	88 828	92 215
Employee on-costs - superannuation	11 621	12 413
Annual leave	7 787	8 547
Employee on-costs - other	5 544	5 918
TVSPs (refer below)	4 391	1 481
Board fees	1 659	1 726
LSL	1 624	7 103
Skills and experience retention leave	723	-
Workers compensation	503	(264)
Other	549	817
Total employee benefit expenses	123 229	129 956

TVSPs	2013	2012
Amount paid during the reporting period to separated employees:	\$'000	\$'000
TVSPs	4 391	1 481
Annual leave and LSL paid to these employees	1 260	568
Recovery from DTF	(4 193)	(1 959)
Net cost to the Department	1 458	90

The number of employees who received TVSPs during the reporting period was 36 (12).

Remuneration of officers	2013	2012
The number of officers whose remuneration received or receivable falls within the following bands:	Number	Number
\$134 000 - \$137 999**	n/a	26
\$138 000 - \$147 999*	44	20
\$148 000 - \$157 999	10	6
\$158 000 - \$167 999	6	9
\$168 000 - \$177 999	8	6
\$178 000 - \$187 999*	6	3
\$188 000 - \$197 999	2	12
\$198 000 - \$207 999*	21	16
\$208 000 - \$217 999	8	1
\$218 000 - \$227 999*	-	1
\$228 000 - \$237 999	1	1
\$238 000 - \$247 999	2	5
\$248 000 - \$257 999*	5	5
\$258 000 - \$267 999	8	11
\$268 000 - \$277 999	3	1
\$278 000 - \$287 999*	3	4
\$288 000 - \$297 999	4	3
\$298 000 - \$307 999*	4	3
\$308 000 - \$317 999	1	1
\$318 000 - \$327 999*	2	1
\$328 000 - \$337 999*	1	3
\$338 000 - \$347 999	2	-
\$348 000 - \$357 999	1	-
\$368 000 - \$377 999*	1	1
\$378 000 - \$387 999	-	1
\$388 000 - \$397 999	2	-
\$398 000 - \$407 999	-	1
\$418 000 - \$427 999	1	-
\$428 000 - \$437 999	-	1
\$448 000 - \$457 999	1	-
\$458 000 - \$467 999*	-	1
\$478 000 - \$487 999*	3	3
\$488 000 - \$497 999	-	1
\$498 000 - \$507 999*	1	-
\$508 000 - \$517 999*	-	1
\$618 000 - \$627 999	1	-
\$678 000 - \$687 999*	-	1
Total	152	149

* Includes payment of LSL, annual leave, termination benefits for officers who have left the Department.

** This band has been included for the purposes of reporting comparative figures based on executive base level remuneration for 2011-12.

Remuneration of officers by category	2013	2012
	Number	Number
Legal	102	102
Executive	21	19
Other	29	28
Total	152	149

The table includes all officers who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of officers 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 officers was \$32.6 million (\$32 million).

6. Supplies and services	2013 \$'000	2012 \$'000
Accommodation	15 729	16 131
ICT	15 534	15 082
Contract staff	2 476	2 936
Legal fees	2 220	3 466
Office expenses	1 717	2 157
SSSA charges	1 515	2 066
Staff payments	1 507	2 540
Telephone related expenses	1 304	1 696
Laboratory supplies	1 221	1 224
Promotions and publications	1 057	1 188
Motor vehicle expenses	1 009	1 260
Repairs, maintenance and minor purchases	964	764
Outsourced services	859	662
Tax and taxable payments	749	876
Storage and archive costs	491	548
Consultancies	455	668
Minor works	158	386
Insurance	97	99
Other	4 686	5 058
Total supplies and services	53 748	58 807

Supplies and services provided by entities within the SA Government:

ICT	2 057	2 046
Accommodation	15 001	15 032
Contract staff	24	2
Staff payments	92	127
Office expenses	3	9
Laboratory supplies	-	4
Telephone related expenses	729	1 112
Motor vehicle expenses	824	1 109
Promotions and publications	46	78
Repairs, maintenance and minor purchases	13	-
SSSA charges	1 515	2 066
Minor works	934	127
Consultancies	-	2
Storage and archive costs	5	13
Insurance	97	99
Other	521	754
Total supplies and services - SA Government entities	21 861	22 580

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

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	2013		2012	
	Number	\$'000	Number	\$'000
Below \$10 000	27	81	33	89
Between \$10 000 and \$50 000	9	189	15	346
Above \$50 000	2	185	2	233
Total paid/payable to the consultants engaged	38	455	50	668

7. Grants and subsidies	2013 \$'000	2012 \$'000
Grants to:		
Community legal centres	5 281	4 870
Crime prevention grants	1 160	1 444
South Australian Native Title Service	800	850

7. Grants and subsidies (continued)	2013	2012
Grants by:	\$'000	\$'000
Native Title Unit	367	350
Office for Youth	-	553
Multicultural SA	-	191
Other	1 155	1 479
Total grants and subsidies	8 763	9 737
Grants and subsidies provided to entities within the SA Government for:		
Community legal centres	-	60
Crime prevention grants	245	245
Native Title Unit	365	350
Other	122	355
Total grants and subsidies - SA Government entities	732	1 010
8. Depreciation and amortisation expense		
Depreciation:		
Plant and equipment	1 092	1 175
Leasehold improvements	658	811
Information technology	286	169
Total depreciation	2 036	2 155
Amortisation:		
Intangible assets	273	254
Total amortisation	273	254
Total depreciation and amortisation expense	2 309	2 409
9. Other expenses		
Witness expenses	570	686
Doubtful debt expense	204	28
Other	311	244
Total other expenses	1 085	958
Other expenses paid/payable to entities within the SA Government:		
Witness expenses	570	686
Other	-	242
Total other expenses - SA Government entities	570	928
10. Auditor's remuneration		
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	303	244
Total auditor's remuneration	303	244
Other services		
No other services were provided by the Auditor-General's Department.		
11. Revenues from fees and charges		
Licence and regulatory fees	29 509	30 312
Legal services	17 883	17 185
Network services	13 546	13 415
Recovery of expenditure	8 073	7 241
Forensic services	4 651	4 356
Interpreting and translating services	-	1 848
Other	218	233
Total revenues from fees and charges	73 880	74 590
Fees and charges received/receivable from entities within the SA Government:		
Legal services	17 382	17 151
Network services	13 546	13 415
Recovery of expenditure	8 073	7 241
Forensic services	3 845	3 444
Interpreting and translating services	-	1 382
Other	25	41
Total revenues from fees and charges - SA Government entities	42 871	42 674

12. Recoveries	2013	2012
Recovery of expenditure for:	\$'000	\$'000
Crown Solicitor's Office	6 860	7 704
Industrial Relations Court and Commission	4 469	4 401
Medical panels	2 583	3 047
Consumer and Business Services	556	708
Crime Statistics	549	566
WorkCover Ombudsman	415	392
Business operations	138	284
Human resource services	133	230
Other	2 336	2 123
Total recoveries	18 039	19 455
Recoveries received/receivable from entities within the SA Government:		
Crown Solicitor's Office	4 519	7 487
Industrial Relations Court and Commission	4 469	4 142
Medical panels	2 583	3 044
Consumer and Business Services	10	513
WorkCover Ombudsman	415	392
Business operations	111	255
Human resource services	119	218
Other	1 389	1 528
Total recoveries - SA Government entities	13 615	17 579
13. Grants and subsidies		
Grants received:		
Industrial Relations Court and Commission	742	724
Office for Youth	-	100
Crown Solicitor's Office	135	135
Other	673	574
Total grants and subsidies received	1 550	1 533
Grants received from SA Government entities:		
Industrial Relations Court and Commission	742	724
Crown Solicitor's Office	135	135
Other	583	571
Total grants from SA Government entities	1 460	1 430
14. Other income/revenue		
Other	856	853
Total other income	856	853
15. Revenues from SA Government		
Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	84 076	95 028
Appropriations received from the Treasurer's Contingency Fund	7 725	3 300
Total revenues from SA Government	91 801	98 328
Total revenues from government consists of \$84 million (\$95 million) for operational and capital funding. For details on the expenditure associated with the operational funding received refer notes 5 to 10. There were no material variations between the amount appropriated and the expenditure associated with this appropriation. Additional amounts were received during the year from the Treasurer's Contingency Fund.		
16. Cash and cash equivalents	2013	2012
	\$'000	\$'000
Deposits with the Treasurer ⁽¹⁾	28 327	29 964
Cash and cheques in transit	268	124
Cash on hand (including petty cash) ⁽²⁾	57	56
Total cash and cash equivalents	28 652	30 144

⁽¹⁾ *Deposits with Treasurer*

Includes funds held in the Accrual Appropriation Excess Funds Account of \$16.9 million (\$17.5 million). The balances of these funds are not available for general use ie funds can only be used in accordance with the Under Treasurer's approval.

⁽²⁾ *Interest rate risk*

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

17. Receivables	2013 \$'000	2012 \$'000
Receivables	11 229	13 585
Allowance for doubtful debts	(794)	(593)
GST receivable	693	155
Prepayments	620	467
Total receivables	11 748	13 614
Receivables from SA Government entities:		
Receivables	10 583	13 039
Allowance for doubtful debts	(741)	(539)
Total receivables from SA Government entities	9 842	12 500

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (ie calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired.

An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movements in the allowance for doubtful debts (impairment loss):	2013 \$'000	2012 \$'000
Carrying amount at 1 July	593	642
Increase (Decrease) in the allowance	201	(49)
Carrying amount at 30 June	794	593

Interest rate and credit risk

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

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

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

18. (a) <i>Property, plant and equipment</i>	2013	2012
Leasehold improvements:	\$'000	\$'000
Leasehold improvements at fair value	13 106	10 253
Accumulated amortisation	(5 660)	(5 000)
Total leasehold improvements	7 446	5 253
Plant and equipment:		
Plant and equipment at fair value	10 945	10 603
Accumulated depreciation	(8 366)	(7 795)
Total plant and equipment	2 579	2 808
Information technology:		
Information technology at fair value	6 731	6 633
Accumulated depreciation	(6 108)	(5 822)
Total information technology	623	811
Library collections:		
Library collections at fair value	407	407
Total library collections	407	407

18. (a) Property, plant and equipment (continued)

	2013	2012
	\$'000	\$'000
Capital work in progress:		
Capital work in progress at cost	514	229
Total capital work in progress	514	229
Total property, plant and equipment	11 569	9 508

(1) Valuations of leasehold improvements, plant and equipment were performed by Martin Burns, MBA, BAppSc Property Resource Management, AAPI, Certified Practising Valuer of Liquid Pacific as at 30 June 2012.

(2) There were no indications of impairment of plant and equipment at 30 June 2013.

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.

(b) Property, plant and equipment movement schedule

	Leasehold imprvmnts \$'000	Capital works in progress \$'000	Information technology \$'000
2013			
Carrying amount at 1 July	5 253	229	811
Additions	1 465	443	98
Depreciation and amortisation	(658)	-	(286)
Transfer from (to) work in progress	-	(50)	-
Asset donated free of charge	1 386	-	-
Disposals	-	-	-
Other charges	-	(108)	-
Carrying amount at 30 June	7 446	514	623

	Library collections \$'000	Plant and equipment \$'000	Total property, plant and equipment \$'000
Carrying amount at 1 July	407	2 808	9 508
Additions	-	873	2 879
Depreciation and amortisation	-	(1 092)	(2 036)
Transfer from (to) work in progress	-	-	(50)
Asset donated free of charge	-	-	1 386
Disposals	-	(11)	(11)
Other charges	-	1	(107)
Carrying amount at 30 June	407	2 579	11 569

	Land \$'000	Leasehold imprvmnts \$'000	Capital works in progress \$'000	Recreation and sport infrastructure \$'000
2012				
Carrying amount at 1 July	9 750	5 879	51	261 130
Additions	-	-	176	-
Depreciation and amortisation	-	(811)	-	-
Revaluation	-	396	-	-
Transfer from (to) work in progress	-	-	-	-
Transfers out due to administrative restructure	(9 750)	(72)	-	(261 130)
Disposals	-	(45)	-	-
Other charges	-	(94)	2	-
Carrying amount at 30 June	-	5 253	229	-

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

	Information technology \$'000	Library collections \$'000	Plant and equipment \$'000	Total property, plant and equipment \$'000
2012 (continued)				
Carrying amount at 1 July	335	407	4 391	281 943
Additions	627	-	852	1 655
Depreciation and amortisation	(169)	-	(1 175)	(2 155)
Revaluation	-	-	-	396
Transfer from (to) work in progress	48	-	(216)	(168)
Transfers out due to administrative restructure	-	-	(1 071)	(272 023)
Disposals	(4)	-	-	(49)
Other charges	(26)	-	27	(91)
Carrying amount at 30 June	811	407	2 808	9 508

19. (a) Intangible assets	2013 \$'000	2012 \$'000
Computer software:		
Internally developed computer software	3 297	3 194
Accumulated amortisation	(2 725)	(2 453)
Total computer software	572	741
Work in progress:		
Intangible work in progress at cost	1 215	345
Total work in progress	1 215	345
Total intangible assets	1 787	1 086

The internally developed computer software and work in progress relates to Forensic Science South Australia's Case Management Database software. There were no indications of impairment of intangible assets at 30 June 2013.

(b) Intangibles movement schedule

	Computer software \$'000	Intangible work in progress \$'000	Total intangibles \$'000
Carrying amount at 1 July 2012	741	345	1 086
Additions	-	932	932
Transfers from (to) work in progress	104	(54)	50
Depreciation and amortisation	(273)	-	(273)
Other charges	-	(8)	(8)
Carrying amount 30 June 2013	572	1 215	1 787
Carrying amount at 1 July 2011	998	29	1 027
Additions	-	409	409
Transfers from (to) work in progress	261	(93)	168
Depreciation and amortisation	(254)	-	(254)
Other changes	(264)	-	(264)
Carrying amount 30 June 2012	741	345	1 086

20. Payables	2013 \$'000	2012 \$'000
Current:		
Accruals	11 280	6 278
Creditors	1 510	2 753
Employee on-costs	1 275	1 291
Other current payables	28	14
Total current payables	14 093	10 336
Non-current:		
Employee on-costs	2 129	2 295
Total non-current payables	2 129	2 295
Total payables	16 222	12 631

20. Payables (continued)	2013	2012
Payables to SA Government entities:	\$'000	\$'000
Accruals	8 053	1 847
Creditors	463	741
Employee on-costs	1 667	1 764
Total payables to SA Government entities	10 183	4 352

DTF has performed an actuarial assessment of LSL as at 30 June 2013. The percentage of the proportion of LSL taken as leave remains unchanged from the 30 June 2012 percentage rate of 40% and the average factor for the calculation of employer superannuation on-cost is 10.2% (10.3%). These rates are used in the employment on-cost calculation.

The financial effect of the change in the superannuation on-cost rate on employment on-costs and employee benefit expense is immaterial.

Interest rate and credit risk

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

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

21. Employee benefits	2013	2012
Current:	\$'000	\$'000
Annual leave	6 554	6 995
LSL	1 795	2 029
Skills and experience retention leave	563	-
Total current employee benefits	8 912	9 024
Non-current:		
LSL	23 020	24 701
Total non-current employee benefits	23 020	24 701
Total employee benefits	31 932	33 725

AASB 119 contains the calculation methodology for LSL liability. This year, the actuarial assessment performed by DTF was used to calculate the liability rather than using a shorthand measurement technique for the calculation of the liability.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has increased from 2012 (3%) to 2013 (3.75%).

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

The net financial effect of the changes in the current financial year is a decrease in the LSL liability of \$2.4 million and employee benefit expense of \$229 000. The impact on future periods is impracticable to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

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

The public sector skills and experience retention leave entitlement applies as from 1 July 2012 to public sector employees who have completed 15 or more years of effective service who are employed under the PSA.

The skills and experience retention leave entitlement provides eligible employees up to two working days transitional entitlement for 2011-12, and up to two working days entitlement for 2012-13. Eligible employees are able to apply for and take the leave on or after 1 July 2013.

22. Provisions	2013	2012
Current:	\$'000	\$'000
Provisions for workers compensation	302	398
Total current provisions	302	398
Non-current:		
Provisions for workers compensation	1 502	1 317
Total non-current provisions	1 502	1 317
Total provisions	1 804	1 715
Movement in provisions:		
Carrying amount at 1 July	1 715	2 337
Increase (reduction) in provisions recognised	89	(622)
Carrying amount at 30 June	1 804	1 715

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

23. Other liabilities	2013	2012
Current:	\$'000	\$'000
Other	28	65
Total current other liabilities	28	65
Other liabilities from SA Government entities:		
Other	10	-
Total other liabilities from SA Government entities	10	-

24. Cash flow reconciliation		
Reconciliation of cash and cash equivalents at 30 June:		
Balance as per the Statement of Cash Flows	28 652	30 144
Cash and cash equivalents disclosed in the Statement of Financial Position	28 652	30 144

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services

Net cash provided by (used in) operating activities	3 393	8 642
Revenues from SA Government	(91 801)	(98 328)
Non-cash items:		
Depreciation and amortisation expense	(2 309)	(2 409)
Loss on disposal	(9)	(48)
Bad debt write-off	(201)	49
Non-current assets accrual in payables	167	-
Adjustment on restructure	6 568	(9 086)
Movement in assets/liabilities:		
Receivables	(1 665)	(7 009)
Other assets	-	(116)
Lease incentive receivable	(1 779)	-
Payables	(3 590)	3 926
Employee benefits	1 793	(1 080)
Provisions	(89)	622
Lease incentives liability	699	551
Other liabilities/borrowings	31	3 029
Net cost of providing services	(88 792)	(101 258)

25. Unrecognised contractual commitments

Operating lease 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	12 091	12 879
Later than one year but not longer than five years	33 872	39 394
Later than five years	6 174	7 438
Total operating lease commitments	52 137	59 711

Operating lease 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.

Remuneration commitments	2013	2012
Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:	\$'000	\$'000
Within one year	18 136	18 065
Later than one year but not longer than five years	35 046	39 576
Later than five years	361	812
Total remuneration commitments	<u>53 543</u>	<u>58 453</u>

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

Other commitments

Grants ⁽¹⁾	424	242
Motor vehicles ⁽²⁾	1 037	1 134
Other ⁽³⁾	148	19
Total	<u>1 609</u>	<u>1 395</u>
Within one year	1 162	952
Later than one year but not longer than five years	447	443
Total other commitments	<u>1 609</u>	<u>1 395</u>

(1) Grant amounts payable under agreements in respect of which the grantee has yet to provide the services required under the agreement.

(2) Agreements for the provision of motor vehicles to executive officers or sections (ie pool vehicles) are leased from SAFA through their agent LeasePlan Australia. There are no purchase options available to the Department.

(3) Other commitments relate to purchase orders placed for goods and services before 30 June 2013.

26. Contingent assets and liabilities

There are no contingent assets and liabilities as at 30 June 2013.

27. Transferred functions**2011-12****Transferred out**

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 July 2011 the Department transferred responsibility of the Office for Recreation and Sport and the Office for Racing to the Department of Planning and Local Government.

Assets and liabilities relating to these business units were transferred out of the Attorney-General's Department as at 1 July 2011.

	Office for Recreation and Sport \$'000	Office for Racing \$'000	2012 Total \$'000
Cash	132	-	132
Receivables	519	-	519
Property, plant and equipment	271 918	-	271 918
Other assets	157	1	158
Total assets	<u>272 726</u>	<u>1</u>	<u>272 727</u>
Payables	3 908	19	3 927
Provisions	6	-	6
Employee benefit	1 346	150	1 496
Borrowings	3 048	-	3 048
Other liabilities	235	-	235
Total liabilities	<u>8 543</u>	<u>169</u>	<u>8 712</u>
Total net assets transferred	<u>264 183</u>	<u>(168)</u>	<u>264 015</u>

27. Transferred functions (continued)

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.

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 January 2012 the Department transferred responsibility for Multicultural SA, the Office for Women, Office for Volunteers, and the Office for Youth to the Department for Communities and Social Inclusion.

Assets and liabilities relating to these business units were transferred out of the Attorney-General's Department as at 1 January 2012.

	Multi-cultural SA \$'000	Office for Women \$'000	Office for Volunteers \$'000	Office for Youth \$'000	2012 Total \$'000
Assets:					
Cash	-	246	-	-	246
Receivables	537	-	-	-	537
Property, plant and equipment	-	-	94	11	105
Total assets	537	246	94	11	888
Liabilities:					
Payables	63	19	25	37	144
Employee benefit	596	172	237	351	1 356
Total liabilities	659	191	262	388	1 500
Total net assets transferred	(122)	55	(168)	(377)	(612)

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.

Under the decision of the Council of Australian Governments, responsibility for the South Australian Business Names Register transferred to the Commonwealth effective from 28 May 2012. No assets or liabilities transferred to the Commonwealth as part of this arrangement.

Under the Administrative Arrangements (Administration of Retail and Commercial Leases Act) Proclamation 2012, from 22 March 2012 the Department transferred responsibility for the Retail Shop Leases Fund to the Office of the Small Business Commissioner. Assets and Liabilities relating to these business units were transferred out of the Attorney-General's Department as at 1 April 2012.

	Retail Shop Leases Fund \$'000
Cash	-
Receivables	-
Property, plant and equipment	-
Other assets	-
Total assets	-
Payables	-
Provisions	-
Employee benefit	71
Borrowings	-
Other liabilities	-
Total liabilities	71
Total net assets transferred	(71)

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.

28. Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2012-13 financial year were:

Health Practitioners Tribunal

T W Abrahams	D C Gurry (appointed 01.07.12)	C M Pearce
K A Adams-Leask*	N M Haensel*	A M Pierce
(appointed 25.10.12)	R E Hardy (appointed 01.07.12)	G R Pitcher

Health Practitioners Tribunal (continued)

C P Alderman*	K G Harris	K L Plastow
K R Allen	R C Heah (appointed 16.08.12)	J Prider
J G Angove	M Heartfield	T L R Quarmby (appointed 25.10.12)
L J Banner	T Hewitt	D T Riseley
J S Barron	T C Hill	P D Roberts
C Belford	A C Holliday	K F Rooney
D C Blaikie	K A Hough* (appointed 25.10.12)	D A Sainsbury
A Booth*	S R Joslin	A Salerno
R Boyd (appointed 25.10.12)	T M Kent	J F Scott
B D Branson*	M A Kirkman	W H Squire
(appointed 25.10.12)	J M Kitschke	B H Steele
M I Brown	R A Mack (appointed 25.10.12)	B B Stefan-Rasmus*
N Burton	R J Marotti*	J I Stephenson
M C De Rohan	M P Matthews	G W Taylor
B M Dilettoso	J C McMahon	D N Thakur (appointed 25.10.12)
D J Donashey*	D J Mensforth (appointed 25.10.12)	A R S Thomas
(appointed 25.10.12)	J Menz	R L Timbs
K M Duffy*	M B Mildren	I P Todd
(appointed 25.10.12)	H L Moddy (appointed 25.10.12)	F J Van Der Linden
V Farmer	M R Moy (appointed 16.08.12)	A L Van Essen
M H Feldman	N B Murry	J Viccajee
J M Fuss	A R Nankivell	C A Wagner (appointed 16.08.12)
N C Galatis	S M Newell	G P West
M Gheisar	A R Newman (appointed 01.07.12)	S E White
E Golding	D Ng	C L Whiteford
J L Graham*	M F O'Keefe	P J Williams
(appointed 25.10.12)	T Parmiter* (appointed 25.10.12)	A Willson
N K Grbin	M P W Parsons	P Y Willson (appointed 01.07.12)
M F Griec	M B Pattison (appointed 25.10.12)	R L Young

Guardianship Board

J A Abbey	J A Fry (term expired 24.01.13)	S Mclean
J E Anderson	P C Gaughwin (appointed 18.10.12)	K J Millar
G M Berce	L Gilfillan	J J Moore*
E M Bishop	D E Gursansky	J M Petrie
(appointed 18.10.12)	R C Halliday	L J Powell (term expired 16.12.12)
G B Box	J M Harry (term expired 11.10.12)	E C Quinn (term expired 11.10.12)
K Boxall (appointed 09.08.12)	R F Hordern (term expired 16.12.12)	N J Rainford
R A Clancy	K J Hoffensetz (appointed 18.10.12)	G L D Rawson
(appointed 29.11.12)	E Huxtable (appointed 18.10.12)	T M Rymill
L Clark	A G King (appointed 18.10.12)	E A Salna
D T Coyte (appointed 18.10.12)	E Koussidis	I L Shephard
J Curtis	J Lammersma	L V Sheppard
K M J Dahl	S A Langton	P L Simpson
B M Day (appointed 18.10.12)	C D Lester	E F Skinner
L A Denson	A Macolino (appointed 18.10.12)	P Sutton (term expired 11.10.12)
D Dorstyn	R Maerschel	G N Twohig
A P Durkin	A V McLean (appointed 18.10.12)	J H Worrall
J D Forgan		
(term expired 14.03.13)		

Ministerial Advisory Committee on Victims of Crime (dissolved 31.12.12)

M A Finocchio*	D Mackie*	D Oliver*
A J Ford*	M Mitchell	T I Osborn*
D Gilchrist-Humphrey	F Mort*	V Swan*
J Gunn*	L M Nitschke	G Thompson*
G Korolis*	M J O'Connell*	T Waters

Residential Tenancies Tribunal

M S Alvino	J S Dunstone	P K Mickan
H J Anderson	I W Garnham (appointed 12.01.13)	T M Rymill
S W Andrew	S Georgiadis	G N Twohig
P V Carey	K M Hannon (term expired 22.02.13)	R T Vincent
P J Duffy	B E Johns	

SA Classification Council

B E Biggins	A P Durkin	G S Karzis
M J Dawson	E Huxtable	J J Redman

Forensic Science Advisory Committee

B J Kearney*	C M Mealor*	G J Stevens*
A P Kimber*	A P Moss	M J Wieszyk*

South Australian Sentencing Advisory Council

P J Alexander	I D Leader-Elliott	M J O'Connell*
S C Callaghan	D A McLennan	I D Press*
L J Chapman	G Mead*	K K Thomas*
P Dickson*	C M Mealor*	B Waldron*
K P Duggan	E F Nelson	M R Woods
M A Guong		

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

The number of members whose remuneration received or receivable falls within the following bands:	2013 Number	2012 Number
\$0 - \$9 999	164	162
\$10 000 - \$19 999	8	7
\$20 000 - \$29 999	9	12
\$30 000 - \$39 999	5	7
\$40 000 - \$49 999	1	1
\$50 000 - \$59 999	1	1
\$60 000 - \$69 999	3	-
\$70 000 - \$79 999	2	2
\$80 000 - \$89 999	1	2
\$110 000 - \$119 999	1	2
\$120 000 - \$129 999	1	1
\$130 000 - \$139 999	-	1
\$180 000 - \$189 999	1	-
\$210 000 - \$219 999	1	1
Total	198	199

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 \$1.8 million (\$1.76 million).

Amounts paid to a superannuation plan for board/committee members was \$170 000 (\$220 000).

For those boards that transferred to the Department for Communities and Social Inclusion from 1 January 2012, remuneration payable up to 31 December 2011 has been included.

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 5 Trust Accounts. Payments to these members has been included above.

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.

29. 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 asset, financial liability and equity instrument are disclosed in note 2.

	Note	2013		2012	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets					
Cash and cash equivalents:					
Cash and cash equivalents	16	28 652	28 652	30 144	30 144
Loans and receivables:					
Receivables ⁽¹⁾⁽²⁾	17	10 435	10 435	12 992	12 992
Financial liabilities					
Financial liabilities at cost:					
Payables ⁽¹⁾	20	12 818	12 818	9 045	9 045
Other liabilities	23	28	28	65	65

(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 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).

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 17 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Fair value

The Department does not recognise any financial assets or financial liabilities at fair value (refer note 2).

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

(b) Ageing analysis of financial assets

The following table discloses the ageing of financial assets which are past due, analysed into those assets which are impaired and not impaired.

	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	
2013				
Not impaired:				
Receivables ⁽¹⁾	1 113	163	1 439	2 715
Impaired:				
Receivables	-	-	794	794
2012				
Not impaired:				
Receivables ⁽¹⁾	862	450	975	2 287
Impaired:				
Receivables	-	-	593	593

(c) Maturity analysis of financial assets and liabilities

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

	Carrying amount \$'000	Contractual maturities		
		Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2013				
Financial assets:				
Cash and cash equivalents	28 652	28 652	-	-
Receivables ⁽¹⁾	10 435	10 435	-	-
Total financial assets	39 087	39 087	-	-
Financial liabilities:				
Payables ⁽¹⁾	12 818	12 818	-	-
Finance lease liability	2 835	688	2 147	-
Total financial liabilities	15 653	13 506	2 147	-
2012				
Financial assets:				
Cash and cash equivalents	30 144	30 144	-	-
Receivables ⁽¹⁾	12 992	12 992	-	-
Other financial assets	1 779	1 779	-	-
Total financial assets	44 915	44 915	-	-
Financial liabilities:				
Payables ⁽¹⁾	9 045	9 045	-	-
Finance lease liability	3 533	698	2 835	-
Total financial liabilities	12 578	9 743	2 835	-

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

Liquidity risk

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

The continued existence of the Department in its present form, and with its present programs, is dependent on State Government policy and on continuing appropriations by Parliament for the Department's administration and programs. The Department aims to settle undisputed accounts within 30 days from the date of the invoice or date the invoice is first received.

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

Market risk

The Department currently holds no interest bearing financial instruments and is not exposed to interest rate risk.

Sensitivity disclosure analysis

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

30. Donated asset

This represents a transfer of the fitout of the office accommodation for the Industrial Relations Courts and Commission from the Department of Planning, Transport and Infrastructure.

31. Events after reporting period**Fines Enforcement and Recovery Unit**

The Statute Amendment (Fines Enforcement and Recovery) Bill 2013 passed Parliament on 23 July 2013. As part of this Bill, responsibility for the administration of fines will move, during 2013-14, from the Courts Administration Authority. A dedicated Fines Enforcement and Recovery Unit will be established within the Attorney-General's Department.

The estimated financial impact on 2013-14 year would be an increase in expenditure of \$7.5 million and increase in revenue of \$32 million from date of transfer.

Statement of Administered Comprehensive Income for the year ended 30 June 2013

		2013	2012
	Note	\$'000	\$'000
Expenses:			
Payments to Consolidated Account		317 977	322 672
Grants and subsidies	A7	44 066	43 253
Victims of Crime payments	A8	10 838	16 313
State Rescue Helicopter Service charges	A9	10 796	10 683
Employee benefit expenses	A10	15 067	14 642
Depreciation and amortisation	A11	5 506	7 466
Donated asset		-	2 281
Other expenses	A12	47 503	40 922
Total expenses		<u>451 753</u>	<u>458 232</u>
Income:			
Taxation revenue	A2	311 201	318 930
Revenues from SA Government	A3	66 200	75 888
Commonwealth revenue		15 695	15 434
Grants and subsidies received	A4	2 475	1 643
Interest revenues	A5	19 596	23 295
Victims of Crime levies		34 896	33 980
Fees and charges		3 199	3 237
Sales of goods and services		23 985	23 472
Recoveries and other income	A6	14 860	13 711
Total income		<u>492 107</u>	<u>509 590</u>
Net result		<u>40 354</u>	<u>51 358</u>
Other comprehensive income:			
Market value movement of investments		7 992	(1 001)
Changes in property, plant and equipment revaluation surplus		4 497	(16 011)
Other movements for restructure activities		(130)	-
Total comprehensive result		<u><u>52 713</u></u>	<u><u>34 346</u></u>

Statement of Administered Financial Position as at 30 June 2013

		2013	2012
	Note	\$'000	\$'000
Current assets:			
Cash and cash equivalents	A13	294 631	264 604
Receivables	A14	35 301	37 138
Investments	A15	99 396	89 662
Total current assets		<u>429 328</u>	<u>391 404</u>
Non-current assets:			
Investments	A15	120 111	101 119
Intangible assets	A17	-	4
Property, plant and equipment	A16(a)	60 829	56 777
Total non-current assets		<u>180 940</u>	<u>157 900</u>
Total assets		<u>610 268</u>	<u>549 304</u>
Current liabilities:			
Payables	A18	6 689	9 495
Employee benefits	A19	619	412
Other current liabilities	A20	98 536	93 674
Total current liabilities		<u>105 844</u>	<u>103 581</u>
Non-current liabilities:			
Payables	A18	105	73
Employee benefits	A19	1 119	784
Other non-current liabilities	A20	86 325	80 704
Total non-current liabilities		<u>87 549</u>	<u>81 561</u>
Total liabilities		<u>193 393</u>	<u>185 142</u>
Net assets		<u>416 875</u>	<u>364 162</u>
Equity:			
Investment market value reserve		9 262	975
Revaluation surplus		13 846	9 349
Retained earnings		393 767	353 838
Total equity		<u>416 875</u>	<u>364 162</u>
Unrecognised contractual commitments	A22		
Contingent assets and liabilities	A23		

Statement of Administered Changes in Equity for the year ended 30 June 2013

	Note	Investment market value reserve \$'000	Revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2011		2 138	22 572	306 516	331 226
Net result for 2011-12		-	-	51 358	51 358
Changes in property, plant and equipment revaluation surplus		-	(16 011)	-	(16 011)
Gain (Loss) taken to equity		(1 001)	-	-	(1 001)
Total comprehensive result for 2011-12		(1 001)	(16 011)	51 358	34 346
Transactions with SA Government as owner:					
Other movement for restructures		-	-	1 531	1 531
Prior period error adjustments taken to equity		-	-	268	268
Net assets transferred out from an administrative restructure	A24	(162)	-	(6 252)	(6 414)
Balance at 30 June 2012		975	6 561	353 421	360 957
Prior period error adjustments taken to equity		295	2 788	122	3 205
Restated balance at 30 June 2012		1 270	9 349	353 543	364 162
Net result for 2012-13		-	-	40 354	40 354
Changes in property, plant and equipment revaluation surplus		-	4 497	-	4 497
Gain (Loss) taken to equity		7 992	-	-	7 992
Other movement for restructure activities		-	-	(130)	(130)
Total comprehensive result for 2012-13		7 992	4 497	40 224	52 713
Balance at 30 June 2013		9 262	13 846	393 767	416 875

Statement of Administered Cash Flows for the year ended 30 June 2013

		2013	2012
		Inflows	Inflows
		(Outflows)	(Outflows)
		\$'000	\$'000
Cash flows from operating activities:	Note		
Cash inflows:			
Taxation receipts		311 201	317 502
Bond lodgements		83 344	77 741
Receipts from SA Government		66 398	75 888
Victims of Crime levies		34 726	34 420
Sales of goods and services		23 985	30 462
Receipts from Commonwealth		15 695	15 434
Interest received		11 675	14 173
Bond guarantee receipts		6 901	3 660
Fees and charges		3 199	2 851
Grants and subsidies received		2 475	1 643
Other receipts		15 637	10 595
Cash generated from operations		575 236	584 369
Cash outflows:			
Payments to Consolidated Account		(320 233)	(323 696)
Bond refunds		(71 420)	(60 926)
Grants		(44 066)	(42 687)
Employee benefit payments		(14 462)	(14 461)
Victims of Crime payments		(10 838)	(16 313)
Bond guarantee payments		(6 901)	(3 660)
Other payments		(58 976)	(43 905)
Cash used in operations		(526 896)	(505 648)
Net cash provided by (used in) operating activities	A21	48 340	78 721
Cash flows from investing activities:			
Cash outflows:			
Payments for investments		(12 000)	-
Purchase of property, plant and equipment		(6 313)	(15 471)
Cash used in investing activities		(18 313)	(15 471)
Net cash provided by (used in) investing activities		(18 313)	(15 471)
Cash flows from financing activities:			
Cash outflows:			
Transfer out from restructure activities		-	(5 822)
Cash used in financing activities		-	(5 822)
Net cash provided by (used in) financing activities		-	(5 822)
Net increase (decrease) in cash and cash equivalents		30 027	57 428
Cash and cash equivalents at 1 July		264 604	207 176
Cash and cash equivalents at 30 June	A13	294 631	264 604

**Schedule of Income and Expenses
attributable to Administered Activities
for the year ended 30 June 2013**

(Activities - refer note A1)	1	2	3	4	5
Expenses:	\$'000	\$'000	\$'000	\$'000	\$'000
Payments to Consolidated Account	316 225	-	-	1 020	-
Grants and subsidies	3 143	236	3 445	-	-
Victims of Crime payments	-	-	10 838	-	-
State Rescue Helicopter Service charges	-	-	-	10 796	-
Employee benefit expenses	-	-	1 145	-	3 884
Depreciation expense	-	-	7	-	17
Other expenses	7 632	795	3 099	55	2 473
Total expenses	327 000	1 031	18 534	11 871	6 374
Income:					
Taxation receipts	311 201	-	-	-	-
Revenues from SA Government	2 605	-	7 650	8 624	-
Commonwealth revenue	-	-	-	-	-
Grants and subsidies received	-	-	-	607	-
Interest revenues	-	8 877	3 505	-	7 205
Victims of Crime levies	-	-	34 896	-	-
Fees and charges	3 043	-	-	-	-
Sale of goods and services	-	-	-	-	-
Recoveries and other income	7 467	451	3 149	2 844	513
Total income	324 316	9 328	49 200	12 075	7 718
Net result	(2 684)	8 297	30 666	204	1 344

(Activities - refer note A1)	6	7	8	9	Total
Expenses:	\$'000	\$'000	\$'000	\$'000	\$'000
Payments to Consolidated Account	-	-	-	732	317 977
Grants and subsidies	189	35 149	144	1 760	44 066
Victims of Crime payments	-	-	-	-	10 838
State Rescue Helicopter Service charges	-	-	-	-	10 796
Employee benefit expenses	828	-	1 496	7 714	15 067
Depreciation expense	1 754	-	3 695	33	5 506
Other expenses	5 479	-	19 849	8 121	47 503
Total expenses	8 250	35 149	25 184	18 360	451 753
Income:					
Taxation receipts	-	-	-	-	311 201
Revenues from SA Government	3 257	19 454	6 884	17 726	66 200
Commonwealth revenue	-	15 695	-	-	15 695
Grants and subsidies received	796	-	-	1 072	2 475
Interest revenues	-	-	-	9	19 596
Victims of Crime levies	-	-	-	-	34 896
Fees and charges	-	-	-	156	3 199
Sale of goods and services	-	-	23 984	-	23 984
Recoveries and other income	32	-	364	41	14 861
Total income	4 085	35 149	31 232	19 004	492 107
Net result	(4 165)	-	6 048	644	40 354

**Schedule of Income and Expenses
attributable to Administered Activities
for the year ended 30 June 2012**

(Activities - refer note A1)	1	2	3	4	5
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses:					
Payments to Consolidated Account	320 639	-	-	1 022	-
Grants and subsidies	3 110	242	2 917	-	-
Victims of Crime payments	-	-	16 313	-	-
State Rescue Helicopter Service charges	-	-	-	10 325	-
Employee benefit expenses	-	-	944	-	3 927
Depreciation expense	-	-	4	-	6
Other expenses	106	2 016	2 780	376	1 868
Total expenses	323 855	2 258	22 958	11 723	5 801
Income:					
Taxation receipts	318 930	-	-	-	-
Revenues from SA Government	4 802	170	7 425	7 577	-
Commonwealth revenue	-	-	-	-	-
Grants and subsidies received	-	-	-	592	-
Interest revenues	-	11 271	3 570	-	8 435
Victims of Crime levies	-	-	33 980	-	-
Fees and charges	3 206	-	-	-	-
Sale of goods and services	-	-	-	-	-
Recoveries and other income	-	508	3 140	3 553	429
Total income	326 938	11 949	48 115	11 722	8 864
Net result	3 083	9 691	25 157	(1)	3 063

(Activities - refer note A1)	6	7	8	9	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses:					
Payments to Consolidated Account	-	-	-	1 011	322 672
Grants and subsidies	47	34 337	62	2 538	43 253
Victims of Crime payments	-	-	-	-	16 313
State Rescue Helicopter Service charges	-	-	-	358	10 683
Employee benefit expenses	889	-	1 316	7 566	14 642
Depreciation expense	1 288	-	6 135	33	7 466
Other expenses	5 247	-	23 672	7 138	43 203
Total expenses	7 471	34 337	31 185	18 644	458 232
Income:					
Taxation receipts	-	-	-	-	318 930
Revenues from SA Government	3 215	18 903	19 990	13 806	75 888
Commonwealth revenue	-	15 434	-	-	15 434
Grants and subsidies received	290	-	-	761	1 643
Interest revenues	-	-	-	19	23 295
Victims of Crime levies	-	-	-	-	33 980
Fees and charges	-	-	-	31	3 237
Sale of goods and services	-	-	23 472	-	23 472
Recoveries and other income	1 088	-	6	4 987	13 711
Total income	4 593	34 337	43 468	19 604	509 590
Net result	(2 878)	-	12 283	960	51 358

Schedule of Assets and Liabilities
attributable to Administered Activities
as at 30 June 2013

(Activities - refer note A1)	1	2	3	4	5
Current assets:	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	31 888	65 368	131 759	657	10 816
Receivables	24 747	1 410	3 128	233	1 949
Investments	-	26 292	-	-	73 104
Non-current assets:					
Investments	-	25 659	-	-	94 452
Property, plant and equipment	-	-	18	-	49
Total assets	56 635	118 729	134 905	890	180 370
Current liabilities:					
Payables	3 143	24	598	952	-
Employee benefits	-	-	67	-	-
Other current liabilities	24 244	-	-	-	74 195
Non-current liabilities:					
Payables	-	-	15	-	-
Employee benefits	-	-	161	-	-
Other non-current liabilities	-	-	-	-	86 325
Total liabilities	27 387	24	841	952	160 520
Net assets (liabilities)	29 248	118 705	134 064	(62)	19 850
(Activities - refer note A1)	6	7	8	9	Total
Current assets:	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	4 098	2	43 387	6 656	294 631
Receivables	745	-	2 641	448	35 301
Investments	-	-	-	-	99 396
Non-current assets:					
Investments	-	-	-	-	120 111
Property, plant and equipment	14 407	-	46 206	149	60 829
Total assets	19 250	2	92 234	7 253	610 268
Current liabilities:					
Payables	213	-	1 176	583	6 689
Employee benefits	58	-	107	387	619
Other current liabilities	-	-	1	96	98 536
Non-current liabilities:					
Payables	13	-	20	57	105
Employee benefits	143	-	217	598	1 119
Other non-current liabilities	-	-	-	-	86 325
Total liabilities	427	-	1 521	1 721	193 393
Net assets (liabilities)	18 823	2	90 713	5 532	416 875

Schedule of Assets and Liabilities
attributable to Administered Activities
as at 30 June 2012

(Activities - refer note A1)	1	2	3	4	5
Current assets:	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	32 850	58 745	100 688	(442)	15 868
Receivables	26 808	1 840	2 698	1 003	2 225
Investments	-	24 196	-	-	65 466
Non-current assets:					
Investments	-	23 453	-	-	77 666
Intangible assets	-	-	-	-	-
Property, plant and equipment	-	-	26	-	65
Total assets	59 658	108 234	103 412	561	161 290
Current liabilities:					
Payables	373	51	276	823	1 651
Employee benefits	-	-	15	-	-
Other current liabilities	27 379	-	-	4	66 143
Non-current liabilities:					
Payables	-	-	2	-	-
Employee benefits	-	-	18	-	-
Other non-current liabilities	-	-	-	-	80 704
Total liabilities	27 752	51	311	827	148 498
Net assets (liabilities)	31 906	108 183	103 101	(266)	12 792

(Activities - refer note A1)	6	7	8	9	Total
Current assets:	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	5 618	2	41 503	9 772	264 604
Receivables	196	-	931	1 437	37 138
Investments	-	-	-	-	89 662
Non-current assets:					
Investments	-	-	-	-	101 119
Intangible assets	-	-	-	4	4
Property, plant and equipment	17 552	-	40 211	(1 077)	56 777
Total assets	23 366	2	82 645	10 136	549 304
Current liabilities:					
Payables	198	-	1 025	5 097	9 494
Employee benefits	55	-	100	243	413
Other current liabilities	-	-	-	148	93 674
Non-current liabilities:					
Payables	11	-	18	42	73
Employee benefits	116	-	191	459	784
Other non-current liabilities	-	-	-	-	80 704
Total liabilities	380	-	1 334	5 989	185 142
Net assets (liabilities)	22 986	2	81 311	4 147	364 162

Notes to and forming part of the administered financial statements

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

A1. Administered activities

Administered activities 2012-13

Activity 1: *Liquor and Gambling Services*

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

Activity 2: *Consumer and Business Services*

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

Activity 3: *Victims of Crime*

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

Activity 4: *State Rescue Helicopter Service*

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

Activity 5: *Trust Accounts*

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

Activity 6: *Emergency Management Communications*

This administered activity relates to activities associated with the ongoing maintenance and support of the SA Computer Aided Dispatch systems and services relied on by the State's police, ambulance and emergency services.

Activity 7: *Legal Aid*

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

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

This administered activity relates to a significant project to upgrade the existing SAGRN, together with the ongoing maintenance and support of the SAGRN systems and services on which South Australian public safety organisations and government agencies rely to meet their radio communications needs.

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 and the Professional Standards Council.

Administered activities 2011-12

Activity 1: *Liquor and Gambling Services*

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

Activity 2: Consumer and Business Services

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

Activity 3: Victims of Crime

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

Activity 4: State Rescue Helicopter Service

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

Activity 5: Trust Accounts

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

Activity 6: Emergency Management Communications

This administered activity relates to activities associated with the ongoing maintenance and support of the SA Computer Aided Dispatch systems and services relied on by the State's police, ambulance and emergency services.

Activity 7: Legal Aid

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

Activity 8: SA Government Radio Network (SAGRN)

This administered activity relates to a significant project to upgrade the existing SAGRN, together with the ongoing maintenance and support of the SAGRN systems and services on which South Australian public safety organisations and government agencies rely to meet their radio communications needs.

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, Professional Standards Council and Duke of Edinburgh Award Trust Account.

A2. Taxation revenue - administered items

	2013 \$'000	2012 \$'000
Taxation - gaming machines	285 880	290 932
Taxation - casino operations	21 451	23 350
Taxation - off-course totalisator	3 870	4 648
Total taxation revenue	311 201	318 930

A3. Revenues from SA Government - administered items

Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	36 385	38 240
Appropriations received from the Treasurer's Contingency Fund	17 368	25 114
Appropriations under other Acts	12 447	12 534
Total revenues from SA Government	66 200	75 888

Total revenues from Government consists of \$36.4 million (\$38.2 million) for operational and capital funding. For details on the expenditure associated with the operational funding received refer notes A7 to A12. There were no material variations between the amount appropriated and the expenditure associated with this appropriation. Additional amounts were received during the year from the Treasurer's Contingency Fund.

A4. Grants and subsidies received - administered items	2013	2012
Grants from SA Government:	\$'000	\$'000
SA Computer Aided Dispatch	796	290
State Rescue Helicopter Service	607	592
Other	1 072	761
Total grants from SA Government	2 475	1 643
Total grants and subsidies received	2 475	1 643
A5. Interest revenues - administered items		
Interest from investments	7 676	8 878
Interest from DTF	5 561	6 277
Interest from agents	5 229	6 851
Interest from Housing SA	1 130	1 283
Other	-	6
Total interest revenues	19 596	23 295
Interest received/receivable from entities within the SA Government:		
Interest from investments	7 676	8 878
Interest from DTF	5 561	6 277
Interest from Housing SA	1 130	1 283
Total interest revenues - SA Government entities	14 367	16 438
A6. Recoveries and other income - administered items		
Gaming machine trading round revenue	7 452	4 430
Confiscation of profits	2 330	2 281
Sundry recoveries	2 200	3 014
Recoveries for State Rescue Helicopter Service	1 727	1 947
Recoveries from offenders	797	836
Other	354	1 203
Total recoveries and other income	14 860	13 711
Recoveries and other income received/receivable from entities within the SA Government:		
Recoveries for State Rescue Helicopter Service	1 566	1 651
Sundry recoveries	1 849	1 862
Other	1	288
Total recoveries and other income - SA Government entities	3 416	3 801
A7. Grants and subsidies - administered items		
Legal Services Commission	35 149	35 955
Victims of Crime	3 445	2 917
Liquor subsidies	3 143	3 110
Other	2 329	1 271
Total grants and subsidies	44 066	43 253
Grants and subsidies paid/payable to entities within the SA Government:		
Victims of Crime	1 675	1 220
Other	1 166	586
Total grants and subsidies - SA Government entities	2 841	1 806
A8. Victims of Crime payments - administered items		
Victims of Crime payments	10 838	16 313
Total Victims of Crime payments	10 838	16 313
Victims of Crime payments paid/payable to entities within the SA Government:		
Victims of Crime payments	441	771
Total Victims of Crime payments - SA Government entities	441	771
A9. State Rescue Helicopter Service charges - administered items		
State Rescue Helicopter Service charges	10 796	10 683
Total State Rescue Helicopter Service charges	10 796	10 683

A10. Employee benefit expenses - administered items

	2013	2012
	\$'000	\$'000
Salaries and wages	10 531	10 698
Employee on-costs - superannuation	1 799	1 626
Board fees	920	897
Employee on-costs - other	680	617
Annual leave	588	426
LSL	513	378
Other	36	-
Total employee benefit expenses	15 067	14 642

Remuneration of officers

The number of officers, including judicial officers, whose remuneration received or receivable falls within the following bands:

	2013	2012
	Number	Number
\$138 000 - \$147 999	1	3
\$158 000 - \$167 999	-	1
\$198 000 - \$207 999	2	-
\$238 000 - \$247 999	1	-
\$248 000 - \$257 999	1	2
\$258 000 - \$267 999	1	-
\$268 000 - \$277 999	1	-
\$288 000 - \$297 999	-	1
\$298 000 - \$307 999	-	1
\$308 000 - \$317 999	2	-
\$368 000 - \$377 999	-	1
\$388 000 - \$397 999	1	-
\$438 000 - \$447 999	-	5
\$458 000 - \$467 999	-	1
\$468 000 - \$477 999	3	1
\$478 000 - \$487 999	1	-
\$498 000 - \$507 999	2	-
\$518 000 - \$527 999	-	1
\$528 000 - \$537 999	1	-
Total	17	17

The table includes all officers who received remuneration of \$138 000 (\$134 000) or more during the year. Remuneration of officers 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 \$6 million (\$5.7 million).

There were no TVSPs paid during the reporting period.

A11. Depreciation and amortisation expenses - administered items

	2013	2012
	\$'000	\$'000
Depreciation:		
Radio network assets	4 821	6 708
Information technology	588	625
Plant and equipment	19	15
Leasehold improvements	11	-
Buildings and other structures	63	114
Total depreciation expense	5 502	7 462
Amortisation:		
Intangible assets	4	4
Total amortisation	4	4
Total depreciation and amortisation expense	5 506	7 466

A12. Other expenses - administered items

	2013	2012
Radio network expenditure	16 093	17 426
Gaming machine trading round disbursements	7 471	4 412
Claims	5 282	292
Contract staff	3 935	3 478
ICT	3 640	2 473
Transfer from Victims of Crime Fund	2 757	2 436

A12. Other expenses - administered items (continued)

	2013 \$'000	2012 \$'000
Accommodation	1 549	1 328
Legal fees	1 118	434
Office expenses	802	780
Contract maintenance	646	1 172
Consultants	346	201
Telephone related expenses	95	176
Betting services	79	40
Promotions and publications	59	264
Other	3 631	6 010
Total other expenses	47 503	40 922

Other expenses paid/payable to entities within the SA Government:

Radio network expenditure	327	235
ICT	183	294
Transfer from Victims of Crime Fund	2 506	2 137
Accommodation	1 507	533
Legal fees	287	6
Office expenses	336	352
Contract maintenance	1	14
Consultants	-	16
Telephone related expenses	35	119
Other	654	507
Total other expenses - SA Government entities	5 836	4 213

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

	2013		2012	
	Number	\$'000	Number	\$'000
Below \$10 000	6	20	6	15
Between \$10 000 and \$50 000	10	326	6	186
Total paid/payable to the consultants engaged	16	346	12	201

Auditor's remuneration

	2013 \$'000	2012 \$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	63	71
Total auditor's remuneration	63	71

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

A13. Cash and cash equivalents - administered items

Deposits with the Treasurer	294 631	264 604
Total cash and cash equivalents	294 631	264 604

Interest rate risk

Deposits with the Treasurer earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

Movement in trust accounts

	Crown Solicitor's Trust Account		Residential Tenancies Fund	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Balance at 1 July	1 020	4 357	14 847	3 536
Receipts	31 743	29 515	91 672	88 716
Payments	(30 960)	(32 852)	(97 506)	(77 405)
Balance at 30 June	1 803	1 020	9 013	14 847

A14. Receivables - administered items

	2013	2012
	\$'000	\$'000
Receivables	27 696	28 419
Accrued interest	2 897	3 460
Prepayments	475	290
Other	4 233	4 969
Total receivables	35 301	37 138
Receivables from SA Government entities:		
Receivables	5 229	4 418
Accrued interest	2 897	3 460
Total receivables from SA Government entities	8 126	7 878

Interest rate and credit risk

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

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

- (a) Maturity analysis of receivables - refer note A25(c).
(b) Categorisation of financial instruments and risk exposure information - refer note A25.

A15. Investments - administered items

	2013	2012
	\$'000	\$'000
Current:		
Funds invested with the Public Trustee	99 396	89 662
Total current investments	99 396	89 662
Non-current:		
Funds invested with the Public Trustee	120 111	101 119
Total non-current investments	120 111	101 119
Total investments	219 507	190 781
Investments represent funds invested with the Public Trustee as follows:		
Residential Tenancies Fund	167 556	143 132
Agents Indemnity Fund	48 698	44 655
Second-hand Vehicles Compensation Fund	3 253	2 994
Total investments	219 507	190 781

A16. (a) Property, plant and equipment - administered items

Buildings and other structures:		
Buildings and other structures at fair value	1 934	2 124
Accumulated depreciation	(290)	(227)
Total buildings and other structures	1 644	1 897
Leasehold improvements:		
Leasehold improvements at fair value	373	373
Accumulated amortisation	(328)	(317)
Total leasehold improvements	45	56
Plant and equipment:		
Plant and equipment at fair value	201	201
Accumulated depreciation	(165)	(146)
Total plant and equipment	36	55
Information technology:		
Information technology at fair value	3 276	3 431
Accumulated depreciation	(2 303)	(1 715)
Total information technology	973	1 716

A16. (a) Property, plant and equipment - administered items (continued)

	2013	2012
Capital work in progress:	\$'000	\$'000
Capital work in progress at cost	464	2 157
Total capital work in progress	464	2 157
Radio network assets:		
Radio network assets at fair value	73 556	61 965
Accumulated depreciation	(15 889)	(11 069)
Total radio network assets	57 667	50 896
Total property, plant and equipment	60 829	56 777

- (1) Valuations of leasehold improvements, plant and equipment were performed by Martin Burns, MBA, BAppSc Property Resource Management, AAPI, Certified Practising Valuer of Liquid Pacific as at 30 June 2012.
- (2) Valuations of buildings and improvements and radio network assets were performed by Mark Ochota, Principal Consultant of UXC Consulting as at 30 June 2012.
- (3) There were no indications of impairment of property, plant and equipment and infrastructure at 30 June 2013.

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

	Leasehold imprvmnts \$'000	Information technology \$'000	Plant and equipment \$'000	Capital works in progress \$'000
2013				
Carrying amount at 1 July	56	1 716	55	2 157
Additions	-	-	-	464
Depreciation and amortisation	(11)	(588)	(19)	-
Transfers from (to) work in progress	-	-	-	(620)
Revaluation	-	(155)	-	-
Other	-	-	-	(1 537)
Carrying amount at 30 June	45	973	36	464

	Buildings and other structures \$'000	Radio network assets \$'000	Total property, plant & equipment \$'000
Carrying amount at 1 July	1 897	50 896	56 777
Additions	-	6 130	6 594
Depreciation and amortisation	(63)	(4 821)	(5 502)
Transfers from (to) work in progress	-	620	-
Revaluation	(190)	4 842	4 497
Disposal	-	-	-
Other	-	-	(1 537)
Carrying amount at 30 June	1 644	57 667	60 829

	Leasehold imprvmnts \$'000	Information technology \$'000	Plant and equipment \$'000	Capital works in progress \$'000
2012				
Carrying amount at 1 July	-	1 523	585	13 810
Additions	-	-	31	15 527
Depreciation and amortisation	-	(625)	(15)	-
Donation	-	-	-	(2 281)
Transfers from (to) work in progress	-	18	-	(18 705)
Revaluation	56	800	-	-
Other	-	-	(546)	(6 194)
Carrying amount at 30 June	56	1 716	55	2 157

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

	Buildings and other structures \$'000	Radio network assets \$'000	Total property, plant & equipment \$'000
2012 (continued)			
Carrying amount at 1 July	3 295	54 582	73 795
Additions	-	-	15 558
Depreciation and amortisation	(114)	(6 708)	(7 462)
Donation	-	-	(2 281)
Transfers from (to) work in progress	-	18 687	-
Revaluation	(1 284)	(12 795)	(13 223)
Disposal	-	(2 870)	(2 870)
Other	-	-	(6 740)
Carrying amount at 30 June	1 897	50 896	56 777

A17. (a) Intangible assets - administered items

	2013 \$'000	2012 \$'000
SAGRN:		
SAGRN	12	12
Accumulated amortisation	(12)	(8)
Total computer software	-	4
Total intangible assets	-	4

(b) Intangible movement schedule - administered items

	Intangibles \$'000	Total intangibles \$'000
Carrying amount 1 July 2012	4	4
Depreciation and amortisation	(4)	(4)
Carrying amount 30 June 2013	-	-
Carrying amount 1 July 2011	8	8
Depreciation and amortisation	(4)	(4)
Carrying amount 30 June 2012	4	4

A18. Payables - administered items

	2013 \$'000	2012 \$'000
Current:		
Accruals	3 414	7 870
Creditors	3 183	1 565
Employee on-costs	92	60
Total current payables	6 689	9 495
Non-current:		
Employee on-costs	105	73
Total non-current payables	105	73
Total payables	6 794	9 568
Payables to SA Government entities:		
Creditors	1 466	1 634
Employee on-costs	91	133
Accruals	56	262
Total payables to SA Government entities	1 613	2 029

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of LSL taken as leave has remained at the rate of 40% and the average factor for the calculation of employer superannuation cost on-cost has decreased from the 2012 rate of 10.3% to the 2013 rate of 10.2%. These rates are used in the employment on-cost calculation.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid 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.

Interest rate and credit risk (continued)

- (a) Maturity analysis of payables - refer note A25(c).
 (b) Categorisation of financial instruments and risk exposure information - refer note A25.

A19. Employee benefits - administered items	2013	2012
Current:	\$'000	\$'000
Annual leave	510	347
LSL	87	65
Skills and experience retention leave	22	-
Total current employee benefits	619	412
Non-current:		
LSL	1 119	784
Total non-current employee benefits	1 119	784
Total employee benefits	1 738	1 196

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has increased from 2012 (3%) to 2013 (3.75%).

This increase in the bond yield, which is used as the rate to discount future LSL cash flows, has an impact of decreasing the calculation of the reported LSL liability.

The net financial effect of the changes in the current financial year is an increase in the LSL liability of \$120 000 and employee benefit expense of \$11 000. The impact on future periods is impracticable to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

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

A20. Other liabilities - administered items	2013	2012
Current:	\$'000	\$'000
Security bonds lodged	71 423	65 122
Gaming and other receipts payable to DTF	24 672	26 927
Crown Solicitor's Trust Account	1 803	1 021
Other	638	604
Total other current liabilities	98 536	93 674
Non-current:		
Security bonds lodged	86 325	80 704
Total other non-current liabilities	86 325	80 704
Total other liabilities	184 861	174 378
Other current liabilities to SA Government entities:		
Gaming and other receipts payable to DTF	24 672	26 927
Total other current liabilities to SA Government entities	24 672	26 927

A21. Cash flow reconciliation - administered items		
Reconciliation of cash and cash equivalents at 30 June:		
Balance as per the Statement of Administered Cash Flows	294 631	264 604
Cash and cash equivalents as disclosed in the Statement of Administered Financial Position	294 631	264 604

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services

Net cash provided by (used in) operating activities	48 340	78 721
Non-cash items:		
Depreciation expense	(5 506)	(7 466)
Donated asset expense	-	(2 281)
Loss on write-off of assets	-	(2 870)
Adjustment on restructuring activities	(64)	(593)
Assets derecognised/written off	-	(6 193)
Work in progress movements	(1 537)	(156)
Other movement	-	81

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services (continued)	2013	2012
	\$'000	\$'000
Movements in assets/liabilities:		
Receivables	(2 238)	(5 428)
Investments	9 734	4 109
Other assets	-	(295)
Payables	2 651	1 149
Employee benefits	(542)	(145)
Other liabilities	(10 484)	(7 275)
Net result	40 354	51 358

A22. Unrecognised contractual commitments - administered items**Operating lease 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	4 659	4 683
Later than one year but not longer than five years	5 779	15 402
Later than five years	1 095	-
Total operating lease commitments	11 533	20 085

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.

Leases receivable contracted for at the reporting date but not recognised as assets are receivable as follows:	2013	2012
	\$'000	\$'000
Within one year	724	645
Later than one year but not longer than five years	2 167	1 805
Later than five years	954	-
Total operating lease commitments	3 845	2 450

When acting as lessor, leases are non-cancellable leases for access rights to state-owned land sites. The leases have terms ranging from one to 25 years with some having a right of renewal.

Other commitments

Within one year	31 221	15 707
Later than one year but not longer than five years	1 887	15 971
Total other commitments ⁽¹⁾	33 108	31 678

⁽¹⁾ Grant amounts payable under agreements in respect of which the grantee has yet to provide the services required under the agreement. The grant commitments as at 30 June 2013 relates to the National Partnership Agreement on legal assistance services between the Commonwealth of Australia and the states and territories.

A23. Contingent assets and liabilities - administered items

The Department is not aware of any contingent assets.

The Agents Indemnity Fund has an estimated contingent obligation to pay \$78 000 relating to current and expected claims against the Fund.

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

Under the *Residential Tenancies Act 1995*, interest is paid to tenants when a bond is repaid to them, interest is not paid when a bond is paid to landlords or third parties such as Housing SA. The interest payable to tenants has not been recorded as a liability, as the Residential Tenancies Fund does not have a present obligation until the tenant lodges a claim for the repayment of the bond. It is estimated that the interest liability as at 30 June 2013 is \$113 000.

The Second-hand Vehicles Compensation Fund has an estimated contingent liability to pay \$9000 relating to current and expected claims against the Fund.

A24. Transferred functions - administered items**2011-12****Transferred out**

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 July 2011 the Department transferred responsibility for the Recreation and Sport Fund and the Sport and Recreation Fund to the Department of Planning and Local Government. Assets and liabilities relating to these business units were transferred out of the Attorney-General's Department as at 1 July 2011.

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 January 2012 the Department transferred responsibility for the Duke of Edinburgh Trust Fund to the Department for Communities and Social Inclusion. Assets and liabilities relating to these business units were transferred out of the Attorney-General's Department as at 1 January 2012.

Under the Administrative Arrangements (Administration of Retail and Commercial Leases Act) Proclamation 2012, from 22 March 2012 the Department transferred responsibility for the Retail Shop Leases Fund to the Office of the Small Business Commissioner. Assets and liabilities relating to these business units were transferred out of the Attorney-General's Department as at 1 April 2012.

	Recreation and Sport Fund	Sport and Recreation Fund	Duke of Edinburgh Trust Fund	Retail Shop Leases Fund	2012 Total
Assets:	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	1 738	3 322	167	594	5 821
Investments	-	-	-	5 896	5 896
Receivables	-	-	14	12	26
Total assets	1 738	3 322	181	6 502	11 743
Liabilities:					
Payables	-	-	-	657	657
Employee benefit expenses	-	-	4	-	4
Other	-	-	-	4 668	4 668
Total liabilities	-	-	4	5 325	5 329
Total net assets transferred out	1 738	3 322	177	1 177	6 414

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.

A25. Financial instruments - administered items**(a) Categorisation of financial instruments**

		2013		2012	
		Carrying amount	Fair value	Carrying amount	Fair value
	Note	\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and cash equivalents:					
Cash and cash equivalents	A13	294 631	294 631	264 604	264 604
Loans and receivables:					
Receivables ⁽¹⁾⁽²⁾	A14	34 826	34 826	36 848	36 848
Held-to-maturity investments:					
Investments	A15	219 507	219 507	190 781	190 781
Financial liabilities					
Financial liabilities at cost:					
Payables ⁽¹⁾	A18	6 596	6 596	9 435	9 435
Other financial liabilities	A20	184 861	184 861	174 378	174 378
Total		191 457	191 457	183 813	183 813

⁽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 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).

(a) Categorisation of financial instruments (continued)

⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in note A14 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

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, 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 which expose the Funds to investment risks, including market, credit, interest and currency risk. These investments are valued by the Public Trustee at reporting date and recognised at fair value.

Financial liabilities

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

Credit risk

At reporting date funds totalling \$219.5 million were invested with the Public Trustee. Pooled investment funds are not rated for credit risk. The Public Trustee considers the credit risk of individual fund managers prior to investing funds and reviews these assessments quarterly.

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

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

(b) Ageing analysis of financial assets

The following table discloses the ageing of financial assets past due, analysed into those assets which are impaired and not impaired.

	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	
2013				
Not impaired:				
Receivables	244	495	215	954
Impaired:				
Receivables ⁽¹⁾	-	-	-	-
2012				
Not impaired:				
Receivables	4	5	176	185
Impaired:				
Receivables ⁽¹⁾	-	-	1	1

(c) Maturity analysis of financial assets and liabilities

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

	Carrying amount \$'000	Contractual maturities		
		Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2013				
Financial assets:				
Cash and cash equivalents	294 631	294 631	-	-
Investments	219 507	99 396	120 111	-
Receivables ⁽¹⁾	34 826	34 826	-	-
Total financial assets	548 964	428 853	120 111	-

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

	Carrying amount \$'000	Contractual maturities		
		Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2013 (continued)				
Financial liabilities:				
Payables ⁽¹⁾	6 596	6 596	-	-
Other financial liabilities	184 861	98 536	86 325	-
Total financial liabilities	191 457	105 132	86 325	-
2012				
Financial assets:				
Cash and cash equivalents	264 604	264 604	-	-
Investments	190 781	89 662	101 119	-
Receivables ⁽¹⁾	36 848	36 848	-	-
Total financial assets	492 233	391 114	101 119	-
Financial liabilities:				
Payables ⁽¹⁾	9 435	9 435	-	-
Other financial liabilities	174 378	93 674	80 704	-
Total financial liabilities	183 813	103 109	80 704	-

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

Liquidity risk

Financial liabilities principally represent security bonds held on behalf of third parties and taxation receipts payable to the Treasurer. Security bonds are payable on receipt of an application from the tenant or lessee. Cash balances and cash common funds held with the Public Trustee are available at call.

(d) Market risk

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

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

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

Sensitivity analysis

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

	Carrying amount \$'000	Interest rate risk		Price risk	
		-1% Operating surplus \$'000	+1% Operating surplus \$'000	-1% Equity \$'000	+1% Equity \$'000
2013					
Financial assets:					
Cash and cash equivalents	294 631	(2 946)	2 946	-	-
Investments	219 507	-	-	(2 195)	2 195
Total increase (decrease)		(2 946)	2 946	(2 195)	2 195
2012					
Financial assets:					
Cash and cash equivalents	264 604	(2 646)	2 646	-	-
Investments	190 781	-	-	(1 908)	1 908
Total increase (decrease)		(2 646)	2 646	(1 908)	1 908

A26. Events after reporting period**Fines Enforcement and Recovery Unit**

The Statute Amendment (Fines Enforcement and Recovery) Bill 2013 passed Parliament on 23 July 2013. As part of this Bill, responsibility for the administration of fines will move, during 2013-14, from the Courts Administration Authority and a dedicated Fines Enforcement and Recovery Unit will be established within the Attorney-General's Department.

The estimated financial impact on the 2013-14 year would be an increase in revenue of \$12.4 million from date of transfer.

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 require 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 note 1 to the corporate financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

Section 31(1)(b) of the PFAA and section 26(2), 30(2) and 50(2) 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

Section 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 to obtain sufficient evidence to form an opinion on the financial report and internal controls.

The 2012-13 audit covered the corporate, trusts and common funds operations of the Public Trustee.

Specific areas of audit attention included:

- corporate governance
- expenditure
- payroll
- revenue

- cash and investments
- client assets
- fund manager reporting
- general ledger.

Audit findings and comments

Auditor's report on the financial report

In my opinion the financial report gives a true and fair view of the financial position of the Public Trustee as at 30 June 2013, 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 all matters 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 a management letter to the Public Trustee. Major matters raised with the Public Trustee and the responses are detailed below.

In addition, matters relating to SSSA as a service provider to the Public Trustee are also described below.

Corporate operations

The audit included review of access to the accounts payable system to confirm access is restricted to support segregation between accounts payable and bank reconciliations functions. Audit found the Administration Officer is provided with system access to perform roles in both areas and the accounts payable system does not require dual authorisation for accounts payable and journal entry processing.

The Public Trustee response to the Audit finding acknowledged Audit's views and recommendations but conveyed the view that risks were being appropriately managed given the size of the finance team.

Creditor account payment performance

TI 11 prescribes the policy for creditor account payments, including the development of relevant policies and procedures and the preparation of monthly reports to the Public Trustee on account payment performance.

The audit noted the need for improvements to procedures which ensure the accuracy of accounts payable performance data and found the monthly reports submitted to the Public Trustee did not provide all of the information required by TI 11.

In response the Public Trustee advised that relevant staff would enhance the review of accounts payable performance data used to prepare reports and account payment performance reports would be included in the monthly reports to the Executive Group which includes the Public Trustee.

Trust operations

The audit of trust operations included review of processes and authorisation functions to confirm they provide assurance that estate related expenditure is valid. Audit evaluation of arrangements for paying invoices for client expenses found review of payment vouchers was of limited control effectiveness because:

- the estate officer dealing with a client file is generally the only officer aware of a client's purchases, expenses and payments
- individual estate officers are responsible for ensuring invoices/payments are authorised within their delegation of authority.

In response the Public Trustee advised there were a number of existing controls that respond to the audit finding including delegations of authority, accounts payable policies and procedures, vendor masterfile controls and well trained accounts payable staff. The response noted a new control had been introduced that requires independent verification of each voucher against supporting invoices.

Implementation of TIs 2 and 28

Policies and procedures

Review of the Public Trustee's policy and procedure related documentation noted instances where documents included out of date information or were not reviewed on a timely basis. The Public Trustee advised that the matters identified by the audit had been actioned.

Financial management compliance

Previous Reports conveyed that the Public Trustee uses an established financial management compliance program (FMCP) and the performance of control self-assessments (CSAs) to evaluate its internal control environment. Audit has previously reported on areas for improvement in documentation to confirm the FMCP was effectively supported by the CSAs.

The follow-up review of the Public Trustee's FMCP for 2012-13 concluded the design of the FMCP was generally effective. Notwithstanding, the review of the implementation of the FMCP noted that matters arising from the CSAs were not addressed on a timely basis. In response the Public Trustee advised that significant resources had been committed to follow up and address past findings from the CSAs. The Public Trustee further advised that relevant staff had been reminded of their responsibility to ensure significant matters were addressed and that progress in addressing matters was reported upon to the Public Trustee executive.

Shared Services SA – CHRIS payroll control environment

SSSA processes payroll transactions specific to the CHRIS HRMS system on behalf of the Public Trustee in accordance with a service level determination with SSSA.

The audit of payroll transactions considered the payroll process and control environments of SSSA and the external bureau provider of the CHRIS HRMS payroll service to SSSA.

Review of the process and control environments in previous years has identified SSSA key control weaknesses covering segregation of duties and user access and certain security limitations of the CHRIS 5 application provided by the bureau service.

As SSSA implemented significant remediation action during the year, enhanced controls were not effective throughout the entire year. As such the process and control environment could not be considered robust and effective for the 2012-13 financial year. Also the planned migration of payroll processing from CHRIS 5 to CHRIS 21, which would address security limitations, is yet to occur.

This matter is further discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report.

Interpretation and analysis of the financial report

Highlights of the financial report

	2013 \$'million	2012 \$'million
Income		
Fees and charges	19	20
Other revenues	3	2
Total income	22	22
Expenses		
Employee benefits	13	14
Supplies and services	6	6
Other expenses	1	1
Total expenses	20	21
Profit before tax	2	1
Income tax equivalent expense	1	-
Profit after tax and total comprehensive result	1	1
Net cash provided by (used in) operating activities	2	2
Assets		
Current assets	13	12
Non-current assets	21	20
Total assets	34	32
Liabilities		
Current liabilities	4	3
Non-current liabilities	6	6
Total liabilities	10	9
Total equity	24	23

Statement of Comprehensive Income

Income

The Public Trustee's main source of income is fees and charges comprising commissions from the management of trusts, management fees for the investment of common funds and various other fees and charges. The fees and charges reflect the number and value of trusts managed throughout the year.

Fees and charges decreased by \$661 000 primarily due to lower commissions resulting from a reduction in the number of new deceased estate files, partly offset by an increase in management fees due to the performance of the equities market increasing funds under management.

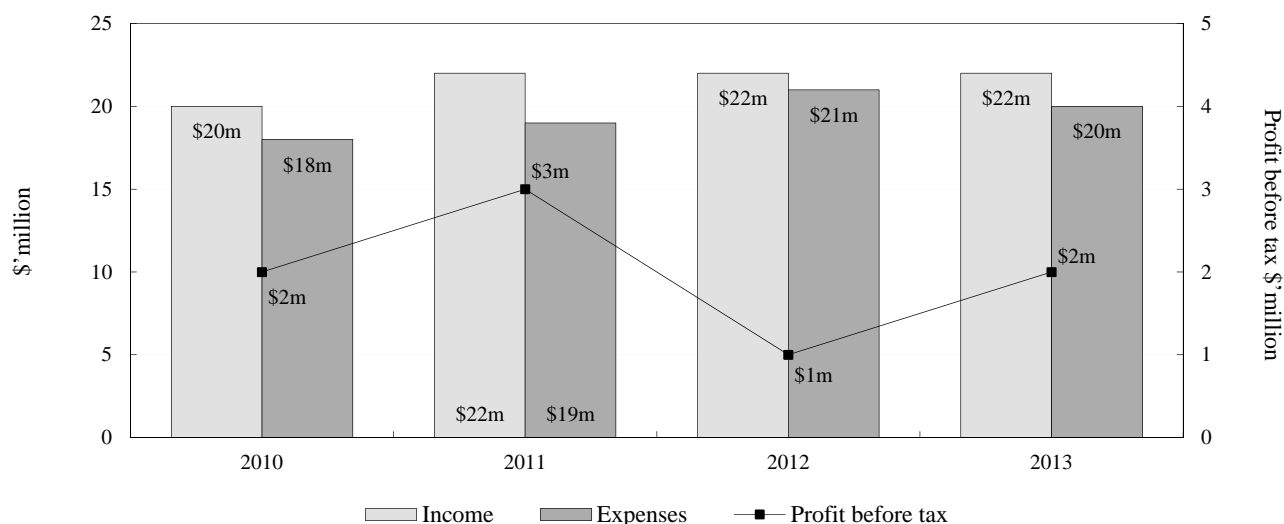
The increase of \$1 million in other revenue is attributable to returns on investments of corporate funds.

Expenses

Employee benefits account for 68% of total expenses and decreased by \$435 000 during 2012-13 principally due to the change in methodology and actuarial assumptions used to calculate the LSL liability.

Net result

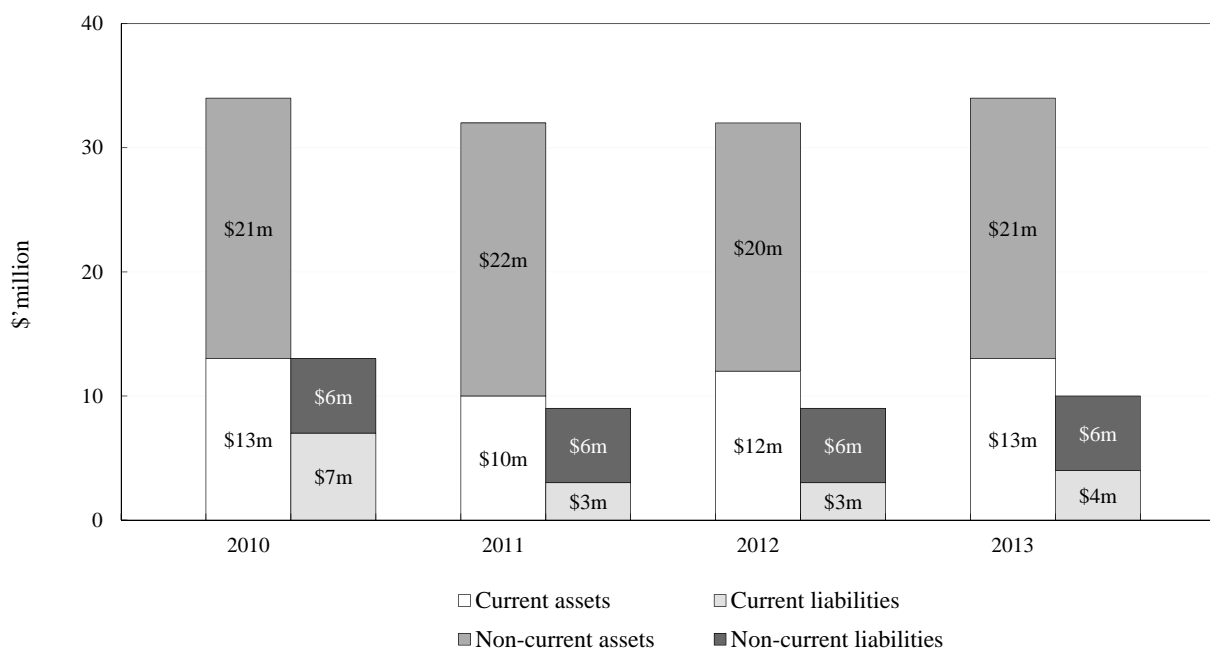
The following chart shows the revenues, expenses and profit before tax for the four years to 2013.



Profit before tax of \$1.9 million (\$772 000) increased due to the improved returns on investments and the decrease in employee benefits expense.

Statement of Financial Position

The following chart analyses the assets and liabilities for the four years to 2013.



Assets

Current assets have increased by \$654 000 to \$12.7 million during 2013.

Non-current assets have increased by \$1.2 million to \$21 million in 2013. This is largely attributable to an increase in the value of shares held reflecting improved economic conditions.

Liabilities

Current liabilities have increased by \$894 000 to \$3.8 million in 2013 due to increases in the income tax equivalent payable and the provision for dividend payment.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2013.

	2013 \$'million	2012 \$'million	2011 \$'million	2010 \$'million
Net cash flows				
Operating	1.8	2.5	2.0	1.7
Investing	1.3	(0.7)	(3.5)	(2.3)
Financing	-	(0.7)	-	-
Change in cash	3.1	1.1	(1.5)	(0.6)
Cash at 30 June	11.8	8.7	7.6	9.1

Cash and cash equivalents increased by \$3.1 million in 2013 mainly as a result of proceeds from maturing investments and reduced payments for operating activities.

Interpretation and analysis of Statement of Trusts being Administered

The value of trust funds administered by the Public Trustee in 2013 was \$1.2 billion.

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, 70% (68%) were invested in the common funds with the remaining 30% (32%) represented by estate assets.

Further commentary on operations

Common fund financial statements

The Public Trustee operates seven common funds through which client funds are invested. These funds are:

- Cash
- Short-term Fixed Interest
- Long-term Fixed Interest
- Overseas Fixed Interest
- Australian Shares
- Overseas Shares
- Listed Property Securities.

A summary of the net operating result and total assets of each of the seven common funds is provided in the table below. Full versions of the financial statements for each of the common funds are available in the 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 2013 and 30 June 2012.

Common fund	Net operating result		Assets	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Cash	17 846	19 667	*403 097	*400 519
Short-term Fixed Interest	2 009	2 891	49 489	50 064
Long-term Fixed Interest	3 594	6 215	90 667	90 986
Overseas Fixed Interest	1 227	2 930	34 714	35 558
Australian Shares	26 946	(11 614)	166 346	145 815
Overseas Shares	32 887	1 852	135 876	105 499
Listed Property Securities	8 105	3 672	51 103	45 047

* Includes \$55 million (\$65 million) deposited by other common funds.

Corporate Statements

Statement of Comprehensive Income for the year ended 30 June 2013

		2013	2012
	Note	\$'000	\$'000
Income:			
Fees and charges	4(a)	19 220	19 881
Interest	4(b)	987	1 171
Gain from the disposal of financial assets		1	-
Unrealised gains on financial assets		1 235	1
Other income	4(c)	400	366
Total income		21 843	21 419
Expenses:			
Employee benefits	5(a),5(b),5(c),5(d)	13 555	13 990
Supplies and services	5(e)	5 669	5 879
Loss from the disposal of fixed assets		4	-
Depreciation and amortisation		720	828
Total expenses		19 948	20 697
Profit (Loss) before income tax equivalents		1 895	722
Income tax equivalent	2(c)	568	217
Profit (Loss) after income tax equivalents		1 327	505
Total comprehensive result		1 327	505

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

Statement of Financial Position as at 30 June 2013

		2013	2012
	Note	\$'000	\$'000
Current assets:			
Cash and cash equivalents	17	11 887	8 741
Receivables	6	853	1 347
Financial assets	7,8	-	1 998
Total current assets		12 740	12 086
Non-current assets:			
Financial assets	7,8	15 929	14 692
Plant and equipment	9	4 842	5 164
Intangible assets	10	265	17
Total non-current assets		21 036	19 873
Total assets		33 776	31 959
Current liabilities:			
Payables	11	2 128	1 435
Lease incentive		268	268
Employee benefits	12	1 188	1 233
Provisions	13	246	-
Total current liabilities		3 830	2 936
Non-current liabilities:			
Payables	11	405	404
Lease incentive		1 584	1 851
Employee benefits	12	3 718	3 634
Total non-current liabilities		5 707	5 889
Total liabilities		9 537	8 825
Net assets		24 239	23 134
Equity:			
Reserves	15	-	285
Retained earnings		24 239	22 849
Total equity		24 239	23 134
Total equity is attributable to the SA Government as owner			
Contingent assets and liabilities	14		
Unrecognised contractual commitments	18		

Statement of Changes in Equity for the year ended 30 June 2013

	Note	Reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2011		285	23 028	23 313
Profit (Loss) after income tax equivalent		-	505	505
Total comprehensive result for 2011-12		-	505	505
Transactions with SA Government as owner:				
Dividend provided for	13	-	(684)	(684)
		-	(179)	(179)
Balance at 30 June 2012		285	22 849	23 134
Transfer reserve to retained earnings	15	(285)	285	-
Profit (Loss) after income tax equivalent		-	1 327	1 327
Total comprehensive result for 2012-13		-	1 327	1 327
Transactions with SA Government as owner:				
Dividend provided for	13	-	(222)	(222)
		-	1 105	1 105
Balance at 30 June 2013		-	24 239	24 239

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

Statement of Cash Flows for the year ended 30 June 2013

		2013	2012
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities:			
Cash inflows:			
Fees and charges		21 052	21 861
Sundry income		98	169
Interest		1 030	1 124
Distributions		257	1 390
Cash generated from operations		<u>22 437</u>	<u>24 544</u>
Cash outflows:			
Employee benefits		(13 518)	(12 989)
Supplies and services		(5 809)	(6 629)
Tax equivalents		-	(1 041)
GST remitted to ATO		(1 292)	(1 405)
Cash used in operations		<u>(20 619)</u>	<u>(22 064)</u>
Net cash provided by (used in) operating activities	16	<u>1 818</u>	<u>2 480</u>
Cash flows from investing activities:			
Cash inflows:			
Proceeds from sales/maturities of financial assets		2 000	-
Cash generated from investing activities		<u>2 000</u>	<u>-</u>
Cash outflows:			
Financial assets		(2)	(504)
Purchase of plant and equipment		(413)	(189)
Purchase of intangibles		(257)	-
Cash used in investing activities		<u>(672)</u>	<u>(693)</u>
Net cash provided by (used in) investing activities		<u>1 328</u>	<u>(693)</u>
Cash flows from financing activities:			
Cash outflows:			
Dividend distribution to State Government		-	(684)
Net cash provided by (used in) financing activities		<u>-</u>	<u>(684)</u>
Net increase (decrease) in cash and cash equivalents		3 146	1 103
Cash and cash equivalents at 1 July		8 741	7 638
Cash and cash equivalents at 30 June	17	<u><u>11 887</u></u>	<u><u>8 741</u></u>

Notes to and forming part of the financial statements

1. Objectives of the Public Trustee

The office of the Public Trustee was established in 1881 and is constituted under the provisions of the *Public Trustee Act 1995* (the Act). The Public Trustee is a statutory officer pursuant to the Act. 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. 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 significant accounting policies

The corporate statements present the financial performance, financial position and cash flows of Public Trustee as at 30 June 2013 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.

(a) *Basis of accounting*

Statement of compliance

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

AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by Public Trustee for the reporting period ending 30 June 2013 (refer note 3).

Basis of preparation

The preparation of the financial statements require:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Public Trustee's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in these financial statements:
 - (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. A threshold of \$100 000 for separate identification of these items applies
 - (ii) expenses incurred as a result of engaging consultants
 - (iii) employee TVSP information
 - (iv) employees whose normal remuneration is equal to or greater than the base executive remuneration level and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees
 - (v) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The 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 2013 and the comparative information presented for the year ended 30 June 2012.

(b) *Comparative information*

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

Where presentation or classification of items in the financial statements has been amended comparative amounts have been reclassified unless reclassification is impracticable. The restated comparative amounts do not replace the original financial statements for the preceding period.

(b) Comparative information (continued)

For the year ended 30 June 2013 Public Trustee has not applied an accounting policy retrospectively or made a retrospective restatement of items or reclassified items in the financial statements.

(c) Taxation and dividend

The Act, through the provisions of sections 47 and 48, provides for the payment to government of taxation equivalents and dividends. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate be applied to the net profit. The Public Trustee consults with the Minister as to whether a dividend should be paid to the Treasurer for that financial year and, if so, as to the amount of the dividend.

Public Trustee is also liable for payroll tax, FBT and GST.

(d) Events after the reporting period

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

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.

(e) Basis of valuation

Non-current assets and liabilities with the exception of plant and equipment are carried at deemed fair value.

Plant and equipment

Plant and equipment are brought to account at cost 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. 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.

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 (%)</i>
Plant and equipment	20-27
Software	20-27
Accommodation fitout	10

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 and on hand and short-term money market deposits that are readily converted to cash and which are subject to insignificant risk of changes in value.
- Investments on acquisition are brought to account at cost and subsequently revalued at the balance date to fair value. Fixed interest investments are classified as held at fair value through the profit or loss and valued at market value based on independently obtained market yields applying at the balance date. Australian and international equities currently held in pooled funds are valued at the fair value prices established by the managers of the collective investment vehicles in which 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 or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit and loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income. Fair value of financial instruments are classified, according to fair value hierarchy, at Level 2 'fair values that are based on inputs that are directly or indirectly observable for the asset/liability'.

- *Fair value in an active market*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

- *Fair value of unlisted unit trusts*

Investments in other unlisted unit trusts are recorded at the fair value as reported by the managers of such funds.

Financial instruments - classification

Investments in financial assets such as equities and units in unlisted schemes have been classified as 'fair value through the profit or loss' and recognised in the Statement of Financial Position at fair value, with changes in fair value during the period recognised in the Statement of Comprehensive Income.

If any indication of impairment exists, an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the Statement of Comprehensive Income.

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.

(f) *Rounding*

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

(g) *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.

(h) *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 (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 4% inflation rate as recommended in APF IV, paragraphs 5.4 and 5.5.

Skills and experience retention leave

Skills and experience retention leave is recognised on a pro-rata basis up to balance date in respect of services provided by Public Trustee employees with greater than 15 years service. The skills and experience retention leave is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

LSL

LSL is recognised on a pro-rata basis in respect of services provided by Public Trustee employees up to balance date. This year the liability was measured by an actuarial assessment performed by DTF based on Public Trustee employee data rather than the shorthand method used in previous years. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows. This calculation is consistent with Public Trustee's experience of employee retention and leave taken. 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.

(i) *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.

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

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

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

(j) *Insurance*

Public Trustee has insured for risks through the State Government's insurers, SAICORP, a division of SAFA. The excess payable under this arrangement varies depending on each class of insurance held.

(k) *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.

(l) 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.

(m) Payables

Payables include creditors, accrued expenses, employment on-costs, income tax equivalents and GST (refer note 2(o)).

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.

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, LSL and annual leave.

(n) Provisions

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2013 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

Public Trustee is responsible for the payment of workers compensation claims.

(o) Accounting for GST

Income, 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, or recoverable from, the ATO has been recognised as a payable or receivable in the Statement of Financial Position.

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

(p) 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.

(q) 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 standards

The AASs and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Public Trustee for the period ending 30 June 2013. The Public Trustee has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements.

4. Income	2013	2012
(a) Fees and charges:	\$'000	\$'000
Fees and charges from entities external to the SA Government:		
Commissions ⁽¹⁾	9 683	10 886
Fees and charges ⁽¹⁾	1 619	1 620
Management fees ⁽²⁾	7 918	7 375
Total fees and charges	19 220	19 881
⁽¹⁾ Commissions and fees are charged against estates pursuant to sections 44 and 45 of the <i>Public Trustee Act 1995</i> and other Acts.		
⁽²⁾ A management fee is charged against common funds at the rate of one-twelfth of 1% of the value of each fund as at the first business day of the month.		
(b) Interest:	2013	2012
Interest from entities within the SA Government:	\$'000	\$'000
Interest on operating and reserve accounts	61	107
Total interest - SA Government entities	61	107
Interest from entities external to the SA Government:		
Interest on fixed-term investments	926	1 064
Total interest - non-SA Government entities	926	1 064
Total interest	987	1 171
(c) Other income:		
Other income from entities within the SA Government:		
Recoupment of salaries and on-costs	73	149
Total other income- SA Government entities	73	149
Other income from entities external to the SA Government:		
Sundry income	25	20
Distributions from trusts	302	197
Total other income - non-SA Government entities	327	217
Total other income	400	366

5. Expenditure

(a) Superannuation		
During 2012-13 Public Trustee paid an amount of \$1.3 million (\$1.3 million) to DTF towards the accruing government liability for superannuation in respect of its employees.		
(b) Remuneration of employees	2013	2012
The number of employees whose remuneration received or receivable fell within the following bands:	Number	Number
\$188 000 - \$197 999	-	2
\$228 000 - \$237 999	2	-
\$268 000 - \$277 999	-	1
\$278 000 - \$287 999	1	-
Total	3	3

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, FBT and any other salary sacrifice benefits. Total remuneration received or due and receivable by these employees was \$751 000 (\$659 000).

(c) **TVSPs**
Public Trustee provided for no TVSPs during 2012-13 or the previous year.

(d) **Remuneration of board and committee members**
Members that were entitled to receive remuneration for membership during the 2012-13 financial year were:

Public Trustee Audit and Risk Management Committee
Mr Peter Whelan Ms Christine Locher

(d) **Remuneration of board and committee members (continued)**

The number of members whose remuneration received or receivable fell within the following bands:	2013 Number	2012 Number
\$0 - \$9 999	1	2
\$10 000 - \$19 999	1	1
Total	2	3

The total remuneration received or receivable by members was \$23 000 (\$34 000).

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

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

(e) **Supplies and services**

Supplies and services provided by entities within the SA Government:	2013 \$'000	2012 \$'000
Insurance	182	165
Information technology	397	445
Accommodation and telecommunication	1 680	1 619
Legal expenses	79	35
Service contractors	631	595
Supplies and services where value to entity is less than \$100 000	126	130
Auditor's remuneration ⁽¹⁾	168	171
Total supplies and services - SA Government entities	3 263	3 160

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

Personal services contractors	114	353
Other service contractors	165	416
Information technology	955	831
Minor works, maintenance and equipment	10	10
Accommodation and telecommunication	38	27
Other services and supplies	891	1 082
Consultancies ⁽²⁾	233	-
Total supplies and services - non-SA Government entities	2 406	2 719
Total supplies and services	5 669	5 879

(1) Audit fees paid/payable to the Auditor-General's Department relating to the audit of financial statements.

(2) Public Trustee procured two consultancies over \$50 000 in 2012-13 for the review of the agency's core business systems. There were no consultancies in 2011-12.

6. Receivables

Current receivables:	2013 \$'000	2012 \$'000
Debtors	101	306
Accrued investment income	377	376
Income tax equivalent refund due	235	235
Prepayments	140	430
	853	1 347

Government/Non-government receivables

Receivables from SA Government entities:

Debtors	80	290
Accrued investment income	5	7
Income tax equivalent refund due	235	235
Total receivables from SA Government entities	320	532

Receivables from non-SA Government entities:

Debtors	21	16
Accrued investment income	372	369
Prepayments	140	430
Total receivables from non-SA Government entities	533	815
Total receivables	853	1 347

6. Receivables (continued)

Receivables are generally settled within 30 days after the issue of an invoice.

7. Financial assets

Public Trustee is required, pursuant to section 46(2)(c) of the Act, to obtain the Treasurer's approval as to the manner of investment of corporate funds.

	2013 \$'000	2012 \$'000
Current assets:		
Current financial assets with entities other than SAFA:		
Australian fixed interest	-	1 998
Short-term financial assets	-	1 998
Non-current assets:		
Non-current financial assets with entities other than SAFA:		
Australian fixed interest (pooled funds)	6 943	7 141
International equities (pooled funds)	3 510	2 833
Australian listed property (pooled funds)	1 284	1 075
Australian equities (pooled funds)	4 192	3 643
Long-term financial assets	15 929	14 692
Total financial assets	15 929	16 690

8. Financial instruments

(a) Fair value of financial assets and liabilities

Financial instruments are readily tradeable and carried at fair value based upon the valuation policies set out in note 2(e). The aggregate carrying amounts for each class of financial instrument are as disclosed within the notes to the financial statements.

(b) 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.

(c) 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. These funds are not directly exposed to foreign exchange risk as the pooled funds are fully hedged against currency risk.

Management of risk is focused on both strategic and business process risk. Annually, an analysis of strategic risk is undertaken which is comprehensive and covers investment, financial, operational and administrative responsibilities of Public Trustee. Business processes are documented, key risks are identified and management strategies used to control these risks are in place.

(d) 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 or 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 its investment guidelines. 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 invests in short-term money market instruments with maturities less than one year and with credit ratings that satisfy the credit ratings requirements of Public Trustee's Cash Common Fund.

Cash flow and interest rate risk (continued)

A sensitivity analysis is provided below, outlining the exposure to each type of market risk at reporting date, showing how profit or loss would be affected by the changes in the relevant risk variable that were reasonably possible at that date. All instruments are designated as financial assets at fair value through the profit or loss; therefore there is no direct impact on equity.

Sensitivity analysis

	Carrying amount \$'000	Interest rate risk		Price risk	
		-1%	+1%	-20%	+10%
		Statement of Comprehensive Income		Statement of Comprehensive Income	
		\$'000	\$'000	\$'000	\$'000
2013					
Financial assets:					
Cash and cash equivalents	11 887	(119)	119	-	-
Financial assets at fair value through profit or loss:					
Australian fixed interest (pooled funds)	6 943	(69)	69	-	-
International equities (pooled funds)	3 510	-	-	(702)	351
Australian listed property (pooled funds)	1 284	-	-	(257)	129
Australian equities (pooled funds)	4 192	-	-	(838)	419
Total increase (decrease)		(188)	188	(1 797)	899
2012					
Financial assets:					
Cash and cash equivalents	8 741	(87)	87	-	-
Financial assets at fair value through profit or loss:					
Australian fixed interest	1 998	(20)	20	-	-
Australian fixed interest (pooled funds)	7 141	(71)	71	-	-
International equities (pooled funds)	2 833	-	-	(567)	283
Australian listed property (pooled funds)	1 075	-	-	(215)	108
Australian equities (pooled funds)	3 643	-	-	(729)	364
Total increase (decrease)		(178)	178	(1 511)	755

(e) **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.

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.

(e) Credit risk (continued)	2013	2012
Cash at bank, short-term bank deposits and floating rate notes:	\$'000	\$'000
A1+	3 387	4 241
A1	2 500	2 000
A2	6 000	2 500
BBB+	-	1 998
Total cash at bank, short-term bank deposits and floating rate notes	11 887	10 739
Trade receivables:		
Counterparties with external ratings:		
A1	38	39
A1+	18	52
A2	34	26
BBB+	-	7
Counterparties without external ratings:		
Existing customers with no defaults in the past	763	1 223
Total trade receivables	853	1 347

(f) 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 manages the liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

All financial assets held to maturity have a maturity date within 12 months. Pooled funds investments have no maturity date.

9. Plant and equipment

	Opening balance \$'000	Additions \$'000	Disposals \$'000	Depreci- ation \$'000	Revalu- ation/ Other \$'000	Closing balance \$'000
2013						
Plant and equipment:						
Plant and equipment at cost	1 026	-	(79)	-	-	947
Accommodation fitout	6 217	101	-	-	-	6 318
Work in progress at cost	-	293	-	-	-	293
Total plant and equipment	7 243	394	(79)	-	-	7 558
Accumulated depreciation:						
Plant and equipment:						
Plant and equipment	(845)	-	75	(89)	-	(859)
Accommodation fitout	(1 234)	-	-	(623)	-	(1 857)
Total accumulated depreciation	(2 079)	-	75	(712)	-	(2 716)
Net plant and equipment	5 164	394	(4)	(712)	-	4 842
2012						
Plant and equipment:						
Plant and equipment at cost	1 863	-	(837)	-	-	1 026
Accommodation fitout	6 155	61	-	-	1	6 217
Total plant and equipment	8 018	61	(837)	-	1	7 243
Accumulated depreciation:						
Plant and equipment:						
Plant and equipment	(1 521)	-	837	(161)	-	(845)
Accommodation fitout	(617)	-	-	(617)	-	(1 234)
Total accumulated depreciation	(2 138)	-	837	(778)	-	(2 079)
Net plant and equipment	5 880	61	-	(778)	1	5 164

10. Intangible assets

	Opening balance \$'000	Additions \$'000	Disposals \$'000	Amorti- sation \$'000	Revalu- ation/ Other \$'000	Closing balance \$'000
2013						
Software at cost	6 100	-	-	-	-	6 100
Works in progress at cost	-	257	-	-	-	257
Accumulated amortisation	(6 083)	-	-	(9)	-	(6 092)
Total intangible assets	17	257	-	(9)	-	265

Work in progress items are transferred to intangible assets when ready for use.

2012

Software at cost	7 614	-	(1 514)	-	-	6 100
Works in progress at cost	93	-	-	-	(93)	-
Accumulated amortisation	(7 547)	-	1 514	(50)	-	(6 083)
Total intangible assets	160	-	-	(50)	(93)	17

11. Payables

	2013 \$'000	2012 \$'000
Current liabilities:		
Trade creditors and accrued expenses	1 069	943
Income tax equivalents	568	-
GST payable	267	241
Employment on-costs	224	251
	2 128	1 435
Non-current liabilities:		
Employment on-costs	405	404

Government/Non-government payables

Payables to SA Government entities:		
Trade creditors and accrued expenses	409	603
Income tax equivalents	568	-
On-costs on employee benefits	302	324
Total payable to SA Government entities	1 279	927
Payables to non-SA Government entities:		
Trade creditors and accrued expenses	661	340
GST	267	241
On-costs on employee benefits	326	331
Total payable to non-SA Government entities ⁽¹⁾	1 254	912
Total payables	2 533	1 839

⁽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 liability

(a) Employee benefits

Current liabilities:		
LSL ⁽²⁾	142	290
Accrued salaries	123	82
Recreation leave ⁽¹⁾	840	861
Skills and experience retention leave ⁽¹⁾	83	-
	1 188	1 233
Non-current liabilities:		
LSL ⁽²⁾	3 718	3 634
	3 718	3 634
Total employee benefits	4 906	4 867

⁽¹⁾ An actuarial assessment performed by DTF set the salary inflation rate at 4%. This rate is unchanged from last year.

⁽²⁾ APF IV, paragraph 5.24, confirms the LSL taken percentage is unchanged from 2012 at 40%. The yield on long-term Commonwealth bonds used as the discount rate in calculating LSL by the actuarial is 3.75% (3%). The change in methodology and actuarial assumptions in the current financial year have the effect of decreasing the LSL liability by \$246 000 in 2012-13.

13. Provisions	2013	2012
Current liabilities:	\$'000	\$'000
Provision for dividend to State Government ⁽¹⁾	222	-
Provision for workers compensation ⁽²⁾	24	-
Total provisions	246	-
Movement in current provisions for dividend:		
Provision for dividend to State Government at 1 July ⁽¹⁾	(254)	-
Additional provision recognised	476	684
Payments to State Government	-	(684)
Provision of dividend at 30 June	222	-
 ⁽¹⁾ In accordance with the Public Trustee Charter, agreed by the Attorney-General and Treasurer, any differences between forecast profit and audited profit will be addresses through an adjustment to the final dividend in the following financial year. In 2011-12 the dividend paid to the Government exceeded the requirement that arose from the audited profit, resulting in a \$254 000 downwards adjustment to the dividend payable in 2012-13. Public Trustee intends to recommend to the Minister that an additional dividend of \$651 000 be paid in 2013-14.		
 ⁽²⁾ A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment perform by the Public Sector Workforce Relations Division of DPC. These claims are expected to be settled within the next 12 months.		
14. Contingencies		
Public Trustee had no known contingent assets or liabilities as at balance date.		
15. Reserves		Workers compensation reserve ⁽¹⁾
		\$'000
Balance as at 30 June 2011		285
Payments/transfers from reserves		-
Balance as at 30 June 2012		285
Payments/transfers from reserves		(285)
Total reserves as at 30 June 2013		-
 ⁽¹⁾ Public Trustee has established a reserve to meet the cost of workers compensation claims. Payments amounting to \$0 (\$0) were made from the reserve. This reserve has been transferred to retained earnings and a provision established for workers compensation.		
16. Cash flow reconciliation	2013	2012
(a) <i>Reconciliation of cash and cash equivalents</i>	\$'000	\$'000
Cash and cash equivalents disclosed in the Statement of Financial Position	11 887	8 741
Cash and cash equivalents disclosed in the Statement of Cash Flows	11 887	8 741
(b) <i>Reconciliation of profit (loss) after income tax equivalents to net cash provided by (used by) operating activities</i>		
Profit (Loss) for the year after income tax equivalent	1 327	505
Non-cash items:		
Depreciation and amortisation	720	828
Lease incentive	(267)	(288)
Unrealised gain on financial assets	(1 235)	-
Realised gain on financial assets	(1)	(1)
Loss on disposal of equipment	4	-
Movements in assets/liabilities:		
Receivables	494	787
Payables	146	432
Employee benefits and on-costs	12	1 001
Provisions	24	-
Capital written off	-	93
Income tax equivalents	568	(824)
GST liability	26	(53)
Net cash provided by (used in) operating activities	1 818	2 480

17. Cash and cash equivalents

	2013 \$'000	2012 \$'000
Cash	2 387	1 241
Short-term financial assets held to maturity	9 500	7 500
	<u>11 887</u>	<u>8 741</u>

18. Unrecognised contractual commitments

Public Trustee has no capital contractual arrangements for 2011-12 or 2012-13.

Remuneration commitments

One year or less	696	820
Later than one year but no longer than five years	1 852	1 760
Total remuneration commitments	<u>2 548</u>	<u>2 580</u>

Amounts disclosed include commitments arising from executive service contracts. Public Trustee does not offer remuneration contracts greater than five years.

Operating lease commitments

One year or less	1 759	1 696
Later than one year but no longer than five years	7 722	7 443
Later than five years	4 123	6 162
Total operating lease commitments	<u>13 604</u>	<u>15 301</u>

Public Trustee's operating leases are for office accommodation. Office accommodation is leased from the Department of Planning, Transport and Infrastructure. The leases are non-cancellable and expire in May 2020. Rent is payable monthly in advance.

Statement of Trusts being Administered as at 30 June 2013

		2013 \$'000	2012 \$'000
Trust funds under administration:	Note 3		
Deceased estates		156 432	160 999
Trusts		117 079	113 609
Administration matters		87 024	83 164
Court award orders		311 283	282 329
Protected estates		246 925	236 486
Workers compensation awards		177	242
Powers of attorney		60 656	60 100
Investors		260 364	232 890
Total funds		1 239 940	1 169 819
Represented by:			
Investment in common funds:	1(c),2		
Non-current assets:			
Australian equities		157 028	134 595
International equities		129 658	98 193
Listed property securities		48 569	42 966
Australian fixed interest investments		217 968	177 094
International fixed interest investments		23 617	23 704
		576 840	476 552
Current assets:			
Cash and cash equivalents		5 110	5 049
Australian fixed interest investments		276 686	306 992
Advances to estates		5 364	6 401
Other assets		12 146	13 705
		299 306	332 147
Current liabilities:			
Bank overdraft		-	1 713
Income distribution payable		9 549	12 652
Other liabilities		77	21
		9 626	14 386
Net common fund assets		866 520	794 313
Estate assets:	1(b)		
Non-current assets:			
Real estate		291 614	307 188
Personal chattels		42 287	34 997
Equities		18 598	14 535
Fixed interest and cash assets		17 199	13 166
Mortgages		176	193
		369 874	370 079
Current assets:			
Other assets		12 416	14 206
Current liabilities:			
Other liabilities		8 870	8 779
Net estate assets		373 420	375 506
Total net assets		1 239 940	1 169 819

Notes to and forming part of the administered financial statements

1. Statement of principal accounting policies

(a) *Format of the accounts*

The Statement of Trusts being Administered (the Statement) 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 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.

(b) *Basis of valuation for estate assets*

Real estate

For deceased estates, real estate is initially valued as at date of death. In other matters, the initial valuation is at the date Public Trustee being appointed manager, administrator or new trustee. Public Trustee revalues all real estate (except deceased estates) other than accommodation bonds every three years whenever 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 2013. Accommodation bonds are valued annually at cost less retention amount until the retention terms have expired.

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.

(c) *Basis of valuation of common fund assets and liabilities*

For the 2012-13 reporting period, assets for the Australian Shares Common Fund, Overseas Fixed Interest Common Fund, Overseas Shares Common Fund and the Listed Property Securities Common Fund are reported at market value to comply with current accounting standards.

Australian fixed interest investments: are valued at market value based on independently obtained market yields applying at balance date.

Advances to estates: are carried at their nominal amounts. Public Trustee is authorised by the *Public Trustee Act 1995* (the Act) 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 30 June 2013 was 3.5% (4.6%).

Cash 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.

Other assets and other liabilities: 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 Act 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
- balanced
- growth
- equities.

3. Trust funds under administration

	Number		Value	
	2013	2012	2013 \$'000	2012 \$'000
Deceased estates:				
Monies and assets held under the administration of the Public Trustee pursuant to the provisions of the Act	1 264	1 308	156 432	160 999
Trusts:				
Monies and assets held under the administration of the Public Trustee pursuant to the terms of a will or a deed of trust	1 407	1 473	117 079	113 609
Administration matters:				
Monies paid and assets transferred to the Public Trustee on account of minor beneficiaries pursuant to the Act	434	460	87 024	83 164
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>	813	832	311 283	282 329
Protected estates:				
Monies administered by the Public Trustee under the <i>Guardianship and Administration Act 1993</i>	3 272	3 141	246 925	236 486
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	4	4	177	242
Powers of attorney:				
Monies and assets held on behalf of donors who have appointed the Public Trustee to act on their behalf	351	383	60 656	60 100
Investors:				
Monies invested in common funds pursuant to section 29(1) of the Act by classes of persons approved by the Minister	294	328	260 364	232 890
	<u>7 839</u>	<u>7 929</u>	<u>1 239 940</u>	<u>1 169 819</u>

4. Unclaimed monies

During the reporting period, unclaimed monies totalling \$598 000 (\$290 000) in respect of estates is expected to be paid to the Consolidated Account pursuant to section 32(1) of the Act.

Auditor-General's Department

Functional responsibility

Establishment

The PFAA confers wide responsibilities and powers on the Auditor-General to examine any matters relating to the collection, receipt, issue or expenditure of public monies and to report on the efficiency and economy of public sector operations.

The responsibilities and powers are applied in the annual audits of a range of public sector agencies, including government departments, statutory authorities, public corporations, health bodies and various funds.

In addition the Auditor-General has a discretionary right under the *Education Act 1972* to inspect or audit the accounts of school councils and to approve the auditors of certain bodies, such as certain health bodies and statutory boards.

The Auditor-General's Department operates to assist the Auditor-General in the discharge of his/her statutory audit mandate. It is an administrative unit established pursuant to the PSA.

Audit mandate and coverage

Audit authority

Audit of the financial report

Under section 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 report

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 2013, and of its financial performance and 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 the Australian Accounting Standards (including the Australian Accounting Interpretations); and*
- (b) *the financial report also complies with accounts and records of the Department.*

Assessment of controls

In Edwards Marshall's opinion:

... the internal controls employed by the Department for the financial year ended 30 June 2013 over its financial reporting and the preparation of the financial statements are effective.

Communication of audit matters

Edwards Marshall advised in their audit completion letter dated 26 August 2013 that there were no significant matters communicated to the Department.

Interpretation and analysis of the financial report**Highlights of the financial report**

	2013 \$'million	2012 \$'million
Expenses		
Employee expenses	10.6	10.5
Other expenses	3.9	5.0
Total expenses	14.5	15.5
Revenues from (Payments to) SA Government	15.7	15.1
Total assets	4.6	3.3
Total liabilities	4.5	4.4

The decrease in total expenses of \$1 million was due to a decrease in payments to contract auditors. That decrease resulted principally from a reduction in the statutory audit work for the South Australian health sector. There was considerably more audit work required to be undertaken in 2011-12 in response to the implementation of significant strategic, administrative and financial changes (including systems) affecting the Department for Health and Ageing and South Australian health regions/services health regions/services.

Statement of Comprehensive Income for the year ended 30 June 2013

		2013	2012
	Note	\$'000	\$'000
Expenses:			
Employee expenses	3	10 599	10 479
Supplies and services:	4		
Contractors		1 811	2 883
Office accommodation and service costs		667	663
Computing and network processing costs		337	262
Staff development and training		174	138
Motor vehicles		160	145
Other expenses		148	158
Consultancies		80	165
FBT		61	60
SSSA charges		60	53
Staff travel and accommodation		41	48
Temporary staff		17	47
Report printing		8	9
		3 564	4 631
Depreciation and amortisation		292	349
Net loss from the disposal of non-current assets	5	-	10
Total expenses		14 455	15 469
Income:			
Other income		1	1
Total income		1	1
Net cost of providing services		14 454	15 468
Revenues from (Payments to) SA Government:			
Appropriations and contingency provision grant	6	15 657	15 099
Net result		1 203	(369)
Total comprehensive result		1 203	(369)

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

Statement of Financial Position as at 30 June 2013

		2013	2012
	Note	\$'000	\$'000
Current assets:			
Cash and cash equivalents	7,15.1	4 062	2 664
Receivables	8	126	160
Total current assets		<u>4 188</u>	<u>2 824</u>
Non-current assets:			
Computing and office facilities	9	307	337
Intangible assets	10	67	102
Total non-current assets		<u>374</u>	<u>439</u>
Total assets		<u>4 562</u>	<u>3 263</u>
Current liabilities:			
Payables	11	344	270
Cash advance - imprest account		3	3
Employee benefits	12	1 467	947
Provision for workers compensation	13	7	7
Total current liabilities		<u>1 821</u>	<u>1 227</u>
Non-current liabilities:			
Payables	11	258	300
Employee benefits	12	2 359	2 816
Provision for workers compensation	13	24	23
Total non-current liabilities		<u>2 641</u>	<u>3 139</u>
Total liabilities		<u>4 462</u>	<u>4 366</u>
Net assets		<u>100</u>	<u>(1 103)</u>
Equity:			
Opening balance - deficit		(1 103)	(734)
Increase (Decrease) in net assets		1 203	(369)
Total equity		<u>100</u>	<u>(1 103)</u>

Total equity is attributable to the SA Government as owner

Commitments 14

Statement of Changes in Equity for the year ended 30 June 2013

	Retained earnings \$'000	Total \$'000
Balance at 30 June 2011	(734)	(734)
Total comprehensive result for the year 2011-12	(369)	(369)
Balance at 30 June 2012	(1 103)	(1 103)
Total comprehensive result for the year 2012-13	1 203	1 203
Balance at 30 June 2013	100	100

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

Statement of Cash Flows for the year ended 30 June 2013

		2013 Inflows (Outflows) \$'000	2012 Inflows (Outflows) \$'000
Cash flows from operating activities:	Note		
Cash outflows:			
Employee expenses		(10 543)	(9 732)
Supplies and services		(3 887)	(5 304)
Payments for Paid Parental Leave Scheme		(24)	-
Cash inflows:			
Other income		1	1
GST refunds from ATO		395	467
Receipts for Paid Parental Leave Scheme		26	-
Cash flows from SA Government:			
Appropriations and contingency provision grant	6	15 657	15 099
Net cash provided by (used in) operating activities	15.2	1 625	531
Cash flows from investing activities:			
Cash outflows:			
Purchase of computing and office facilities	9.2	(190)	(217)
Purchase of intangible assets	10.2	(37)	(4)
Net cash provided by (used in) investing activities		(227)	(221)
Net increase (decrease) in cash and cash equivalents		1 398	310
Cash and cash equivalents at 1 July		2 664	2 354
Cash and cash equivalents at 30 June	7,15.1	4 062	2 664

Notes to and forming part of the financial statements

1. Objectives of the Auditor-General's Department (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 \$14.403 million (\$15.369 million) on this activity.

Special investigations

Includes all work that is specifically requested by the Parliament, Treasurer or Minister to be undertaken by the Auditor-General. This includes:

- 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. In 2012-13 the Auditor-General was required to examine and report to the Parliament on the progress of construction of the Adelaide Oval redevelopment and other matters. In addition, during 2011-12 the Auditor-General was required to examine and report to the Parliament on the probity of the processes leading up to the awarding of bus service contracts.

During 2012-13 the Department spent \$52 000 (\$100 000) on this activity.

2. Summary of significant accounting policies

(a) Statement of compliance

The financial statements are general purpose financial statements that have been prepared in accordance with applicable AASs and TIs and APSs issued pursuant to the PFAA.

The accounts are presented on the accrual basis of accounting using historical cost accounting which does not take into account changing money values.

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

AASs and AASB interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2013. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Department.

The Department's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention.

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

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Department's accounting policies. Areas involving a higher degree of judgment, 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 equal to or greater than the base executive remuneration level and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly to those employees
 - (c) expenses incurred as a result of engaging consultants (reported in the Statement of Comprehensive Income).

(c) Reporting entity

The Department produces both departmental and administered financial statements. The departmental financial statements report on the use of assets, liabilities, income and expenses controlled or incurred by the Department. The administered items financial statements report on the income, expenses, assets and liabilities which the Department administers on behalf of the SA Government but does not control.

(d) Comparative information

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

Where applicable the comparatives have been restated to assist users understanding of the current reporting period and do not replace the original financial statements for the preceding period.

(e) Rounding

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

(f) Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, FBT and GST. Income, expenses and assets are recognised net of the amount of GST except:

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

The net GST receivable/payable to the ATO has been recognised as a receivable in the Statement of Financial Position.

Cash flows are reported on a gross basis in the Statement of Cash Flows. The GST component of the cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO have however been classified as operating cash flows.

(g) Income and expenses

Income and expenses are recognised in the Statement of Comprehensive Income only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Income and expenses have been classified according to their nature in accordance with APF II, APS 3.5 and have not been offset unless required or permitted by another accounting standard.

The loss on the disposal of non-current assets is recognised when control of the asset has passed to the recipient.

(h) Revenues from (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 DTF titled 'Accrual Appropriation Excess Funds'. Use of the funds requires the approval of the Treasurer. Pursuant to TI 3, paragraph 3.8, this money is deemed to be controlled by the public authority in the name of which the money is recorded.

Administered items are funded by Parliamentary appropriations on a cash basis.

(i) Current and non-current classification

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

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

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call.

(k) Receivables

Receivables arise in the normal course of audit services to other agencies. Receivables are generally settled within 14 days after the issue of an invoice.

(l) Inventories

Consumable supplies are not recognised in the Statement of Financial Position as the value of these supplies is not considered to be material.

(m) Non-current asset acquisition and recognition

Assets are recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition, less accumulated depreciation.

All non-current physical assets with a value greater than \$2000 are capitalised in accordance with APF III, APSs 2.15 and 2.16.

The acquisition of software is capitalised when the expenditure meets the definition criteria of an intangible asset and when expenditure is greater than or equal to \$2000 in accordance with APF III, APSs 2.15 and 2.16. The Department has no internally generated intangible assets.

(n) Revaluation of non-current assets

The revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years in accordance with APF III, APS 3.3.

All non-current assets with a limited useful life are systematically depreciated over their useful lives.

(o) Depreciation/Amortisation of non-current assets

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. The useful lives of all major assets are reassessed on an annual basis.

Depreciation/Amortisation for non-current assets is determined as follows:

<i>Class of asset</i>	<i>Depreciation method</i>	<i>Useful life (years)</i>
Computing and office equipment	Straight-line	3
Laptop computer equipment	Straight-line	2
Leasehold improvements	Straight-line	3
Computer software	Straight-line	3

(p) Payables

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

Employee on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries, LSL, annual leave and skills and experience retention leave.

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.

The Paid Parental Leave Scheme payable represents amounts which the Department has received from the Commonwealth Government to forward on to eligible employees via the Department's standard payroll processes.

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.

(q) Employee benefits

Provision has been made for employee benefits liabilities arising from services rendered by employees to balance date in accordance with AASB 119. Employee benefits comprise salaries, annual leave, LSL and skills and experience retention 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 and skills and experience retention leave

The annual leave liability and the skills and experience retention 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, annual leave and skills and experience retention leave liability are payable later than 12 months, the liability will be measured at present value.

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.

LSL

LSL is recognised on a pro-rata basis for the employee service periods up to the reporting date. An actuarial assessment of LSL liability is undertaken by DTF. The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash flows.

The LSL to be taken in the 12 months to 30 June 2014 has been estimated by adding the estimated termination payments in this period to the estimated LSL to be taken by ongoing employees in the 12 months (based on previous years' experience). The basis of calculation is similar to that used in previous years.

Superannuation

Contributions are paid to several superannuation schemes operated by the SA Government and are treated as an expense when they occur. The liability for payments to beneficiaries is assumed by the South Australian Superannuation Board. The liability outstanding at the reporting date for any contributions due but not yet paid to the South Australian Superannuation Board is included in payables.

(r) Provisions

The workers compensation provision is an actuarial estimate of the outstanding liability at 30 June 2013 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Department is responsible for the payment of workers compensation claims.

(s) Leases

The Department has entered into operating leases for office accommodation and motor vehicles.

Operating leases

Under the operating leases, the lessor effectively retains the entire risks and benefits incidental to ownership of the leased items.

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

(t) Events after the end of the reporting period

There have been no events subsequent to 30 June 2013 that have had a material impact on the information disclosed in these financial statements.

3. Employee expenses	2013	2012
Employee benefits:	\$'000	\$'000
Salaries	8 087	7 663
Annual leave	740	698
LSL	243	652
Skills and experience retention leave	56	-
Total employee benefits	9 126	9 013

3. Employee expenses (continued)	2013 \$'000	2012 \$'000
Employee on costs:		
Superannuation	949	936
Payroll tax	522	519
Total employee on-costs	1 471	1 455
Workers compensation	2	11
Total employee expenses	10 599	10 479
4. Supplies and services provided by entities within SA Government		
Office accommodation and service costs	663	660
Staff development and training	2	2
Other expenses	22	23
Motor vehicle	108	98
SSSA charges	60	53
Total supplies and services provided by entities within SA Government	855	836
5. Net loss from the disposal of non-current assets		
Net book value of non-current assets disposed	-	10
Total net loss from the disposal of non-current assets	-	10
No proceeds were received from the disposal of non-current assets.		
6. Funding of the Department		
Appropriations to the Department in 2012-13 amounted to \$15.444 million (\$15.094 million) and there was a contingency provision grant of \$213 000 (\$5000).		
Appropriations under Special Acts are reported under administered items.		
7. Cash and cash equivalents		
Deposits with the Treasurer	4 059	2 661
Imprest account and cash on hand	3	3
Total cash and cash equivalents	4 062	2 664

Deposits with the Treasurer

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

Interest rate risk

Deposits with the Treasurer are non-interest bearing for the Department. The Department's only interest bearing asset is an imprest account and the exposure to interest rate risk is insignificant.

The weighted average interest rate for the imprest account was 3.04% (4.37%).

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

8. Receivables	2013 \$'000	2012 \$'000
Current:		
GST input tax recoverable	123	153
Other	3	7
Total current	126	160

The current receivable amounts are with non-SA Government entities.

Interest rate and credit risk

GST input tax credits are recoverable from the ATO and as such there is no interest rate or credit risk and the carrying amount represents fair value. With respect to other receivables there is no interest rate risk and the carrying amount represents fair value. The credit risk associated with other receivables are insignificant.

9. Computing and office facilities	2013	2012
9.1 Classes of computing and office facilities	\$'000	\$'000
Computing and office equipment - at cost	612	632
Accumulated depreciation	(520)	(486)
	<u>92</u>	<u>146</u>
Laptop computer equipment - at cost	466	343
Accumulated depreciation	(285)	(201)
	<u>181</u>	<u>142</u>
Leasehold improvements - at cost	579	563
Accumulated depreciation	(545)	(514)
	<u>34</u>	<u>49</u>
	<u>307</u>	<u>337</u>

There were no indications of impairment of non-current assets at 30 June 2013.

9.2 Reconciliation of carrying amount	Carrying amount				Carrying amount
	01.07.12	Additions	Disposals	Depreciation	30.06.13
	\$'000	\$'000	\$'000	\$'000	\$'000
Computing and office equipment	146	20	-	74	92
Laptop computer equipment	142	154	-	115	181
Leasehold improvements	49	16	-	31	34
Total computing and office facilities	<u>337</u>	<u>190</u>	<u>-</u>	<u>220</u>	<u>307</u>
	Carrying amount				Carrying amount
	01.07.11	Additions	Disposals	Depreciation	30.06.12
	\$'000	\$'000	\$'000	\$'000	\$'000
Computing and office equipment	134	94	-	82	146
Laptop computer equipment	173	122	10	143	142
Leasehold improvements	88	1	-	40	49
Total computing and office facilities	<u>395</u>	<u>217</u>	<u>10</u>	<u>265</u>	<u>337</u>

10. Intangible assets	2013	2012
10.1 Classes of intangible assets	\$'000	\$'000
Computer software - at cost	540	503
Accumulated amortisation	(473)	(401)
	<u>67</u>	<u>102</u>

There were no indications of impairment of non-current assets at 30 June 2013.

10.2 Reconciliation of carrying amount	Carrying amount				Carrying amount
	01.07.12	Additions	Disposals	Amortisation	30.06.13
	\$'000	\$'000	\$'000	\$'000	\$'000
Computer software	102	37	-	72	67
Total intangible assets	<u>102</u>	<u>37</u>	<u>-</u>	<u>72</u>	<u>67</u>
	Carrying amount				Carrying amount
	01.07.11	Additions	Disposals	Amortisation	30.06.12
	\$'000	\$'000	\$'000	\$'000	\$'000
Computer software	182	4	-	84	102
Total intangible assets	<u>182</u>	<u>4</u>	<u>-</u>	<u>84</u>	<u>102</u>

11. Payables	2013	2012
Current:	\$'000	\$'000
Employee on-costs	268	231
Creditors	61	28
Accrued expenses	13	11
Paid Parental Leave Scheme payable	2	-
Total current	<u>344</u>	<u>270</u>

11. Payables (continued)	2013	2012
Non-current:	\$'000	\$'000
Employee on-costs	258	300
Total non-current	258	300
Total payables	602	570
Payables to entities within the SA Government	299	307

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. All payables are non-interest bearing. The carrying amount of payables approximates fair value due to the amounts being payable on demand.

12. Employee benefits	2013	2012
Current:	\$'000	\$'000
Salaries	-	-
Annual leave	666	634
LSL	745	313
Skills and experience retention leave	56	-
Total current	1 467	947
Non-current:		
LSL	2 359	2 816
Total non-current	2 359	2 816
Total employee benefits	3 826	3 763

AASB 119 contains the calculation methodology for LSL liability. This year an actuarial assessment performed by DTF was used to calculate the liability rather than using a shorthand technique for the calculation of the liability.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has increased from 3% at 30 June 2012 to 3.75% at 30 June 2013. This increase in the bond yield, which is used as the rate to discount future LSL cash flows, results in a decrease in the reported LSL liability.

The net financial effect of the changes in the methodology and actuarial assumptions is immaterial. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate.

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

13. Provision for workers compensation	2013	2012
Current:	\$'000	\$'000
Provision for workers compensation	7	7
Total current	7	7
Non-current:		
Provision for workers compensation	24	23
Total non-current	24	23
Total provision	31	30
Carrying amount at 1 July	30	22
Workers compensation payments	-	-
Increase (Decrease) in provision	1	8
Carrying amount at 30 June	31	30

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

14. Commitments**Operating lease commitments**

The Department's operating leases are for the leasing of office accommodation and motor vehicles.

Office accommodation

Office accommodation is leased from the Building Management Division of the Department of Planning, Transport and Infrastructure. The lease expires on 30 June 2015. The rental amount is based on floor space, with the rental rate reviewable by Department of Planning, Transport and Infrastructure every two years.

Motor vehicles

Motor vehicles are leased from SAFA through their agent LeasePlan Australia. 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, and are reviewed annually.

	2013	2012
	\$'000	\$'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	667	692
Later than one year but not later than five years	635	1 268
Total operating lease commitments as lessee	1 302	1 960

Remuneration commitments

At the reporting date the Department had commitments for the payment of salaries and other remuneration under fixed-term employment contracts (these obligations have not been recognised as liabilities):

Not later than one year	1 046	984
Later than one year but not later than five years	2 434	2 300
Total remuneration commitments	3 480	3 284

Amounts disclosed include commitments arising from executive and employee contracts under fixed-term employment. The Department does not offer fixed-term employment contracts to executives and employees for periods greater than five years.

15. Cash flow reconciliations	2013	2012
15.1 Reconciliation of cash and cash equivalents	\$'000	\$'000
Cash and cash equivalents at 30 June per:		
Statement of Financial Position	4 062	2 664
Statement of Cash Flows	4 062	2 664
15.2 Reconciliation of net cost of providing services to net cash provided by (used in) operating activities		
Net cost of providing services	(14 454)	(15 468)
Net cash flows from government	15 657	15 099
Depreciation and amortisation	292	349
Loss on disposal of non-current assets	-	10
Movements in assets/liabilities:		
Receivables	34	31
Employee benefits	63	619
Provision for workers compensation	1	8
Payables	32	(117)
Net cash provided by (used in) operating activities	1 625	531
16. Remuneration of employees	2013	2012
The number of employees whose normal remuneration is equal to or greater than the base executive remuneration level during the year are grouped within the following bands:	Number	Number
\$188 000 - \$197 999	-	2
\$198 000 - \$207 999	2	1
\$208 000 - \$217 999	1	1
\$218 000 - \$227 999	1	1
\$228 000 - \$237 999	1	-
\$388 000 - \$397 999	-	1
\$398 000 - \$407 999	1	-
Total	6	6

16. Remuneration of employees (continued)

The table includes all employees whose normal remuneration is equal to or greater than the base executive remuneration level of \$138 033. Total remuneration received or receivable by these employees was \$1.476 million (\$1.402 million).

The employee remuneration figures detailed above include employee remuneration recorded in both the Department's financial statements and in the administered financial statements of the Department.

17. Remuneration of auditor

	2013 \$'000	2012 \$'000
Remuneration for audit of financial statements	10	*15
Remuneration for other services	-	-
	<u>10</u>	<u>15</u>

* Remuneration for audit of financial statements in 2011-12 includes the payment for the cost of auditing the 2010-11 financial statements and payment of an interim bill for work performed as part of the audit of financial statements for 2011-12.

18. Financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2.

	Carrying amount	
	2013 \$'000	2012 \$'000
Financial assets		
Cash and cash equivalents	4 062	2 664
Receivables*	3	2
Financial liabilities		
Payables	74	40
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 2013

		2013	2012
	Note	\$'000	\$'000
Expenses:			
Employee expenses		322	343
Amounts paid/payable to Consolidated Account		13 616	13 971
Total expenses		<u>13 938</u>	<u>14 314</u>
Income:			
Fees for audit services		13 616	13 971
Appropriation - Special Acts	A2.2	308	288
Total income		<u>13 924</u>	<u>14 259</u>
Net result		<u>(14)</u>	<u>(55)</u>
Total comprehensive result		<u><u>(14)</u></u>	<u><u>(55)</u></u>

Statement of Administered Financial Position as at 30 June 2013

		2013	2012
	Note	\$'000	\$'000
Current assets:			
Cash and cash equivalents	A4.1	871	817
Receivables	A2.1	4 015	1 932
Total assets		<u>4 886</u>	<u>2 749</u>
Current liabilities:			
Employee benefits	A3	137	131
Amounts payable to Consolidated Account		4 144	1 795
GST payable		565	787
Total current liabilities		<u>4 846</u>	<u>2 713</u>
Non-current liabilities:			
Employee benefits	A3	436	418
Total non-current liabilities		<u>436</u>	<u>418</u>
Total liabilities		<u>5 282</u>	<u>3 131</u>
Net assets		<u><u>(396)</u></u>	<u><u>(382)</u></u>
Equity:			
Opening balance - deficit		(382)	(327)
Increase (Decrease) in net assets		(14)	(55)
Total equity		<u><u>(396)</u></u>	<u><u>(382)</u></u>

Statement of Administered Changes in Equity for the year ended 30 June 2013

	Retained earnings \$'000	Total \$'000
Balance at 30 June 2011	(327)	(327)
Total comprehensive result for the year 2011-12	(55)	(55)
Balance at 30 June 2012	(382)	(382)
Total comprehensive result for the year 2012-13	(14)	(14)
Balance at 30 June 2013	(396)	(396)

Statement of Administered Cash Flows for the year ended 30 June 2013

		2013 Inflows (Outflows) \$'000	2012 Inflows (Outflows) \$'000
Cash flows from operating activities:	Note		
Cash outflows:			
Employee expenses		(298)	(289)
Amounts paid to Consolidated Account		(11 266)	(13 277)
GST paid to ATO		(1 583)	(1 048)
Cash inflows:			
Fees for audit services	A2.1	12 893	14 585
Cash flows from SA Government:			
Appropriations - Special Acts	A2.2	308	288
Net cash provided by (used in) operating activities	A4.2	54	259
Net increase (decrease) in cash and cash equivalents		54	259
Cash and cash equivalents at 1 July		817	558
Cash and cash equivalents at 30 June	A4.1	871	817

Notes to and forming part of the administered financial statements

A1. Statement of significant accounting policies

The summary of all significant accounting policies for the Auditor-General's Department (the Department) are contained in note 2. The policies outlined in note 2 apply to both the Department and the administered financial statements.

A2. Administered items

A2.1 Auditing fees

Section 39 of the PFAA provides for the levying of fees for audit services provided by the Department. These are paid into the Consolidated Account.

	2013 \$'000	2012 \$'000
Fees outstanding at 1 July	1 932	1 148
Billings (including GST)	14 976	15 369
	16 908	16 517
Receipts (including GST)	12 893	14 585
Fees outstanding at 30 June	4 015	1 932

At 30 June, the value of audit work in progress was \$6.185 million (\$5.991 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

Section 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	2013	2012
Current:	\$'000	\$'000
Salaries	-	-
Annual leave	137	131
Total current	137	131
Non-current:		
LSL	436	418
Total non-current	436	418
Total employee benefits	573	549
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	871	817
Statement of Administered Cash Flows	871	817
A4.2 Reconciliation of net result to net cash provided by (used in) operating activities		
Net result	(14)	(55)
Movements in assets/liabilities:		
Receivables	(2 083)	(783)
Employee benefits	24	54
Amounts payable to the Consolidated Account	2 349	694
GST payable	(222)	349
Net cash provided by (used in) operating activities	54	259

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	12 145	12 278
Expenses	13 616	13 971
Financial assets	4 309	2 177
Financial liabilities	4 144	1 795

Department for Communities and Social Inclusion

Functional responsibility

Establishment

The Department for Communities and Social Inclusion (DCSI or the Department) is an administrative unit established pursuant to the PSA.

Functions

DCSI works with all South Australians, particularly the most vulnerable and disadvantaged, to ensure they have access to high quality services that protect and enhance the community's wellbeing and provide support to people when in need.

DCSI strives to deliver better and more connected services to the vulnerable and disadvantaged in the community, and to build engaged, socially inclusive, strong and vibrant communities and is responsible for delivering specific programs to the public with respect to activities assigned to it under various Acts.

In addition, DCSI provides all the employee and housing related services to the South Australian Housing Trust (SAHT) through its Housing SA division. An agreement with SAHT sets out the arrangements.

For more information about these changes and about DCSI's objectives and functions refer notes 1 and 4 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

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

Assessment of controls

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

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

Scope of audit

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

During 2012-13, specific areas of audit attention included:

- supplies and services expenditure

- brokerage expenditure
- concession payments
- grants, subsidies and client payments
- payments to non-government organisations (NGOs)
- payroll and employee entitlements
- fixed assets including works in progress
- Commonwealth grants
- revenues from rent, fees and charges
- accounts receivable
- financial accounting
- client trust accounts.

Internal audit activities were reviewed to assess the risks of material misstatement of the financial report and to design and perform audit procedures.

Audit findings and comments

Auditor's report on the financial report

In my opinion, the financial report gives a true and fair view of the financial position of the Department for Communities and Social Inclusion as at 30 June 2013, 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 Communities and Social Inclusion in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for all matters outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Department for Communities and Social Inclusion have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive of the Department. The main matters raised with the Department and the related responses are detailed below.

In addition, matters relating to SSSA as a service provider to the Department are also described below.

Grants, subsidies and client payments

Evidence based planning and unit costing

Audit considered the Department's progress in developing grant management frameworks. These include a formal evidence based management framework to improve resource and funding planning and a financial costing framework to support budgeting and unit costing.

Audit follow-up of these frameworks in June 2013 found that each of the projects has progressed during the year. However, final reporting and formal approval of each framework was not finalised.

Performance management

Audit has previously reported that the extent and evidence of NGO performance management varied across the Department and has recommended that the Department establish key performance management principles.

The Department has agreed to develop a risk based approach to performance management and require program areas to focus on service specific performance management while centralising other performance review responsibilities.

Review of this area found that the performance management project progressed during 2012-13. The Homelessness Strategy Unit piloted the use of a risk based approach to performance management, including procurement and program roles, and guidance documentation is being developed.

However, final reporting and formal approval of the risk based approach to performance management is not finalised.

In response to the grants, subsidies and client payment issues raised, the Chief Executive advised that:

- the Department has completed development of the evidence based management framework. Training is now being provided within the Department and the project is expected to be completed and reported to management for approval in December 2013
- work undertaken on the financial costing framework continues to form the basis of the Department's assessment of service prices
- the Department has considered the impacts individualised funding and Disability Care Australia will have and further work is planned for later in the year
- an update to senior management will be provided once this work and another review into specific costing models is complete
- the Department intends to consolidate findings of current performance management trials into a report to senior management for approval to expand into other risk assessed areas of the organisation.

Brokerage expenditure

The Department purchases (brokers) services from NGOs to meet individual Disability Services client needs.

The cost of brokerage expenditure, including domiciliary care, to the Department has increased significantly in recent years, rising from \$57 million in 2008-09 to \$112 million in 2012-13 (refer to comments under 'Expenses' below).

Receipt of services

Previous audits have recommended that the Department consider improving controls to ensure that services provided are adequately received before making payment.

The Department responded that it relies on a range of indicators, communications and work flows to ensure that agreed services are provided to clients but considers that it is impractical to implement a review on a contract by contract basis for all services. The Department advised that it would investigate ways to sample test the performance of provider organisations.

Audit review of brokerage expenditure in 2012-13 found that the Department has implemented testing of provider service delivery on a sample basis. The audit identified the following matters that could further improve internal controls:

- comparing sampled payment information against the service requirements of the client service agreement
- implementing a structured, risk based approach to sample selection that covers high need, high cost clients on a regular basis together with selection of a random sample
- considering client involvement/corroboration to ensure services are received, subject to client capacity or the availability of their advocate
- testing should consider any outstanding, relevant feedback from all systems that may support or challenge the validity of payments made, and evidence how this was assessed.

The Department has also advised that feedback from clients, carers or family is an important mechanism to ensure overall service delivery. The 2012-13 audit found that while service coordinators are required to log client concerns on internal systems, this does not always occur.

While the initial feedback is considered from a service viewpoint, it is not always updated to systems for other purposes and available to all officers. Further, finance officers may not consider analysis of feedback on these matters before they authorise invoices for payment.

Audit recommended that the Department continue to improve procedures to ensure a consistent structured approach to recording, analysing and communicating client feedback.

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

- the Department will consider methods of sampling transactions including clients with high cost/volume contracts for further testing
- client feedback and verification could be a valuable addition to the testing process. A balance would need to be struck between gaining the best assurance that a service was delivered and involving potentially vulnerable clients
- the Department will investigate opportunities to enhance recording capabilities to help capture events or communications that increase the risk that services were not provided.

Performance management of providers

The Department's performance management framework requires annual reviews of all organisations that are approved as brokerage service providers.

Audit selected a sample of service provider organisations to assess compliance with established policy and procedure. The results of the audit revealed:

- performance assessments that were completed after the commencement of the funding period
- key performance indicators are not used uniformly for all service providers
- instances where performance reviews relied on data and submissions from the provider rather than independent assessment of the content in the submission.

Audit recommended that the Department assess organisations in accordance with the performance management framework and established policies and procedures to confirm providers meet established standards. Where the Department identifies areas that staff may not be consistently applying or retaining appropriate information, policies and procedures should be updated to clarify expectations.

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

- performance reviews are periodic snapshots and confirm an organisation continues to meet relevant criteria. A performance review and approval to deliver services does not have an expiry date
- the Department will review performance review elements and ensure guidance notes are provided where necessary to ensure consistency in the interpretation of the performance review areas.

Other brokerage matters

The audit of brokerage expenditure also identified other areas where certain financial and control processes could be improved. These include ensuring that:

- service coordinators provide options to clients when matching needs and available services, and ensure that choices and reasons for client preferences are documented
- service providers who submit data and invoices/activity statements for group funding provide sufficient information to reconcile service details to underlying contracts for each client
- payments for manual invoices are in accordance with approved contracts
- client needs assessments are undertaken on an annual basis in accordance with the purchasing policy and agreements are promptly executed
- where agreement terms are varied, appropriate approvals and documentation are maintained to support decisions made
- system access is limited so that no single officer can create contracts and make payments.

In response to the other brokerage expenditure issues raised, the Chief Executive advised that:

- client choice underpins the State Government individualised funding program and the Department provided correspondence to clients advising them of program choices. Service coordinators must seek independent approvals when recommending a client provider
- the Department is reviewing guidelines to bring more of an individualised funding philosophy into provider selection for clients who choose to allow Disability SA to purchase supports on their behalf
- the brokerage system automatically reconciles any electronic data submitted by a service provider to underlying information. The Department continues to work with providers who are not yet on the portal for electronic information to encourage a greater depth of information on invoices
- the annual needs assessment review relies upon previous assessments and assumes no change is required, unless requested by the client

- in some instances, services may need to be put in place immediately without an initial contract. Established approval procedures are followed in these circumstances
- the Department will further consider and enhance the different user profiles to enable segregation of duties to be clearly enforced.

Concessions

Implementation and operation of CASIS

Last year's Report mentioned the proposed operation of CASIS, the system for concessions and senior card administration, by the end of April 2013. The system is significant for effective management and financial control of service providers and eligible customer concessions.

From 2009-10, specific comment has been made in each Annual Report on the anticipated implementation of the CASIS system. The Department in April 2009 approved the engagement of the system developer at a development cost of \$600 000 (GST exclusive) for planned implementation in 2009-10. As documented by the Department, due to certain factors (including prolonged illness of an experienced programmer, lack of suitable backup and complexity of concession business rules), the development timeline was not achieved.

The Department approved the continuing engagement of the system developer in November 2012 to complete the development and implementation of the system to manage concessions as required until December 2013 at a revised cost of \$3.72 million.

It is a matter of concern that the system is not yet operational. The system developer went into administration recently and is being liquidated. In response to Audit inquiry of the Department in August 2013 regarding the status of the system development, the Department advised the following:

- Actual expenditure to 30 June 2013 on the system development was \$3.71 million (GST exclusive) comprising amounts paid to the system developer and for other contract and services required to support system delivery.
- A further \$780 000 (GST exclusive) is estimated to be required to complete the system development.
- The contract with the system developer was terminated with a final actual cost of \$3.16 million (GST exclusive).
- The contract with the system developer provided that the Minister for Communities and Social Inclusion owns the intellectual property created during the project.
- Procurement and contractual arrangements were being pursued to achieve completion of system development and to provide support and hosting of the system through to 30 June 2014.

The Department further advised that a phased implementation of the system will commence in October 2013 involving major concession components with remaining functionality implemented by the end of December 2013.

This ongoing system development has resulted in additional cost to the taxpayer with little benefit being realised to date (including the anticipated benefit of effective financial management of concession outlays). This is a consequence of significant delays in its implementation and operation.

Reconciling payments to client records

The past five annual audits have commented on the Department's inability to comprehensively reconcile concession payments made with client details maintained on departmental databases. Audit has previously recommended that the Department match individual concession payments made to records of eligibility prior to reimbursing the South Australian Water Corporation, RevenueSA and energy retailers for concessions provided.

The Department has previously advised Audit that the CASIS project is expected to eventually address this matter and management will investigate options for interim controls. Audit followed up these matters during 2012-13 and was advised that the CASIS project was not yet operational.

Audit reviewed the interim controls the Department has implemented to minimise the risk of concessions being provided to ineligible customers. These include random sampling of concession payments in each billing cycle, assessment of certain client types and further coverage through internal audit reviews for specific areas.

The results of the review indicate that these controls have identified transactions for correction. The random samples and reviewed areas, however, provide less coverage than matching total individual concession transactions.

Audit recommended that the Department continue to pursue a mechanism to match individual concession payments to current records of eligibility.

Concessions file register

After each billing period, energy providers are required to provide an electronic activity file to the Department listing active customers that received concessions. This is checked by the Department.

Each period, a number of energy providers bill concessions in advance based on estimates and the billing amount is adjusted periodically upon receipt of the activity file. Therefore if energy providers do not present the activity file in a timely manner, concessions will be reimbursed without an appropriate adjustment causing incorrect payments until they are identified and corrected. For other energy providers it remains important to obtain the file for checking purposes.

The Department maintains a reconciliation file activity register to track when each energy provider submits their customer file. Audit review of the register revealed that energy suppliers are not providing the activity file on a regular basis and some are outstanding for extended periods of time.

Audit recommended that the Department determine and communicate a clear timeframe for energy providers to submit activity files and follow these up on a regular basis.

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

- development of CASIS has recently progressed and the Department is now able to use some of the system functionality to move towards a customer level reconciliation for some concession types
- once fully operational, CASIS will be able to automatically undertake this reconciliation for all concession types
- the SA Government Customer Concession Scheme for Energy 2013 clearly requires energy retailers to provide a reconciliation file to the Department within 30 days. This requirement is regularly reinforced to energy retailers at quarterly communication meetings

- the Department will implement the practice of withholding payment, where possible when requirements are not met by energy retailers.

Client trust funds

The Department administers the client trust account which holds funds on behalf of approximately 700 clients. The balance of the client trust account at 30 June 2013 was \$12.5 million (\$11.6 million). As trust funds cannot be used by the Department to achieve its own objectives they are not included in the controlled financial statements and are disclosed as an administered item.

The major issues arising from the audit included:

- instances were identified where payments requested by NGOs were not authorised by Department staff. Audit recommended that all payments for client trusts should be appropriately authorised and arrangements between NGOs and client trusts clarified
- important client files were not adequately protected against unauthorised edit. Access to client network drives and/or files should be protected
- the Department should further consider segregating duties and update policies and procedures to prevent staff from performing incompatible tasks.

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

- payments will only be approved by departmental officers and procedures updated and communicated to those involved
- the Department will review access to EFT and client files to determine if additional security measures can be implemented
- a further review of segregation of duties was undertaken and procedural changes are expected to be implemented by the end of September 2013.

Expenditure

Basware authorisations

The audit included a review of processes to ensure that payments are made only when authorised by an officer with sufficient, appropriate financial authorisation for valid purposes.

In addition to a standard delegation, agency officers may be allocated a special and/or super delegation. The Department utilises special delegations that allow a normal user to process a transaction with higher amounts than usual. Super delegations are not used as the Department considers the use of normal and special delegations to be sufficient.

An audit of special and/or super delegation monthly reports received by the Department revealed that these were not always reviewed.

Audit also selected a sample of active users in Basware with financial delegation and compared this to approved financial authorisations. The review revealed discrepancies between the delegated amount recorded in Basware for a number of officers to that recorded in the financial authorisation register.

Audit recommended that the Department ensure that special and/or super delegation reports are reviewed and Basware delegations are regularly compared to approved delegations.

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

- will put practices in place to ensure special and/or super delegation reports are reviewed and evidence of the review is maintained
- will monitor compliance with existing procedures and all Basware delegations will be regularly compared against approved delegations
- is developing a report that will review payroll data against Basware and approved delegations to regularly review the accuracy of delegates and authorities
- checks all payments over a determined amount to ensure that payments are appropriately approved.

Creditor account payment performance

TI 11 prescribes the policy for creditor account payments, including the development of relevant policies and procedures and the preparation of monthly reports on account payment performance to the Minister.

The audit noted the need for updated policies and procedures for TI 11 requirements and for monthly reports to be submitted through the Chief Executive to the Minister on a timely basis.

In response the Department advised that policies and procedures had been updated and account payment performance reports would be submitted through the Chief Executive to the Minister on a timely basis.

Payroll

While SSSA is responsible for payroll processing functions, the Department has an important role to review payroll reports each pay period and to validate employee transactions, payments and leave records. The Department has established policies, procedures and controls in place to achieve these roles.

The audit found controls that did not operate as intended throughout the year including:

- controls designed to ensure all leave taken is completely and accurately recorded in the payroll system did not operate effectively
- manager/supervisor review of bona fide reports to provide assurance that only bona fide employees are paid was not implemented as intended.

In response to these issues raised, the Chief Executive advised that the Department has now fixed bona fide and leave reporting processes. Policies will be reviewed to ensure that controls around leave monitoring and bona fide returns are enhanced.

Information and communications technology and control

During the year, Audit undertook a high level IT control review for the Department's key financial systems and infrastructure. The review noted that the Department had again received certification to the appropriate international standard for its ICT services infrastructure.

The review also noted some matters that required attention. They were:

- remediation of outstanding DCSI internal audit review observations was due for completion by the end of June 2013
- the policy covering application development is to be completed by September 2013

- further development and integration of DCSI's business continuity and disaster recovery plans across DCSI's whole portfolio is anticipated for the end of December 2013.

The Department's response confirmed action in progress for these matters with completion targeted dates between June to December 2013.

Further to the high level review, Audit made specific follow-up inquiry into the implementation status of the system for concessions and senior card administration, CASIS. Specific comment on this matter is provided above under the heading 'Concessions'.

Shared Services SA – CHRIS payroll control environment

SSSA processes payroll transactions specific to the CHRIS HRMS system on behalf of the Department in accordance with a service level determination with SSSA.

The audit of payroll transactions considered the payroll process and control environments of SSSA and the external bureau provider of the CHRIS HRMS payroll service to SSSA.

Review of the process and control environments in previous years has identified SSSA key control weaknesses covering segregation of duties and user access and certain security limitations of the CHRIS 5 application provided by the bureau service.

As SSSA implemented significant remediation action during the year, it was not effective throughout the entire year. As such the process and control environment could not be considered robust and effective for the 2012-13 financial year. Also the planned migration of payroll processing from CHRIS 5 to CHRIS 21, which would address security limitations, is yet to occur.

This matter is further discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report.

Shared Services SA – accounts payable and electronic payment control environments

SSSA operates an accounts payable function which involves the processing of transactions on behalf of the Department under a service level determination. The function involves the e-Procurement system for ordering, receiving and invoice processing; Masterpiece payment transaction processing and vendor masterfile processing; EFT and cheque payment processing; and Masterpiece general ledger maintenance.

While SSSA continues to progress significant remedial measures to address prior years' key control weaknesses certain actions are still required before the control environments can be considered to be robust and effective.

This matter is further discussed in the commentary under 'Department of the Premier and Cabinet' elsewhere in Part B of this Report.

Interpretation and analysis of the financial report

Highlights of the financial report	2013	2012
	\$'million	\$'million
Expenses		
Employee benefit expenses	364	437
Supplies, services and other expenses	257	253
Grants, subsidies and client payments	561	788
Total expenses	1 182	1 478

Highlights of the financial report

	2013 \$'million	2012 \$'million
Income		
Rent, fees and charges	122	133
Commonwealth revenues	70	267
Other revenues	2	7
Total income	194	407
Net cost of providing services	(988)	(1 071)
Revenues from (Payments to) SA Government	997	1 104
Net result	9	33
Revaluation surplus	(10)	(57)
Total comprehensive result	(1)	(24)
Net cash provided by (used in) operating activities	26	61
Assets		
Current assets	133	99
Non-current assets	257	272
Total assets	390	371
Liabilities		
Current liabilities	120	98
Non-current liabilities	89	90
Total liabilities	209	188
Total equity	181	183

Statement of Comprehensive Income**Expenses**

During 2012-13 total expenses decreased by \$296 million to \$1.18 billion. This included decreases in employee benefit expenses (\$73 million) and grants, subsidies and client payments of \$227 million.

Grants subsidies and client payments

Grants, subsidies and client payments of \$561 million are the Department's largest expenditure category. Note 8 to the financial statements discloses a detailed list of grants, subsidies and client payments by program and by recipient type.

During 2012-13 grants subsidies and client payments decreased by \$227 million to \$561 million. This included Home and Community Care related expenses which decreased by \$102 million to \$30 million as the Commonwealth now directly funds NGOs for services to Aboriginal people aged 50 and over and other people aged 65 and over.

Grants to SAHT also decreased by \$88 million to \$330 million primarily reflecting decreased Commonwealth and State funding related to:

- the National Partnership Agreement on Remote and Indigenous Housing which decreased by \$41 million
- the National Partnership Agreement on Nation Building and Jobs Plan which decreased by \$31 million

- the National Affordable Housing Agreement which decreased by \$10 million
- tax equivalent regime reimbursements which decreased by \$12 million.

These decreases were offset slightly by an increase in payments related to the National Partnership Agreement on Homelessness of \$4 million.

Grants, subsidies and client payments, excluding SAHT and Home and Community Care payments, were \$201 million, a reduction of \$37 million from the prior year. Contributing to the change were:

- Families SA related grants, subsidies and client payments which decreased by \$62 million as Families SA transferred to the Department for Education and Child Development from 1 January 2012
- disability grants which increased by \$25 million.

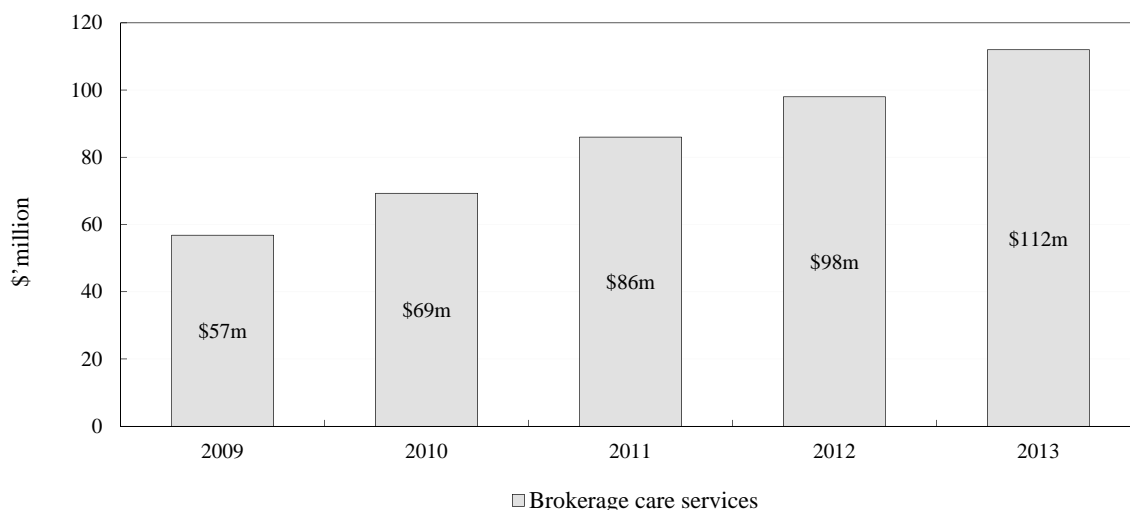
Grants and subsidy funding to NGOs decreased by \$61 million to \$206 million predominantly as a result of changed Commonwealth funding arrangements. Note 8.1 to the financial statements discloses a detailed list of funding to NGOs by recipient.

Supplies and services

During 2012-13 supplies and services expenditure decreased by \$1 million to \$221 million. Contributing to the change were:

- Families SA related supplies and services expenditure which decreased by \$15 million as Families SA transferred to Department of Education and Child Development from 1 January 2012
- expenditure on brokerage care services, including domiciliary care, which increased \$14 million (15%) to \$112 million.

The following chart highlights the continuing upward trend in brokerage care services which have nearly doubled in the five years to 2012-13.



Other expenses

Included in other expenses of \$30 million are \$27 million of payments to the Commonwealth under the National Partnership Agreement on Transitioning Responsibilities for Aged Care and Disability Services. The State reimburses the Commonwealth for the cost of services for packaged care and residential care for certain younger people with disabilities.

Also included in other expenses are \$2.6 million of assets that were transferred to Families SA as part of finalisation of machinery of government changes during the year.

Employee benefit expenses

Employee benefit expenses decreased by \$73 million to \$364 million.

The machinery of government changes in 2011-12 involved transferring around 1890 employees to other agencies and around 640 employees to the Department. The decrease represents the full year effect of these changes.

Refer note 31 to the financial statements for further details on transferred functions.

Income

Revenues from rent, fees and charges

In 2012-13 revenues from rent, fees and charges decreased by \$11 million to \$122 million due to a decrease in employee services revenue. This represents the recovery of costs for the provision of employee related services to Housing SA and the full year effect of the movement of staff.

Commonwealth revenues

During 2012-13 Commonwealth revenues decreased by \$197 million to \$70 million. This is attributable to the following decreases in National Partnership payments:

- \$127 million for Home and Community Care grants
- \$41 million for Remote and Indigenous Housing
- \$31 million for Nation Building and Jobs Plan
- \$19 million in disability reform funding under the National Partnership Agreement on Transitioning Responsibilities for Aged Care and Disability Services.

These decreases in Commonwealth revenues were offset by an increase in transitional funding for Home and Community Care of \$27 million and an increase in funding for the National Partnership Agreement on Homelessness of \$2 million.

Commonwealth Government funding relating to DCSI programs is received via DTF either through its administered special deposit account or through the Consolidated Account. The Commonwealth revenues in the financial report only record funding received either directly from the Commonwealth Government or via DTF's administered special deposit account.

Commonwealth Government funding relating to DCSI programs but received by DTF into the Consolidated Account is incorporated in SA Government appropriations.

Appropriations from the SA Government

During 2012-13 appropriations from the SA Government decreased by \$125 million to \$986 million. This is principally due to the full year effect of machinery of government changes and a reduction of tax equivalent regime reimbursements to the SAHT of \$12 million.

Net result

The net result for 2012-13 was a surplus of \$9 million, compared to a surplus of \$33 million for 2011-12. In understanding this result it is important to consider that the Department has disclosed funding for specific purposes totalling \$9.7 million which it has not expended in the current financial year (refer note 16 to the financial statements).

Statement of Financial Position**Assets***Property plant and equipment*

Property, plant and equipment represents 60% of total assets. The carrying value of property, plant and equipment increased by \$46 million to \$235 million due mainly to:

- the capitalisation of the new \$67 million Cavan training centre from capital works in progress. The 60 bed facility was officially opened in September 2012 and replaces the old Magill training centre, which is being decommissioned
- the revaluation of property, plant and equipment as of 30 June 2013 which resulted in a \$10 million decrement
- an increase in depreciation and amortisation charges of \$2 million to \$6 million reflecting the addition of the Cavan training centre and the full year effect of the revision of asset useful lives.

Capital works in progress

Capital works in progress decreased by \$64 million to \$4 million mainly due mainly to the completion and transfer of the new \$67 million Cavan training centre offset slightly by new capital works expenditure of \$4 million.

Liabilities

Total liabilities increased by \$21 million to \$209 million. Contributing to the change were:

- an increase in payables of \$15 million related to a \$27 million payment to the Commonwealth Government for reimbursement under aged care funding reforms and for persons with a disability under 65. This was offset by a reduction in trade creditors and other payables of \$12 million.
- employee benefits which increased by \$4 million and include the new skills and experience retention leave.

Statement of Cash Flows

The following table summarises the net cash flows for the five years to 2013.

	2013 \$'million	2012 \$'million	2011 \$'million	2010 \$'million	2009 \$'million
Net cash flows					
Operating	26	61	(6)	12	(14)
Investing	(7)	(49)	(14)	(13)	(3)
Financing	-	-	30	2	13
Change in cash	19	12	10	1	(4)
Cash at 30 June	83	64	52	42	41

Of the Department's cash balance, \$62 million is held in DTF's Accrual Appropriation Excess Fund Account, which can only be used in accordance with the Treasurer's/Under Treasurer's approval.

Other cash deposits include \$771 000 which was previously held by the Health Services Charitable Gifts Board and a bequest of \$156 000 for the Strathmont Centre which was previously part of the former Intellectual Disability Services Council. These balances are held as controlled cash until the conditions of the trusts and accounting treatment are determined and agreed with DTF.

DCSI is engaged in a number of programs involving the receipt of funds from State and Commonwealth sources on the basis that funds are expended in a manner consistent with the terms of the funding arrangements. As at 30 June 2013 the value of unexpended funding commitments was \$9.7 million. Reference should be made to note 16 to the financial statements for details of unexpended funding commitments.

Statement of Comprehensive Income for the year ended 30 June 2013

		2013	2012
	Note	\$'000	\$'000
Expenses:			
Employee benefit expenses	5	363 543	436 911
Supplies and services	6	221 056	222 081
Depreciation and amortisation expense	7	6 462	4 722
Grants, subsidies and client payments	8	561 157	787 888
Net loss (gain) from disposal of non-current assets	13	126	(628)
Other expenses	9	30 019	27 259
Total expenses		<u>1 182 363</u>	<u>1 478 233</u>
Income:			
Revenue from rent, fees and charges	10	122 210	132 734
Commonwealth revenues	11	70 480	267 185
Interest revenues	12	61	31
Other revenues	14	1 611	7 066
Total income		<u>194 362</u>	<u>407 016</u>
Net cost of providing services		<u>(988 001)</u>	<u>(1 071 217)</u>
Revenues from (Payments to) SA Government:			
SA Government appropriation	15.1	986 040	1 110 680
Grants from SA Government agencies	15.2	10 815	10 991
Payments to SA Government	15.3	-	(17 938)
Total revenues from (payments to) SA Government		<u>996 855</u>	<u>1 103 733</u>
Net result		<u>8 854</u>	<u>32 516</u>
Other comprehensive income:			
Revaluation surplus		(10 264)	(56 867)
Total other comprehensive income		<u>(10 264)</u>	<u>(56 867)</u>
Total comprehensive result		<u>(1 410)</u>	<u>(24 351)</u>

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

Statement of Financial Position as at 30 June 2013

		2013	2012
	Note	\$'000	\$'000
Current assets:			
Cash and cash equivalents	17	82 804	63 678
Receivables	18	47 169	35 460
Inventories	19	293	295
		130 266	99 433
Non-current assets classified as held for sale	20	2 343	-
Total current assets		132 609	99 433
Non-current assets:			
Receivables	18	18 598	15 070
Property, plant and equipment	21	235 066	188 927
Capital works in progress	22	3 810	68 009
Intangible assets	23	22	-
Total non-current assets		257 496	272 006
Total assets		390 105	371 439
Current liabilities:			
Payables	24	61 732	46 852
Employee benefits	25	45 885	42 051
Provisions	26	11 010	8 742
Other current liabilities	27	1 702	785
Total current liabilities		120 329	98 430
Non-current liabilities:			
Payables	24	4 911	4 733
Employee benefits	25	51 123	50 800
Provisions	26	28 452	30 139
Other non-current liabilities	27	4 141	4 778
Total non-current liabilities		88 627	90 450
Total liabilities		208 956	188 880
Net assets		181 149	182 559
Equity:			
Contributed capital	28	74 325	74 325
Retained earnings	28	59 142	50 288
Revaluation surplus	28	47 682	57 946
Total equity		181 149	182 559
Total equity is attributable to the SA Government as owner			
Unexpended funding commitments	16		
Unrecognised contractual commitments	30		
Contingent assets and liabilities	32		

Statement of Changes in Equity for the year ended 30 June 2013

		Contributed capital \$'000	Revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
	Note				
Balance at 30 June 2011		74 325	114 813	16 859	205 997
Prior period adjustment		-	-	204	204
Restated balance at 30 June 2011		74 325	114 813	17 063	206 201
Net result for 2011-12		-	-	36 747	36 747
Gain (Loss) on revaluation of property, plant and equipment during 2011-12		-	(56 867)	-	(56 867)
Total comprehensive result for 2011-12		-	(56 867)	36 747	(20 120)
Transactions with SA Government as owner:					
Net assets received from an administrative restructure	31	-	-	(3 290)	(3 290)
Net assets transferred as a result of an administrative restructure	31	-	-	3 999	3 999
Balance at 30 June 2012	28	74 325	57 946	54 519	186 790
Prior period adjustment		-	-	(4 231)	(4 231)
Restated balance at 30 June 2012		74 325	57 946	50 288	182 559
Net result for 2012-13		-	-	8 854	8 854
Gain (Loss) on revaluation of property, plant and equipment during 2012-13		-	(10 264)	-	(10 264)
Total comprehensive result for 2012-13		-	(10 264)	8 854	(1 410)
Balance at 30 June 2013	28	74 325	47 682	59 142	181 149

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

Statement of Cash Flows for the year ended 30 June 2013

		2013	2012
		Inflows (Outflows)	Inflows (Outflows)
		\$'000	\$'000
Cash flows from operating activities:	Note		
Cash outflows:			
Employee benefit payments		(360 083)	(415 466)
Payments for supplies and services		(231 277)	(215 244)
Payments for grants and subsidies		(533 116)	(790 138)
GST payments on purchases		(45 013)	(62 909)
GST paid to the ATO		(1 418)	(2 153)
Other payments		(27 225)	(26 788)
Cash used in operations		<u>(1 198 132)</u>	<u>(1 512 698)</u>
Cash inflows:			
Fees and charges		129 830	134 432
Receipts from Commonwealth		47 267	267 568
Interest received		61	31
GST receipts on receivables		1 981	2 080
GST recovered from the ATO		46 188	62 422
Other receipts		1 611	3 170
Cash generated from operations		<u>226 938</u>	<u>469 703</u>
Cash flows from SA Government:			
Receipts from SA Government		986 040	1 110 680
Grants from SA Government agencies		10 815	10 991
Payments to SA Government		-	(17 938)
Cash generated from SA Government		<u>996 855</u>	<u>1 103 733</u>
Net cash provided by (used in) operating activities	33	<u>25 661</u>	<u>60 738</u>
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment (including works in progress)		(8 605)	(49 770)
Cash used in investing activities		<u>(8 605)</u>	<u>(49 770)</u>
Cash inflows:			
Proceeds from sale of property, plant and equipment		2 070	710
Cash generated from investing activities		<u>2 070</u>	<u>710</u>
Net cash provided by (used in) investing activities		<u>(6 535)</u>	<u>(49 060)</u>
Cash flows from financing activities:			
Cash outflows:			
Cash transferred as a result of restructuring activities		-	(301)
Cash used in financing activities		<u>-</u>	<u>(301)</u>
Cash inflows:			
Proceeds from restructuring activities		-	246
Cash generated from financing activities		<u>-</u>	<u>246</u>
Net cash provided by (used in) financing activities		<u>-</u>	<u>(55)</u>
Net increase (decrease) in cash and cash equivalents		<u>19 126</u>	<u>11 623</u>
Cash and cash equivalents at 1 July		<u>63 678</u>	<u>52 055</u>
Cash and cash equivalents at 30 June	17	<u><u>82 804</u></u>	<u><u>63 678</u></u>

Disaggregated Disclosures – Expenses and Income for the year ended 30 June 2013

	(Activities - refer note 4)	1	2	3	4
Expenses:		\$'000	\$'000	\$'000	\$'000
Employee benefit expenses		1 577	4 321	74 512	203 347
Supplies and services		222	1 026	-	168 271
Depreciation and amortisation expense		-	-	-	2 813
Grants, subsidies and client payments		153	791	329 991	210 632
Net loss (gain) from disposal of non-current assets		-	-	-	24
Other expenses		-	266	-	27 364
Total expenses		1 952	6 404	404 503	612 451
Income:					
Revenues from rent, fees and charges		2	3 255	71 409	20 409
Commonwealth revenues		-	-	16 717	52 870
Interest revenues		-	-	-	57
Other revenues		-	-	-	1 382
Total income		2	3 255	88 126	74 718
Net cost of providing services		(1 950)	(3 149)	(316 377)	(537 733)
Revenues from (Payments to) SA Government					
SA Government appropriation		-	-	-	-
Grants from SA Government agencies		118	6	180 785	6 898
Payments to SA Government		-	-	-	-
Net result		(1 832)	(3 143)	(135 592)	(530 835)

	(Activities - refer note 4)	5	6	General/ Not attributable	2013 Total
Expenses:		\$'000	\$'000	\$'000	\$'000
Employee benefit expenses		40 750	39 036	-	363 543
Supplies and services		13 084	38 453	-	221 056
Depreciation and amortisation expense		1 617	2 032	-	6 462
Grants, subsidies and client payments		18 312	1 278	-	561 157
Net loss (gain) from disposal of non-current assets		13	89	-	126
Other expenses		-	2 389	-	30 019
Total expenses		73 776	83 277	-	1 182 363
Income:					
Revenues from rent, fees and charges		1 487	25 648	-	122 210
Commonwealth revenues		893	-	-	70 480
Interest revenues		-	4	-	61
Other revenues		99	130	-	1 611
Total income		2 479	25 782	-	194 362
Net cost of providing services		(71 297)	(57 495)	-	(988 001)
Revenues from (Payments to) SA Government					
SA Government appropriation		-	-	805 255	986 040
Grants from SA Government agencies		2 525	1 268	-	10 815
Payments to SA Government		-	-	-	-
Net result		(68 772)	(56 227)	805 255	8 854

Disaggregated Disclosures – Expenses and Income for the year ended 30 June 2012

	(Activities - refer note 4)	1	2	3	4
Expenses:		\$'000	\$'000	\$'000	\$'000
Employee benefit expenses		83 996	84 017	156 001	37 912
Supplies and services		-	19 407	126 724	30 243
Depreciation and amortisation expense		-	1 506	409	1 330
Grants, subsidies and client payments		417 872	62 473	155 653	133 425
Net gain (loss) from disposal on non-current assets		-	-	4	50
Other expenses		-	-	26 783	25
Total expenses		501 868	167 403	465 574	202 985
Income:					
Revenues from rent, fees and charges		82 423	323	15 802	4 832
Commonwealth revenues		86 204	1 378	44 874	134 302
Interest revenues		-	-	2	27
Other revenues		-	327	-	1 625
Total income		168 627	2 028	60 678	140 786
Net cost of providing services		(333 241)	(165 375)	(404 896)	(62 199)
Revenues from (Payments to) SA Government					
SA Government appropriation		192 866	-	-	-
Grants from SA Government agencies		-	589	5 307	1 700
Payments to SA Government		-	-	-	-
Net result		(140 375)	(164 786)	(399 589)	(60 499)

	(Activities - refer note 4)	5	6	General/ Not attributable	2012 Total
Expenses:		\$'000	\$'000	\$'000	\$'000
Employee benefit expenses		9 954	65 031	-	436 911
Supplies and services		5 519	40 188	-	222 081
Depreciation and amortisation expense		57	1 420	-	4 722
Grants, subsidies and client payments		13 624	4 841	-	787 888
Net gain (loss) from disposal on non-current assets		-	(682)	-	(628)
Other expenses		-	451	-	27 259
Total expenses		29 154	111 249	-	1 478 233
Income:					
Revenues from rent, fees and charges		953	28 401	-	132 734
Commonwealth revenues		-	427	-	267 185
Interest revenues		-	2	-	31
Other revenues		-	5 114	-	7 066
Total income		953	33 944	-	407 016
Net cost of providing services		(28 201)	(77 305)	-	(1 071 217)
Revenues from (Payments to) SA Government					
SA Government appropriation		-	-	917 814	1 110 680
Grants from SA Government agencies		2 753	642	-	10 991
Payments to SA Government		-	-	(17 938)	(17 938)
Net result		(25 448)	(76 663)	899 876	32 516

Disaggregated Disclosures – Assets and Liabilities as at 30 June 2013

	(Activities - refer note 4)	1	2	3	4
		\$'000	\$'000	\$'000	\$'000
Assets:					
Cash and cash equivalents*		-	-	-	-
Receivables*		-	-	-	-
Inventories		-	-	-	41
Property, plant and equipment		-	21	-	73 940
Non-current assets held for sale		-	-	-	-
Capital works in progress		-	-	-	141
Intangible assets		-	-	-	-
Total assets		-	21	-	74 122
Liabilities:					
Payables*		-	-	-	-
Employee benefits*		-	-	-	-
Provisions*		-	-	-	-
Other liabilities*		-	-	-	-
Total liabilities		-	-	-	-

	(Activities - refer note 4)	5	6	General/ Not attributable	2013 Total
		\$'000	\$'000	\$'000	\$'000
Assets:					
Cash and cash equivalents*		-	-	82 804	82 804
Receivables*		-	-	65 767	65 767
Inventories		-	252	-	293
Property, plant and equipment		89 497	71 608	-	235 066
Non-current assets held for sale		-	2 343	-	2 343
Capital works in progress		-	3 669	-	3 810
Intangible assets		22	-	-	22
Total assets		89 519	77 872	148 571	390 105
Liabilities:					
Payables*		-	-	66 643	66 643
Employee benefits*		-	-	97 008	97 008
Provisions*		-	-	39 462	39 462
Other liabilities*		-	-	5 843	5 843
Total liabilities		-	-	208 956	208 956

* The Department considers that the significant expenditure associated with accounting system modifications and other associated expenditure required to reliably capture these disaggregated asset and disaggregated liability information is not justifiable. The Department has therefore chosen not to disclose these assets and liabilities by disaggregated activities.

Disaggregated Disclosures – Assets and Liabilities as at 30 June 2012

	(Activities - refer note 4)	1	2	3	4
Assets:		\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents*		-	-	-	-
Receivables*		-	-	-	-
Inventories		-	-	51	-
Property, plant and equipment		-	60 772	64 770	17 615
Capital works in progress		-	-	-	-
Intangible assets		-	-	-	-
Total assets		-	60 772	64 821	17 615
Liabilities:					
Payables*		-	-	-	-
Employee benefits*		-	-	-	-
Borrowings		-	-	-	-
Provisions*		-	-	-	-
Other liabilities*		-	-	-	-
Total liabilities		-	-	-	-

	(Activities - refer note 4)	5	6	General/ Not attributable	2012 Total
Assets:		\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents*		-	-	63 678	63 678
Receivables*		-	-	50 530	50 530
Inventories		-	244	-	295
Property, plant and equipment		2 589	43 181	-	188 927
Capital works in progress		-	68 009	-	68 009
Intangible assets		-	-	-	-
Total assets		2 589	111 434	114 208	371 439
Liabilities:					
Payables*		-	-	51 585	51 585
Employee benefits*		-	-	92 851	92 851
Borrowings		-	-	-	-
Provisions*		-	-	38 881	38 881
Other liabilities*		-	-	5 563	5 563
Total liabilities		-	-	188 880	188 880

* The Department considers that the significant expenditure associated with accounting system modifications and other associated expenditure required to reliably capture these disaggregated asset and disaggregated liability information is not justifiable. The Department has therefore chosen not to disclose these assets and liabilities by disaggregated activities.

Notes to and forming part of the financial statements

1. Objectives and functions of the Department for Communities and Social Inclusion (the Department or DCSI)

The Department is committed to ensuring that all South Australians, particularly the most vulnerable and disadvantaged, have access to high quality services that protect and enhance the community's wellbeing and provide support to people when they need it.

The Department has a commitment to delivering better and more connected services to the vulnerable and disadvantaged in our community, and to build engaged, socially inclusive, strong and vibrant communities.

The work of the Department will support the achievement of the SA Government strategic priorities.

Following a number of machinery of government reforms that were announced by the Premier, Hon Jay Weatherill MP, on 22 October 2011, the Department serves the Minister for Communities and Social Inclusion, Minister for Social Housing, Minister for Disabilities, Minister for Youth, Minister for Volunteers, Minister for the Status of Women and Minister for Multicultural Affairs.

The Department has responsibility for the delivery of specific programs to the public with respect to activities assigned to the Department under various Acts as delegated by the respective Ministers, to the Chief Executive of the Department.

The Department also functions as a service provider to the South Australian Housing Trust. The financial affairs of the South Australian Housing Trust do not form part of the Department's financial report.

1.1 Administered items

The Department administered certain revenues, expenses, assets and liabilities on behalf of other government agencies and non-government entities. They are not controlled by the Department and are consequently not recognised in the Department's financial statements. They are regarded as significant and disclosed in a separate set of financial statements.

1.2 Administrative restructures

There were no functions transferred in the 2012-13 financial year.

2011-12

- *Transferred out*

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 January 2012 the Department transferred responsibilities for Families SA to the Department for Education and Child Development. Assets and liabilities relating to these business units were transferred out of the Department and into the Department for Education and Child Development as at 1 January 2012.

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 January 2012 the Department transferred responsibilities for Ageing Policy and Aged Care Assessment Team to the Department for Health and Ageing. Assets and liabilities relating to these business units were transferred out of the Department and into the Department for Health and Ageing as at 1 January 2012.

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2012, from 23 April 2012 the Department transferred responsibilities for specified employees only, to the Urban Renewal Authority (now referred to as Renewal SA).

- *Transferred in*

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 December 2011 DPC transferred responsibilities for the Social Inclusion Unit, to the Department. Assets and liabilities relating to these business units were transferred out of their respective departments and into the Department as at 1 December 2011.

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 January 2012 the Attorney-General's Department (AGD) transferred responsibility for the Office for Women, Office for Youth, Office for Volunteers and Multicultural SA to the Department. Assets and liabilities relating to these business units were transferred out of their respective departments and into the Department as at 1 January 2012.

- *Transferred in (continued)*
Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 January 2012 the Department of Planning and Local Government (DPLG) transferred responsibilities for Office for the Southern Suburbs and Office for the Northern Suburbs to the Department. Assets and liabilities relating to these business units were transferred out of their respective departments and into the Department as at 1 January 2012.

Funding for the Department

Funding for the Department comes mainly from appropriation funding from State and Commonwealth Government sources. These funds are applied to both controlled and administered activities.

The Department also receives amounts from other sources including rents, fees and charges.

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
- TIs and APSs promulgated under the provision of the PFAA
- other mandatory professional reporting requirements in Australia.

Early-adoption of accounting standards

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 2013. The Department has assessed the impact of new and amended standards and interpretations and considers that there will be no impact on the accounting policies or financial statements of the Department for the year ending 30 June 2013.

2.2 Basis of preparation

The preparation of the financial statements requires the use of certain accounting estimates, where management is required to exercise its judgment in the process of applying the Department's accounting policies. The areas involving a higher degree of judgments 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.

The preparation of the financial statements also requires compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency, the APSs require the following note disclosures, that have been included in this financial report:

- revenues, expenses, financial assets and financial liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature
- expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)
- employee TVSP information
- employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the Department to those employees
- board/committee member and remuneration information, where a board or committee member is entitled to receive income from membership other than direct out-of-pocket reimbursement.

The Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historic 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.

2.2 Basis of preparation (continued)

The existence of the Department and the ongoing delivery of current programs and services is dependent upon government policy and on continuing appropriations by Parliament.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013 and the comparative information presented.

2.3 Reporting entity

The Department's financial statements include both departmental and administered items. The financial statements include assets, liabilities, income and expenses controlled or incurred by the Department in its own right. The administered financial statements include assets, liabilities, income and expenses which the Department administers on behalf of the SA Government but does not control. A separate set of financial statements is produced as these administered items are regarded as significant in respect to the Department's operations.

2.4 Comparative information

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

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

Where the Department has applied an accounting policy retrospectively, such items are reclassified retrospectively in the financial statements.

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

2.5 Rounding

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

2.6 Taxation

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:

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

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

Cash flows are included in the Statement of Cash Flows on a net basis. 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.

2.7 Income

Income is recognised in the Statement of Comprehensive Income when and only when the flow of economic benefits has occurred 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 to 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.

2.7 Income (continued)

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.

Grant contributions received

Grants that are received from other entities by the Department for general assistance or a particular purpose, may be for capital or recurrent purposes and the name of the category reflects the use of the grant. These entities may be other SA Government agencies or the Commonwealth Government. The grants given are usually subject to terms and conditions set out in the contract, correspondence or by legislation. The contribution is recognised as an asset and income when the Department obtains control of the contribution or the right to receive the contribution.

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 were not donated.

Revenues from SA Government

Appropriation is recognised as revenue when the Department obtains control over the funding. Control over appropriation is normally obtained upon their receipt.

Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the Department and the contribution 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 surplus is transferred to retained earnings.

2.8 Expenses

Expenses are recognised in the Statement of Comprehensive Income when and only when the flow or consumption or loss of future economic benefits has occurred and can be reliably measured.

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

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

The following are specific recognition criteria:

Employee benefit expenses

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

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.

The useful lives, residual values and depreciation/amortisation method of all major assets held by the Department are reassessed on an annual basis.

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

Depreciation and amortisation of non-current assets (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 and non-current assets held for sale are not depreciated.

Depreciation/Amortisation for non-current assets is determined as follows:

<i>Class of asset</i>	<i>Depreciation method</i>	<i>Useful life (years)</i>
Buildings and improvements	Straight-line	4-50
Leasehold improvements	Straight-line	Life of lease
Computing equipment	Straight-line	3
Motor vehicles	Straight-line	3-10
Other plant and equipment	Straight-line	2-15
Intangible assets - computer software	Straight-line	3-10

Grants, subsidies and client payments

Grants that are paid to other entities for general assistance or a particular purpose may be for capital or recurrent purposes and the name of the category reflects the use of the grant. These entities may be other SA Government agencies, non-government organisations or the public. The grants given are usually subject to terms and conditions set out in the contract, correspondence or by legislation. For contributions payable the contribution will be recognised as a liability and expense when the Department has a present obligation to pay the contribution.

Resources provided free of charge

Resources provided free of charge are recorded as expenditure in the Statement of Comprehensive Income at their fair value; and in the expense line items to which they relate.

Payments to SA Government

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

2.9 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. 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.

2.10 Assets

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

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

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

Cash and cash equivalents

Cash and cash equivalents as reported in the Statement of Financial Position include 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 which are subject to insignificant risk of changes in value. Cash and cash equivalents in the Statement of Cash Flows comprise cash and cash equivalents as defined above. Cash is measured at nominal value.

In October 2003 the SA Government introduced a policy with respect to aligning agency cash balances with the appropriation and expenditure authority. During 2012-13 the Department was required to transfer \$14.3 million for concessions which is an administered item. During the 2011-12 financial year the Department was required to transfer \$17.9 million of its cash balance to the Consolidated Account and \$8.06 million for concessions which is an administered item.

Receivables

Receivables include amounts receivable from goods and services, prepayments and other accruals.

Receivables (continued)

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are due within 30 days after the issue of an invoice or otherwise in accordance with relevant contractual arrangements.

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. Debts that are known to be uncollectible, after all reasonable attempts have been made to collect the debt, are written off when identified.

Inventories

Inventories are stated at the lower of cost and their net realisable value. Inventories held for use by the Department are measured at cost, with cost being allocated in accordance with the first-in, first-out method.

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 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 date of classification.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Statement of Financial Position. The liability of a disposal group classified as held for sale is also presented separately from the other liabilities in the Statement of Financial Position.

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.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. Where the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recorded at the value recorded by the transferor prior to transfer.

The Department capitalises all non-current tangible assets with a value of \$10 000 or greater.

Assets held for sale are separately disclosed and measured at the lower of their carrying amount and fair value less costs to sell.

Works in progress are projects incomplete as at reporting date.

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); and revaluation of non-current assets or groups of assets is performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is equal to or greater than three years.

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

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

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

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

The Department's land and buildings underwent a full site revaluation as at 30 June 2012.

Revaluation of non-current assets

The professional valuer engaged to perform the independent valuations was Mr Fred Taormina, BAppSc (Val), AAPI Certified Practicing Valuer of Valcorp Pty Ltd.

Desktop valuations were carried out by Mr Fred Taormina in 2013 to assess if the carrying amount of land and building assets were impaired or materially different from fair value. This year's desktop valuation did determine an impairment, and these new values were adopted as at 30 June 2013.

Assets deemed to be at fair value

For those classes of non-current assets where an independent revaluation has not been undertaken, the criteria which require revaluation within APF III have not been met. For these classes of non-current assets, written down cost is deemed to be at fair value as determined by APF III.

Asset classes where written down cost is deemed to be fair value include:

- leasehold improvements
- buildings and improvements in progress (WIP)
- computing equipment
- motor vehicles
- other plant and equipment.

Impairment

All non-current assets are tested for an 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. An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset has been revalued. For revalued assets, an impairment loss is offset against the revaluation surplus for that same class of assets, to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

Intangibles

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

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

The acquisition of or internal development of software is capitalised when the expenditure meets the asset definition criteria (identifiability, control, and the existence of future economic benefits), the asset recognition criteria (probability of future economic benefit and cost can be reliably measured) and 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.

Investment property

The investment property is held to earn rentals and/or for capital appreciation. Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Department.

Subsequent to initial recognition at cost, investment properties are revalued to fair value with changes in the fair value recognised as income or expense in the period that they arise. The properties are not depreciated and are not tested for impairment.

Rental income from the leasing of investment properties is recognised in the Statement of Comprehensive Income as part of other income, on a straight-line basis over the lease term.

At 30 June 2013 there was only one investment property reported in the administered financial statements.

2.11 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 to 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, employment on-costs and Paid Parental Leave Scheme payable.

All payables are measured at their nominal amount and are unsecured. Invoices are normally settled promptly in accordance with TI 11 after the Department receives an invoice.

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 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 processed or received.

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

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

The Department makes contributions to several 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 DTF centrally recognises the superannuation liability in the whole-of-government financial statements. The only liability outstanding at balance date relates to any contributions due but not yet paid to the superannuation schemes.

Employee benefits

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

- *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 is estimated to be less than the annual entitlement of sick leave.
- *Annual leave*
The liability for annual leave is measured as the amount unpaid at the reporting date at remuneration rates expected to be paid at reporting date. The annual leave liability is expected to be paid within 12 months and is measured at the undiscounted nominal amount. 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.
- *LSL*
The liability for LSL was determined through an actuarial assessment undertaken by Mercer (Australia) Pty Ltd, in accordance with AASB 119. The following assumptions were made by the actuary when performing the assessment:
 - salary increases of 3% p.a. and thereafter 4% p.a. (2.5% p.a. for the first year and thereafter 4% p.a.) based on the current enterprise bargaining agreement and short-term forecasts
 - discounting of 3.24% p.a. (2.7% p.a.) based on the gross six year (six year) Commonwealth Government bonds rate at 30 June 2013.

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

Provisions

- *Insurance*
The Department is a participant in the State Government's Insurance Program. The Department pays a premium to SAICORP, a division of SAFA, for professional indemnity insurance and general public liability insurance and is responsible for the payment of claim amounts up to an agreed amount (the deductible). SAICORP provides the balance of funding for claims in excess of the deductible.

The provision for public liability and professional indemnity insurance represents liabilities for outstanding claims in respect of incidents that have occurred. The liabilities include claims incurred and reported but not paid, claims incurred but not reported (IBNR), claims incurred but not enough reserve (IBNER) and the anticipated costs of settling those claims. The claims liabilities are measured as the present values of the expected future payments. Claims incurred but not paid and claim settlement costs that can be directly attributed to particular claims are assessed by reviewing individual claim files.

In respect of IBNR and IBNER claims, an amount of \$50 000 has been set aside for both the public liability claims and professional indemnity claims. These amounts are based upon historical claims activity, with allowance for prudential margins and are reviewed annually. Public liability and professional indemnity claims relating to periods prior to the restructuring of the former Department of Human Services, effective 1 July 2004, are the responsibility of the Department for Health and Ageing.

The provision for property claims represents outstanding payments for incurred damage to property. An allowance is also included for IBNER claims. This provision is based upon historical claims activity and with allowance for prudential margins and is reviewed annually.

- *Workers compensation*
The Department is an exempt employer under the WRCA. Under a scheme arrangement, the Department is responsible for the management of workers rehabilitation and compensation.

The workers compensation liability recognised for the employees of the Department is based on an apportionment of an actuarial assessment of the whole-of-government workers compensation liability conducted by Taylor Fry Consulting Actuaries based on 30 April 2013 data. Taylor Fry Consulting Actuaries extrapolate this data to 30 June 2013. For the 2012-13 financial year, the Department has reflected a workers compensation provision of \$37.8 million (\$34.45 million) (refer note 26.2).

The actuarial assessment conducted by Taylor Fry Consulting Actuaries is based on the payment per claim incurred valuation method. The assessment has been conducted in accordance with AASB 137 and the WorkCoverSA guidelines for actuarial assessments. The liability covers claims incurred but not yet paid, IBNR and the anticipated direct and indirect costs of settling those claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all the claims do not have to be paid out in the immediate future.

Leases

The Department has not entered into any finance leases. The Department has entered into some operating leases.

- *Operating leases*
In respect of operating leases, the lessor retains substantially the entire risks and benefits incidental to the ownership of the leased items. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a basis which is representative of the pattern of benefits derived from the leased assets.
- *Leases incentives*
All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received to enter into operating leases are recognised as a liability.

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

- *Leases incentives (continued)*

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

2.12 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 recoverable from, or payable to, the ATO the commitments or contingencies are disclosed on a gross basis.

3. New and revised accounting standards and policies

The Department did not voluntarily change any of its accounting policies during 2012-13.

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 2013. 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.

There are two prior period adjustments in 2012-13.

The first relates to the adjustment of a total amount of \$204 000 in the asset receivable from Housing SA relating to employee liabilities from 2008-09 to 2010-11. This was corrected in 2012-13.

The second relates to the understatement of the provision for workers compensation liability and associated expenses in 2012, by an amount of \$4.255 million. An adjustment was processed in 2013 and comparative balances have been restated.

4. Activities of the Department

In achieving its objectives, the Department provides a range of services classified into the following activities for 2012-13 agency statements, Budget Paper 4, Volume 1:

Activity 1: Status of Women

The Office for Women's role is the 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. It also provides high quality state-wide information and referral services through the Women's Information Service and provides executive support to the Premier's Council for Women.

Activity 2: Multicultural Services

Multicultural SA works with South Australia's ethnic communities to promote community capacity and community harmony. A key aspect of this work is supporting ethnic communities in their activities in the broader community.

Multicultural SA also provides advice to the Government on cultural, linguistic and religious diversity matters and conducts in-depth community consultation sessions to ensure the Government has a detailed understanding of the issues currently facing the ethnic communities of South Australia.

Activity 3: Social Housing

The focus of this program is to develop and implement better housing and service responses for people at risk or in high need, and to work with others to expand and improve affordable housing choices across the State.

This program encompasses the management of grants for housing services to low income households, people in high need and supported accommodation assistance for people in crisis. This includes grants for the provision of private rental services, public, Aboriginal and community managed housing, the regulation of community housing and homelessness and support services. The program also provides housing strategy, policy development and advice (including financial advice) to the South Australian Housing Trust.

Activity 4: Community and Home Support

Community and Home Support SA aims to improve the lives of South Australians by providing advice and support services for older people, people with disabilities and their carers.

Activity 5: Communities and Partners

To build and maintain solid relationships with the non-government community services sector and other key partners across government to help develop and support strong South Australian families and communities.

Services provided through this program include secure youth training facilities, community youth justice programs, concessions and assisting young people to navigate the transition from adolescence to adulthood.

High-level strategy and policy advice is provided across government in the areas of social inclusion, volunteering, carers and issues affecting people of the northern and southern suburbs.

Activity 6: Organisational Capability

To establish and maintain business practices that support the delivery of South Australia's Strategic Plan as it affects the Department, including ensuring timely decision-making, improving administrative efficiency, increasing customer satisfaction and promoting sustainability.

To continue to build a capable, creative workforce that engages with our customers and partners to ensure effective service provision. Social innovation and continuous improvement will be fostered and our infrastructure will support connected services.

5. Employee benefit expenses	2013	2012
	\$'000	\$'000
Salaries and wages	272 321	305 649
TVSPs	1 857	941
LSL	4 401	20 352
Annual leave	26 991	30 624
Skills and experience retention leave	1 460	-
Superannuation	29 761	34 421
Workers compensation	8 678	22 966
Payroll tax	16 741	19 758
Other employee related expenses	1 333	2 200
Total employee benefit expenses	363 543	436 911

TVSPs

Amount paid to these employees:

TVSPs	1 857	941
Annual leave and LSL paid during the reporting period	534	245
Recovery from DTF*	(1 510)	(2 961)
Net cost to the Department	881	(1 775)

The number of employees that were paid TVSPs during the reporting period was 16 (9).

* In 2011-12 recovery exceeded expenses due to \$2.009 million received for June 2011 in July 2011.

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:	2013 Number	2012 Number
\$134 000 - \$137 999*	-	4
\$138 000 - \$147 999	10	8
\$148 000 - \$157 999	9	7
\$158 000 - \$167 999	7	7
\$168 000 - \$177 999	5	4
\$178 000 - \$187 999	5	3
\$188 000 - \$197 999	4	2
\$198 000 - \$207 999	-	2
\$208 000 - \$217 999	3	-
\$218 000 - \$227 999	-	3

Remuneration of employees (continued)

	2013 Number	2012 Number
\$228 000 - \$237 999	2	-
\$248 000 - \$257 999	2	2
\$258 000 - \$267 999	1	-
\$268 000 - \$277 999	1	-
\$278 000 - \$287 999	-	1
\$308 000 - \$317 999	1	-
\$348 000 - \$357 999	1	1
\$418 000 - \$427 999	1	-
Total	52	44

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2011-12.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, FBT, any other salary sacrifice benefits and termination payments. The total remuneration received by these employees for the year was \$9.74 million (\$7.744 million).

Remuneration of employees who transferred into the Department under machinery of government arrangements in 2011-12

This disclosure is representative of the employee's remuneration for the full year of 2011-12. The Department recognises employee benefit expenditure for these employees from the date of transition. Expenses prior to the date were incurred and recognised by the transferor department.

The number of employees whose remuneration received or receivable falls within the following bands:	2012 Number
\$130 700 - \$133 699*	-
\$134 000 - \$143 999	1
\$144 000 - \$153 999	2
\$154 000 - \$163 999	2
\$164 000 - \$173 999	-
\$174 000 - \$183 999	-
\$184 000 - \$193 999	-
\$194 000 - \$203 999	2
\$204 000 - \$213 999	-
\$214 000 - \$223 999	1
\$224 000 - \$233 999	-
Total	8

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2010-11.

6. Supplies and services

	2013 \$'000	2012 \$'000
Accommodation and property related	26 332	30 177
Advertising and promotions	402	649
Brokerage care services	112 023	97 720
Business services	5 489	5 310
Client related expenses	6 480	7 382
Communication and computing	13 775	16 352
Contractors and agency staff	18 510	19 013
Consultants	37	429
Drugs and medical supplies	2 214	2 062
Insurance	1 315	1 325
Interpreter and translator fees	77	65
Managed payments	1 258	765
Minor equipment	7 729	9 430
Motor vehicles	8 156	11 489
Printing, stationery, postage and periodicals	2 133	2 978
Seminars, courses and training	1 021	1 517
Travel and accommodation	1 694	2 284
Other administration	12 140	12 836
Total supplies and services (excluding audit fees)	220 785	221 783

6. Supplies and services (continued)

	2013	2012
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements*	271	298
Total audit fees	271	298
Total supplies and services (including audit fees)	221 056	222 081
Supplies and services provided by entities within SA Government:		
Accommodation and property related	16 337	19 224
Advertising and promotions	14	75
Brokerage care services	768	1 301
Business services	5 470	5 297
Client related expenses	37	88
Communication and computing	1 722	3 374
Contractors and agency staff	2 816	2 133
Consultants	-	32
Drugs and medical supplies	5	3
Insurance	1 299	1 317
Interpreter and translator fees	-	1
Managed payments	1 184	681
Minor equipment	1 026	876
Motor vehicles	3 536	10 851
Printing, stationery, postage and periodicals	32	539
Seminars, courses and training	57	169
Travel and accommodation	58	46
Other administration	2 712	2 457
Total supplies and services - SA Government (excluding audit fees)	37 073	48 464
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements*	271	298
Total audit fees - SA Government	271	298
Total supplies and services - SA Government (including audit fees)	37 344	48 762

* There were no other services provided by the Auditor-General's Department.

The number and dollar amount of consultancies paid/payable (included in supplies and services) that fell within the following bands:	2013		2012	
	Number	\$'000	Number	\$'000
Below \$10 000	1	8	15	103
Between \$10 000 - \$50 000	2	29	4	145
Above \$50 000	-	-	2	181
Total paid/payable to the consultants engaged	3	37	21	429

7. Depreciation and amortisation expense

	2013	2012
	\$'000	\$'000
Depreciation expense:		
Buildings and improvements	3 964	1 538
Computing equipment	80	104
Motor vehicles	38	48
ILEP equipment	1 245	1 032
Other plant and equipment	234	252
Total depreciation expense	5 561	2 974
Amortisation expense:		
Leasehold improvements	891	1 351
Computer software	10	397
Total amortisation expense	901	1 748
Total depreciation and amortisation expense	6 462	4 722

8. Grants, subsidies and client payments**Grants, subsidies and client payments by program**

Tax equivalents regime	180 784	192 866
Disability grants	172 489	147 125

Grants, subsidies and client payments by program (continued)

	2013	2012
	\$'000	\$'000
National Affordable Housing Agreement (NAHA)	121 236	130 740
Home and Community Care	30 186	131 841
National Partnership Agreement on Homelessness	21 133	17 062
Family and Community Development	10 110	9 754
National Partnership Agreement on Remote Indigenous Housing	4 748	45 465
Supported Residential Facility	8 074	8 456
Social Inclusion funding	2 838	412
National Rental Affordability Scheme	2 089	994
Office for Youth	1 526	1 288
Parks Community Centre (local government grant)	1 134	1 784
Aboriginal Community Benefit grants	1 062	996
Concessions	673	1 197
Alternative Care Support payments	184	36 991
Aged Care grants	104	2 097
Alternative Care grants	-	21 092
National Partnership Agreement on the Nation Building and Jobs Plan	-	30 709
Stronger Families Safer Children - Early Intervention	-	4 038
Other	2 787	2 981
Total grants, subsidies and client payments	561 157	787 888

The decrease in grants, subsidies and client payments is due to change in a number of National Partnership Agreements and the transfer of Families SA to the Department for Education and Child Development in 2011-12.

This includes in relation to Home & Community Care, changes to Commonwealth Government funding under the National Partnership Agreement on transitioning responsibilities for aged care and disability services where the Commonwealth Government now directly fund non-government organisations for services to people aged 65 and over (Aboriginal people aged 50 and over). Transitional arrangements apply for 2012-13 financial year.

		2013	2012
		\$'000	\$'000
Grants, subsidies and client payments by program paid/payable within SA Government:	Note		
Tax equivalents regime		180 784	192 866
National Affordable Housing Agreement (NAHA)		121 236	130 740
National Partnership Agreement on Homelessness		21 133	17 062
Home and Community Care		7 080	32 225
National Partnership Agreement on Remote Indigenous Housing		4 748	45 465
Disability grants		3 788	3 832
Social Inclusion funding		2 533	362
National Rental Affordability Scheme		2 089	994
National Partnership Agreement on the Nation Building and Jobs Plan		-	30 709
Other		1 076	3 228
Total grants, subsidies and client payments - SA Government		344 467	457 483
Grants, subsidies and client payments by recipient type:			
South Australian Housing Trust		329 991	417 872
SA Government entities - other		5 031	3 986
SA Health units		9 441	35 357
Non-government organisations	8.1	206 371	267 065
Local government		7 519	23 396
Universities		697	595
Grant - Commonwealth and other State/Territory Governments		912	879
Concessions		673	1 197
Children's payments and emergency financial assistance* - government		4	268
Children's payments and emergency financial assistance* - non-government		518	37 273
Total grants, subsidies and client payments		561 157	787 888

* Small payments are made to numerous providers in accordance with the departmental client payment policies.

8.1 Funding to non-government organisations

	2013	2012
	\$'000	\$'000
Minda Inc	40 424	36 869
Community Accommodation and Respite Agency Inc	18 001	15 032
Novita Children's Services Inc	12 860	11 792
Leveda Inc	11 033	9 444
Anglicare SA Inc	7 219	12 767
Spastic Centres of SA Inc	6 961	6 488
Community Living and Support Services Inc	6 023	3 565
Royal District Nursing Service of SA Inc	5 547	18 729
Community Lifestyles Inc	3 876	3 094
Orana Inc	3 769	3 394
Community Living Options Inc	3 670	2 709
Life's for Living Inc	3 500	3 331
Centacare Catholic Family Services	3 217	4 653
Hills Community Options Inc	3 041	2 453
Uniting Communities Inc (previously Uniting Care Wesley Adelaide Inc)	2 905	4 065
The Paraplegic & Quadriplegic Association of SA Inc	2 871	1 604
EBL Disability Services Inc	2 720	1 648
Autism Association of SA Inc	2 718	2 568
Royal Society for the Blind of SA Inc	2 672	2 542
Guide Dogs Association of SA and NT Inc	2 536	2 066
Uniting Care Wesley Port Adelaide Inc	2 147	3 174
Bedford Group Inc	2 073	1 920
Community Living Project Inc	2 010	1 872
Disability Living Inc	1 951	1 452
Comrec Australia Pty Ltd	1 818	1 599
Individual Supported Accommodation Services Inc	1 693	1 544
Aboriginal Prisoners and Offenders Support Services Inc	1 555	1 481
Barkuma Inc	1 541	1 749
Sorento Care Ltd	1 343	243
Calvary Home Care Services	1 223	948
Lifestyle Assistance and Accommodation Service Inc	1 201	1 158
Lutheran Disability Services Inc (previously Shimron House)	1 142	586
Barossa Enterprises	1 134	732
Xlent Disability Services	1 102	1 148
Helping Hand Aged Care Inc	1 091	3 650
Northern Carer's Network Inc	866	1 410
Australian Red Cross Society	744	1 561
Carer Support & Respite Centre Inc	648	1 405
Carers Association of SA Inc	616	1 326
KinCare Community Services Ltd (previously Stanhope Healthcare Services (SA) Pty Ltd)	614	1 166
Uniting Care Wesley Port Pirie Inc	555	1 644
Life Without Barriers	546	3 289
Anglican Community Care Inc	544	2 586
Aged Care & Housing Group Inc	514	6 785
Catholic Diocese of Port Pirie	404	1 449
Baptist Care SA Inc	360	3 068
Aboriginal Elders and Community Care Services Inc	289	1 594
Alzheimer's Australia SA Inc	251	1 377
Meals on Wheels (SA) Inc	192	2 525
Southern Junction Community Services Inc	129	1 993
Country Home Advocacy Project Inc	100	2 132
Boandik Lodge Inc	81	1 010
Italian Benevolent Foundation (SA) Inc	70	1 742
Resthaven Inc	26	4 839
Aboriginal Family Support Services Inc	-	3 929
Key Assets SA Ltd	-	1 263
Masonic Homes Ltd	-	1 073
Other	30 235	45 830
Total funding to non-government organisations	206 371	267 065

8.1 Funding to non-government organisations (continued)

Payments to non-government organisations, where total payments to an organisation are greater than \$1 million are individually disclosed above. Payments less than \$1 million are in 'other'.

Some changes in payments reflect the transfer of Families SA to the Department for Education and Child Development in 2011-12 and/or changes in National Partnership Agreements including Home & Community Care where payments can be made directly to non-government organisations by the Commonwealth Government.

9. Other expenses	2013	2012
	\$'000	\$'000
Bad and doubtful debts	(33)	451
Transferred assets	2 644	-
Donated assets	8	20
Returned funding to the Commonwealth	175	-
Packaged care and residential care for younger people*	27 225	26 782
Other	-	6
Total other expenses	30 019	27 259
Other expenses paid/payable to entities within the SA Government:		
Bad and doubtful debts	106	(24)
Transferred assets	2 644	-
Donated assets	8	-
Total other expenses - SA Government	2 758	(24)

* Reimbursement to the Commonwealth arising from the aged care funding reform for persons with a disability who are under 65.

10. Revenue from rent, fees and charges

Employee services*	71 409	82 423
Insurance recoveries	977	1 028
Recoveries	19 685	18 904
Business services	16 053	17 037
Fees, fines and penalties**	3 662	2 016
Rent	829	880
Patient and client fees	9 595	10 446
Total rent, fees and charges	122 210	132 734
Rent, fees and charges received/receivable from entities within SA Government:		
Employee services*	71 409	82 423
Insurance recoveries	35	22
Recoveries	12 763	12 983
Business services	16 013	17 019
Fees, fines and penalties**	266	1 500
Rent	718	588
Total rent, fees and charges - SA Government	101 204	114 535

* Represents the recovery of costs for the provision of employee related services for Housing SA.

** Includes fees from Multicultural SA, which was transferred to the Department effective 1 January 2012.

11. Commonwealth revenues

	2013	2012
	\$'000	\$'000
National partnership payments:		
Home and Community Care*	-	127 007
HACC Services for Veterans	291	1 500
Disability Reform Funding	22 934	41 682
Social Housing	-	36
Remote Indigenous Housing	4 748	45 465
Nation Building and Jobs Plan	-	30 709
Aged Care Assessment	-	5 705
Homelessness	11 969	9 994
Home and Community Care*	26 563	-
Residential Aged Care	3 082	3 192
Other	893	1 895
Total Commonwealth revenues	70 480	267 185

11. Commonwealth revenues (continued)

- * Reflects changes to Commonwealth Government funding under the National Partnership Agreement on transitioning responsibilities for Aged Care and Disability Services where the Commonwealth Government now directly fund non-government organisations for services to people aged 65 and over (Aboriginal people aged 50 and over). Transitional arrangements apply for 2012-13 financial year.

12. Interest revenues	2013 \$'000	2012 \$'000
Interest on funds held	61	31
Total interest revenues	61	31
13. Net gain (loss) from disposal of non-current assets		
Land and buildings:		
Proceeds from disposal	2 031	-
Net book value of assets disposed	(2 120)	-
Net gain (loss) from disposal of land and buildings	(89)	-
Plant and equipment:		
Proceeds from disposal	39	10
Net book value of assets disposed	(76)	(82)
Net gain (loss) from disposal of plant and equipment	(37)	(72)
Other assets:		
Proceeds from disposal	-	700
Net gain (loss) from disposal of other assets	-	700
Total assets:		
Total proceeds from disposal	2 070	710
Total value of assets disposed	(2 196)	(82)
Total net gain (loss) from disposal of assets	(126)	628
14. Other revenues		
Gain on revaluation of assets	-	3 897
Other	1 611	3 169
Total other revenues	1 611	7 066
Other revenues received/receivable from entities within SA Government:		
Other	677	1 570
Total other revenues - SA Government	677	1 570
15. Revenues from (Payments to) SA Government		
15.1 SA Government appropriation		
Appropriations from Consolidated Account pursuant to the Appropriation Act:		
General appropriation	792 516	902 800
DTF - contingency funds	12 740	15 014
Tax equivalent regime reimbursement - Housing SA	180 784	192 866
Total SA Government appropriation	986 040	1 110 680
15.2 Grants from SA Government agencies		
State capital grants	1 039	268
Community Development Fund	3 000	3 400
Other	6 776	7 323
Total grants from SA Government agencies	10 815	10 991
15.3 Payments to SA Government		
Return of surplus cash pursuant to cash alignment policy	-	(17 938)
Total payments to SA Government	-	(17 938)
Total revenues from (payments to) SA Government	996 855	1 103 733

16. Unexpended funding commitments

The Department is engaged in a variety of funding programs involving State and Commonwealth sources who provide monies to the Department on the premise that these funds are expended in a manner consistent with the terms of the program.

As at 30 June 2013, the Department had outstanding funding commitments to the following programs:

<i>Operating funding commitments</i>	2013 \$'000	2012 \$'000
Utilities Literacy program	779	-
Community Passenger Networks	498	-
National Partnership Agreement on Indigenous Economic Participation (Youth and Family Centre programs)	366	360
Strathmont - Stage 3	273	-
Commonwealth Department for Health and Ageing CDEP Conversion program	209	191
APY Lands Disability Support program	200	-
APY Lands HACC program	168	-
HACC Project funding	152	1 460
Community Care Innovation Fund	150	-
Disability - Business Case/Sustainment	104	-
Magill Decommissioning and Demolition	73	-
Intervention Orders	44	79
Eastern Collaboration and Western Linkages Project	42	12
Common Arrangements - Community Care Reforms	20	212
Aboriginal Forum	20	-
HACC - Commonwealth funding for under 65	-	2 576
SA Health - ENU Bilateral funding	-	635
Common Access Points	-	436
Property Related Works	-	257
Building Practical Inclusion and Participation Project	-	175
Magill Secure Care Sustainment	-	113
Metropolitan Equipment Scheme HACC project no. 1542-04	-	100
CCIF - Funding for Independent Arts Foundation	-	50
Office of the Ageing - Home and Community Care program	-	12
Total operating funding commitments	3 098	6 668
<i>Capital funding commitments</i>		
Adelaide Youth Training Facility - Goldborough Road YTC	2 727	23
Family Wellbeing Centre	1 430	500
Cavan Youth Training Centre - Upgrade of Jonal Drive	716	277
Domiciliary Care SA - Office Accommodation	543	1 072
Multicultural SA - accommodation	403	-
Parks Community Centre - Redevelopment	235	-
Staff accommodation - Anangu Pitjantjatjara Yankunytjatjara (APY) Lands	180	280
Adelaide Youth Training Centre - Jonal Drive Security Upgrade	164	-
Disability - Business Case/Sustainment	134	-
Client Management Engine	53	170
Cavan Sustainment	-	210
New Seniors Card - production equipment	-	76
Strathmont Centre - sustainment	-	41
Total capital funding commitments	6 585	2 649
Total unexpended funding commitments	9 683	9 317

17. Cash and cash equivalents

Special deposit account with the Treasurer	81 861	62 941
Advance account	100	100
Other deposits	843	637
Total cash and cash equivalents	82 804	63 678

Cash deposits are recognised at their nominal amounts.

Funds previously held by Health Services Charitable Gift Board

Other deposits include \$771 000 (\$559 000) which was previously held by the Health Services Charitable Gift Board. During 2012-13, the Department received an additional bequest of \$156 000 for the Strathmont Centre (previously a part of the Intellectual Disability Services Council (IDSC)). This money earned interest of \$56 000.

The *Health Services Charitable Gifts Act 2011*, as stated in The South Australian Government Gazette, was proclaimed by the Governor on 30 June 2011. The *Health Services Charitable Gifts Act 2011* (No 15 of 2011) came into operation on 1 July 2011. The *Public Charities Funds Act 1935* was repealed.

The arrangements whereby donations and bequests were previously vested in the Commissioners on behalf of the former public health entities, IDSC and Metropolitan Domiciliary Care (MDC), ceased as at 30 June 2011.

On 24 May 2013, these funds were transferred to the Department and are currently being held in an external interest bearing trust bank account. For consistency, this balance is reported in 'other deposits' while the conditions of the trusts and the accounting treatment are being agreed with DTF.

As at 30 June 2013, the balances of these funds were IDSC \$226 000, and MDC \$545 000.

Special deposit accounts with the Treasurer

Includes funds of \$61.636 million (\$42.583 million) held in the Accrual Appropriation Excess Fund 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.

18. Receivables	2013	2012
Current:	\$'000	\$'000
Debtors	33 591	18 546
Allowance for doubtful debts	(517)	(603)
Employee related services recoverable	10 483	12 963
Overpaid salaries	252	192
Sundry	108	136
Grant receivables	138	-
Prepayments	779	153
GST receivable	2 335	4 073
Total current receivables	47 169	35 460
Non-current:		
Sundry	144	223
Employee related services recoverable	18 454	14 847
Total non-current receivables	18 598	15 070
Total receivables	65 767	50 530
Receivables from SA Government entities:		
Debtors	7 208	14 367
Allowance for doubtful debts	(118)	(37)
Employee related services recoverable	28 937	26 984
Prepayments	22	-
Total receivables - SA Government	36 049	41 314

Movements in 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 allowance for doubtful debts (impairment loss)	2013	2012
	\$'000	\$'000
Carrying amount at 1 July	603	183
Transfer from administrative restructure	-	10
Increase (Decrease) in the allowance	(33)	431
Amounts written off	(53)	(21)
Carrying amount at 30 June	517	603

Bad and doubtful debts

The Department has recognised a bad and doubtful debt expense of -\$33 000 (\$451 000) in the Statement of Comprehensive Income.

Interest rate and credit risk

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

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

Maturity analysis of receivables

Refer note 29.

Categorisation of financial instruments and risk exposure information

Refer note 29.

19. Inventories	2013	2012
Current - held for distribution at no or nominal amount:	\$'000	\$'000
Inventories held for distribution at cost:		
Stores	293	295
Total current inventories held for distribution at no or nominal amount	293	295
Total inventories	293	295
20. Non-current assets classified as held for sale		
Land	2 180	-
Building	163	-
Total non-current assets classified as held for sale	2 343	-
21. Property, plant and equipment		
Land and buildings:		
Vacant land at valuation (fair value)	-	5 670
Site land at valuation (fair value)	119 274	118 036
Buildings and improvements at valuation (fair value)	114 804	63 476
Accumulated depreciation - buildings and improvements	(11 729)	(10 714)
Total land and buildings	222 349	176 468
Leasehold improvements:		
Leasehold improvements at cost (deemed fair value)	12 140	11 190
Accumulated amortisation - leasehold improvements	(4 507)	(3 539)
Total leasehold improvements	7 633	7 651
Plant and equipment:		
Computing equipment at cost (deemed fair value)	710	710
Accumulated depreciation - computing equipment at cost	(682)	(602)
Motor vehicles at cost (deemed fair value)	228	410
Accumulated depreciation - motor vehicles at cost	(127)	(267)
ILEP equipment at cost (deemed fair value)	9 054	7 879
Accumulated depreciation - ILEP equipment at cost	(5 511)	(4 551)
Other plant and equipment at cost (deemed fair value)	3 546	3 246
Accumulated depreciation - other plant and equipment at cost	(2 134)	(2 017)
Total plant and equipment	5 084	4 808
Total property, plant and equipment at valuation (fair value)	234 078	187 182
Total property, plant and equipment at cost (deemed fair value)	25 678	23 435
Total accumulated amortisation	(4 507)	(3 539)
Total accumulated depreciation	(20 183)	(18 151)
Total property, plant and equipment	235 066	188 927

Valuation of land and buildings

Refer note 2.10.

Impairment

There were no indications of impairment of property, plant and equipment and infrastructure for 2012-13 and 2011-12.

21.1 Reconciliation of land, buildings and leasehold improvements

The following table shows the movement of land, buildings and improvements, and leasehold improvements during 2012-13:

	Vacant land	Site land	Buildings & improvements	Leasehold improvements	Total land, buildings & leasehold improvements
	\$'000	\$'000	\$'000	\$'000	\$'000
2013					
Carrying amount at 1 July	5 670	118 036	52 762	7 651	184 119
Purchases	-	-	-	187	187
Disposals - sales/write-offs	-	(1 770)	(350)	-	(2 120)
Assets classified as held for sale	-	(2 180)	(163)	-	(2 343)
Depreciation and amortisation for the year	-	-	(3 964)	(891)	(4 855)
Transfers to other departments	-	(1 080)	(1 564)	-	(2 644)
Transfers between other classes	(5 670)	5 670	(48)	48	-
Transfers from works in progress	-	-	67 264	638	67 902
Net revaluation increment (decrement)	-	598	(10 862)	-	(10 264)
Carrying amount at 30 June	-	119 274	103 075	7 633	229 982
2012					
Carrying amount at 1 July	7 010	211 715	49 048	11 385	279 158
Purchases	-	-	-	121	121
Depreciation and amortisation for the year	-	-	(1 538)	(1 351)	(2 889)
Transfer out through administrative restructures	-	(24 982)	(11 892)	(3 749)	(40 623)
Transfers in through administrative restructures	-	-	72	220	292
Transfers from works in progress	-	-	-	1 025	1 025
Net revaluation increment (decrement)	(1 340)	(68 697)	17 067	-	(52 970)
Other movements	-	-	5	-	5
Carrying amount at 30 June	5 670	118 036	52 762	7 651	184 119

21.2 Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2012-13:

	Computing equipment	Motor vehicles	ILEP equipment	Other plant & equipment	Total plant & equipment
	\$'000	\$'000	\$'000	\$'000	\$'000
2013					
Carrying amount at 1 July	108	143	3 328	1 229	4 808
Purchases	-	-	1 411	51	1 462
Disposals	-	(17)	(22)	(37)	(76)
Depreciation and amortisation for the year	(80)	(38)	(1 245)	(234)	(1 597)
Transfers to other departments	-	-	-	(7)	(7)
Transfers from works in progress	-	13	71	410	494
Carrying amount at 30 June	28	101	3 543	1 412	5 084
2012					
Carrying amount at 1 July	231	50	2 782	1 666	4 729
Purchases	22	141	1 628	104	1 895
Assets received/donated for nil consideration	-	-	-	(20)	(20)
Disposals	-	-	(50)	(32)	(82)

21.2 Reconciliation of plant and equipment (continued)

	Computing equipment \$'000	Motor vehicles \$'000	ILEP equipment \$'000	Other plant & equipment \$'000	Total plant & equipment \$'000
2012 (continued)					
Depreciation and amortisation for the year	(104)	(48)	(1 032)	(252)	(1 436)
Transfer out through administrative restructures	(101)	-	-	(272)	(373)
Transfers in through administrative restructures	-	-	-	35	35
Transfers from works in progress	60	-	-	-	60
Carrying amount at 30 June	108	143	3 328	1 229	4 808

22. Capital works in progress

	2013 \$'000	2012 \$'000
Property, plant and equipment in progress at cost (deemed fair value)	3 810	68 009
Total capital works in progress	3 810	68 009

Reconciliation of capital works in progress

The following table shows the movement of capital works in progress during 2012-13:

	Total capital works in progress \$'000
2013	
Carrying amount at 1 July	68 009
Purchases	4 285
Transfers to completed works	(68 428)
Works in progress adjustments	(56)
Carrying amount at 30 June	3 810
2012	
Carrying amount at 1 July	18 240
Purchases	51 603
Transfers to completed works	(1 802)
Transfer out through administrative restructures	(32)
Carrying amount at 30 June	68 009

23. Intangible assets

	2013 \$'000	2012 \$'000
Computer software at cost (deemed fair value)	198	-
Accumulated amortisation - computer software	(176)	-
Total intangible assets	22	-

Reconciliation of intangible assets

The following table shows the movement of intangible assets during 2012-13:

	Total intangible assets \$'000
2013	
Carrying amount at 1 July	-
Transfers from works in progress	32
Amortisation for the year	(10)
Carrying amount at 30 June	22
2012	
Carrying amount at 1 July	6 309
Transfer out through administrative restructures	(6 618)
Transfers from works in progress	706
Amortisation for the year	(397)
Carrying amount at 30 June	-

Impairment

There were no indications of impairment on intangible assets for 2012-13 and 2011-12.

24. Payables		2013	2012
Current:		\$'000	\$'000
Creditors		51 592	38 006
Accrued expenses		1 325	366
Employee benefit on-costs		8 284	8 299
Other		531	181
Total current payables		61 732	46 852
Non-current:			
Employee benefit on-costs		4 911	4 733
Total non-current payables		4 911	4 733
Total payables		66 643	51 585
Payables to SA Government entities:			
Creditors		15 054	18 765
Accrued expenses		68	60
Employee benefit on-costs		5 312	10 935
Other		355	-
Total payables - SA Government entities		20 789	29 760

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.

Maturity analysis of payables

Refer note 29.

Categorisation of financial instruments and risk exposure information

Refer note 29.

25. Employee benefits		2013	2012
Current:		\$'000	\$'000
Annual leave		29 466	27 218
LSL		8 443	9 171
Skills and experience retention leave		1 460	-
Accrued salaries and wages		6 516	5 662
Total current employee benefits		45 885	42 051
Non-current:			
LSL		51 123	50 800
Total non-current employee benefits		51 123	50 800
Total employee benefits		97 008	92 851

The total current and non-current employee liabilities (ie aggregate employee benefit plus related on-costs) for 2012-13 is \$54.158 million (\$50.35 million) and \$56.034 million (\$55.533 million) respectively.

The liability for LSL was determined through an actuarial assessment undertaken by Mercer (Australia) Pty Ltd. A salary inflation rate of 3% p.a. and thereafter 4% p.a. (2.5% p.a.) was used and a discount rate of 3.24% p.a. (2.7% p.a.), based on the gross six year (six year) Commonwealth Government bonds rate at 30 June 2013. The proportion of leave taken in service for 2012-13 was assumed to be 40% (40%) in accordance with the percentage set out in APS 5.24.

26. Provisions		2013	2012
Current:		\$'000	\$'000
Insurance	Note 26.1	89	89
Workers compensation	26.2	9 475	8 653
Other provisions		1 446	-
Total current provisions		11 010	8 742

26. Provisions (continued)			2013	2012
Non-current:	Note		\$'000	\$'000
Insurance	26.1		126	112
Workers compensation	26.2		28 326	30 027
Total non-current provisions			28 452	30 139
Total provisions			39 462	38 881

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 Division of DPC.

26.1 Reconciliation of insurance

The following table shows the movement of insurance during 2012-13:

	Public liability \$'000	Property \$'000	2013 Total \$'000	Public liability \$'000	Property \$'000	2012 Total \$'000
Carrying amount at 1 July	160	41	201	200	50	250
Transfers out due to restructure - Families SA	-	-	-	(126)	(13)	(139)
Increase to provision due to new claims	50	23	73	220	20	240
Reduction due to payments	(16)	(18)	(34)	(18)	(10)	(28)
Net revision of estimates	(14)	(11)	(25)	(116)	(6)	(122)
Carrying amount at 30 June	180	35	215	160	41	201

26.2 Reconciliation of workers compensation

The following table shows the movement of workers compensation:

	2013 \$'000	2012 \$'000
Carrying amount at 1 July	34 449	40 837
Transfers out due to restructure - Families SA	-	(11 479)
Increase to provision due to revision of estimates	12 627	23 613
Reduction due to payments	(9 275)	(14 291)
Carrying amount at 30 June	37 801	38 680

27. Other liabilities

Current:

Unclaimed monies	116	116
Unearned revenue	949	32
Lease incentive	637	637
Total current other liabilities	1 702	785

Non-current:

Lease incentive	4 141	4 778
Total non-current other liabilities	4 141	4 778
Total other liabilities	5 843	5 563

Other liabilities with SA Government entities:

Unearned revenue	256	32
Total other liabilities - SA Government	256	32

28. Equity

Contributed capital	74 325	74 325
Retained earnings	59 142	50 288
Revaluation surplus	47 682	57 946
Total equity	181 149	182 559

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

29. Financial instruments/Financial risk management**29.1 Categorisation of financial instruments**

	Note	2013		2012	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets		\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	17,33	82 804	82 804	63 678	63 678
Receivables*	18	62 653	62 653	46 457	46 457
Total financial assets		145 457	145 457	110 135	110 135
Financial liabilities					
Payables**	24	53 448	53 448	51 585	51 585
Total financial liabilities		53 448	53 448	51 585	51 585

* Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 18 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of good and services rather than the right to receive cash or another financial asset.

** Payables amount disclosed excludes employee on-costs.

The value of receivables and payables disclosed above excludes statutory receivables and payables such as GST input tax credit payable and recoverable.

29.2 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 has minimal concentration of credit risk to the non-public sector. The Department does not engage in high risk hedging for its financial assets.

29.3 Ageing analysis of financial assets

The following table discloses the ageing of financial assets, past due including impaired assets past due:

	Past due by			Total
	Overdue for less than 30 days	Overdue for 30-60 days	Overdue for more than 60 days	
	\$'000	\$'000	\$'000	\$'000
2013				
Not impaired:				
Receivables	1 050	80	603	1 733
Impaired:				
Receivables	-	-	(550)	(550)
	1 050	80	53	1 183
2012				
Not impaired:				
Receivables	1 883	555	542	2 980
Impaired:				
Receivables	-	-	603	603
	1 883	555	1 145	3 583

The amount of receivables and payables disclosed above excludes statutory receivables and payables such as GST input tax credit payable and recoverable.

29.4 Maturity analysis of financial assets and liabilities

	Carrying amount	Contractual maturities		
		Less than 1 year	1-5 years	More than 5 years
	\$'000	\$'000	\$'000	\$'000
2013				
Financial assets:				
Cash and cash equivalents	82 804	82 804	-	-
Receivables	63 432	44 834	8 848	10 150
Total financial assets	146 236	127 638	8 848	10 150

29.4 Maturity analysis of financial assets and liabilities (continued)

	Carrying amount \$'000	Contractual maturities		
		Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial liabilities:				
Payables	53 448	53 448	-	-
Total financial liabilities	53 448	53 448	-	-
2012				
Financial assets:				
Cash and cash equivalents	63 678	63 678	-	-
Receivables	46 253	31 183	6 904	8 166
Total financial assets	109 931	94 861	6 904	8 166
Financial liabilities:				
Payables	38 553	38 553	4 733	-
Total financial liabilities	38 553	38 553	4 733	-

Maturity analysis of receivables and payables excludes statutory receivables and payables such as GST receivables and payables.

29.5 Liquidity risk

Liquidity risk arises where the Department is unable to meet its financial obligations as they are due to be settled. The Department is funded principally from appropriation by the SA Government. The Department works with DTF to determine the cash flows associated with its government approved program of work and to ensure funding is provided through the SA Government budgetary process to meet the expected cash flows. The Department settles undisputed accounts within 30 days from the date of the invoice or the date the invoice is first received.

The Department considers its liquidity risk is minimal based on past experience and current assessment of risk.

The carrying amount of financial liabilities shown at note 29.1 represent the Department's maximum exposure to financial liabilities.

29.6 Market risk

Market risk for the Department is primarily through interest rate risk. Exposure to interest rate risk may arise through 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. Any exposure to foreign currency risks is managed by SAFA.

29.7 Sensitivity disclosure analysis

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

30. Unrecognised contractual commitments	2013	2012
30.1 Capital commitments	\$'000	\$'000
Capital expenditure contracted at the reporting date but not recognised as liabilities in the financial report, are as follows:		
Within one year	5 148	5 678
Total capital commitments	5 148	5 678
30.2 Operating lease commitments		
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:		
Within one year	11 287	10 249
Later than one year but not later than five years	35 848	33 119
Later than five years	20 220	27 592
Total operating lease commitments	67 355	70 960

30.2 Operating lease commitments (continued)

The Department has many lease agreements. These leases are for administrative purposes and vary in length. Lease payments are monthly and predominantly paid in advance. Some lease agreements have renewal options for a determined period, exercisable by both the lessor and lessee.

The Department also has commitments to provide funding to various non-government organisations in accordance with negotiated service agreements. The value of these commitments as at 30 June 2013 has not been quantified.

31. Transferred functions***Transferred functions for 2012-13***

There were no functions transferred in or out of the Department in the 2012-13 financial year.

Transferred functions for 2011-12***31.1 Transfers out of the Department.***

Note 1.2 details the transfers out of the Department. They were:

- Families SA (FSA) effective 1 January 2012
- Aged Care Assessment Team (ACAT) effective 1 January 2012
- Ageing and Policy (AGEING) effective 1 January 2012
- employees in relation to Urban Renewal Authority (URA) effective 1 April 2012.

The following assets and liabilities were transferred out of the Department during 2011-12:

	FSA \$'000	ACAT \$'000	AGEING \$'000	URA \$'000	Total \$'000
Current assets:					
Cash	301	-	-	-	301
Receivables	2 523	-	-	-	2 523
Total current assets	2 824	-	-	-	2 824
Non-current assets:					
Receivables	149	-	-	-	149
Property, plant and equipment	40 996	-	-	-	40 996
Capital works in progress	32	-	-	-	32
Intangible assets	6 618	-	-	-	6 618
Total non-current assets	47 795	-	-	-	47 795
Total assets	50 619	-	-	-	50 619
Current liabilities:					
Payables	10 843	58	26	107	11 034
Employee benefits	13 123	432	188	812	14 555
Provisions	2 866	-	-	-	2 866
Total current liabilities	26 832	490	214	919	28 455
Non-current liabilities:					
Payables	1 185	56	23	112	1 376
Employee benefits	13 568	642	263	1 277	15 750
Borrowings	285	-	-	-	285
Provisions	8 752	-	-	-	8 752
Total non-current liabilities	23 790	698	286	1 389	26 163
Total liabilities	50 622	1 188	500	2 308	54 618
Total net assets transferred	(3)	(1 188)	(500)	(2 308)	(3 999)

31.2 Transfers into the Department

Note 1.2 details the transfers into the Department. They were:

- Social Inclusion Unit (SIU) effective 1 December 2011
- Office for Women (OFW) effective 1 January 2012
- Office for Volunteers (OFV) effective 1 January 2012
- Office for Youth (OFY) effective 1 January 2012
- Multicultural SA (MSA) effective 1 January 2012
- Office for Northern Suburbs (OFN) effective 1 January 2012
- Office for Southern Suburbs (OFS) effective 1 January 2012.

31.2 Transfers into the Department (continued)

Opening balance for assets and liabilities transferred to the Department in 2011-12.

	Assets \$'000	Liabilities \$'000	Net assets \$'000
Social Inclusion Unit	-	2 749	(2 749)
Office for Women	246	191	55
Office for Volunteers	94	262	(168)
Office for Youth	11	388	(377)
Multicultural SA	537	659	(122)
Office for Northern Suburbs	223	85	138
Office for Southern Suburbs	-	67	(67)
Total	1 111	4 401	(3 290)

Detailed restructure note per business unit for assets, liabilities, expenses and income transferred to the Department in 2011-12.

Assets and liabilities transferred in for Social Inclusion Unit as at 1 December 2011.

	SIU \$'000	Total \$'000
Current liabilities:		
Payables	2 449	2 449
Employee benefits	177	177
Total current liabilities	2 626	2 626
Non-current liabilities:		
Payables	11	11
Employee benefits	112	112
Total non-current liabilities	123	123
Total liabilities	2 749	2 749
Total net assets transferred	(2 749)	(2 749)

Expense and revenue for Social Inclusion Unit for 2011-12.

	DPC 01.07.11 to 30.11.11 \$'000	DCSI 01.12.11 to 30.06.12 \$'000	Total \$'000
Expenses:			
Employee costs	916	673	1 589
Grant payments	2 452	412	2 864
Supplies and services	144	684	828
Other	8	-	8
Total expenses	3 520	1 769	5 289
Income:			
Grants and subsidies revenue	250	250	500
Other recoveries	-	1	1
Total income	250	251	501
Net cost of providing services	(3 270)	(1 518)	(4 788)

Assets and liabilities transferred in for Office for Women as at 1 January 2012.

	OFW \$'000	Total \$'000
Current assets:		
Cash	246	246
Total current assets	246	246
Total assets	246	246
Current liabilities:		
Payables	10	10
Employee benefits	69	69
Total current liabilities	79	79

31.2 Transfers into the Department (continued)

Assets and liabilities transferred in for Office for Women as at 1 January 2012 (continued).

	OFW \$'000	Total \$'000
Non-current liabilities:		
Payables	9	9
Employee benefits	103	103
Total non-current liabilities	112	112
Total liabilities	191	191
Total net assets transferred	55	55

Expense and revenue for Office for Women for 2011-12.

	AGD 01.07.11 to 31.12.11 \$'000	DCSI 01.01.12 to 30.06.12 \$'000	Total \$'000
Expenses:			
Employee costs	723	775	1 498
Grant payments	7	86	93
Supplies and services	159	466	625
Other	141	-	141
Total expenses	1 030	1 327	2 357
Income:			
Grants and subsidies revenue	110	6	116
Other recoveries	1	157	158
Total income	111	163	274
Net cost of providing services	(919)	(1 164)	(2 083)

Assets and liabilities transferred in for Office for Volunteers as at 1 January 2012.

	OFV \$'000	Total \$'000
Non-current assets:		
Property, plant and equipment	94	94
Total non-current assets	94	94
Total assets	94	94
Current liabilities:		
Payables	10	10
Employee benefits	67	67
Total current liabilities	77	77
Non-current liabilities:		
Payables	15	15
Employee benefits	170	170
Total non-current liabilities	185	185
Total liabilities	262	262
Total net assets transferred	(168)	(168)

Expense and revenue for Office for Volunteers for 2011-12.

	AGD 01.07.11 to 31.12.11 \$'000	DCSI 01.01.12 to 30.06.12 \$'000	Total \$'000
Expenses:			
Employee costs	251	267	518
Grant payments	350	149	499
Supplies and services	79	169	248
Other	12	-	12
Depreciation	10	16	26
Total expenses	702	601	1 303
Income:			
Other recoveries	6	16	22
Total income	6	16	22
Net cost of providing services	(696)	(585)	(1 281)

31.2 Transfers into the Department (continued)

Assets and liabilities transferred in for Office for Youth as at 1 January 2012.

	OFY \$'000	Total \$'000
Non-current assets:		
Property, plant and equipment	11	11
Total non-current assets	11	11
Total assets	11	11
Current liabilities:		
Payables	13	13
Employee benefits	90	90
Total current liabilities	103	103
Non-current liabilities:		
Payables	24	24
Employee benefits	261	261
Total non-current liabilities	285	285
Total liabilities	388	388
Total net assets transferred	(377)	(377)

Expense and revenue for Office for Youth for 2011-12.

	AGD 01.07.11 to 31.12.11 \$'000	DCSI 01.01.12 to 30.06.12 \$'000	Total \$'000
Expenses:			
Employee costs	762	785	1 547
Grant payments	553	1 257	1 810
Supplies and services	87	366	453
Other	97	-	97
Depreciation	1	1	2
Total expenses	1 500	2 409	3 909
Income:			
Grants and subsidies revenue	100	-	100
Commonwealth revenue	29	-	29
Other recoveries	39	190	229
Total income	168	190	358
Net cost of providing services	(1 332)	(2 219)	(3 551)

Assets and liabilities transferred in for Multicultural SA as at 1 January 2012.

	MSA \$'000	Total \$'000
Current assets:		
Receivables	537	537
Total current assets	537	537
Total assets	537	537
Current liabilities:		
Payables	26	26
Employee benefits	177	177
Total current liabilities	203	203
Non-current liabilities:		
Payables	37	37
Employee benefits	419	419
Total non-current liabilities	456	456
Total liabilities	659	659
Total net assets transferred	(122)	(122)

31.2 Transfers into the Department (continued)

Expense and revenue for Multicultural SA for 2011-12.

	AGD 01.07.11 to 31.12.11 \$'000	DCSI 01.01.12 to 30.06.12 \$'000	Total \$'000
Expenses:			
Employee costs	2 154	2 039	4 193
Grant payments	154	832	986
Supplies and services	333	659	992
Other	67	-	67
Total expenses	2 708	3 530	6 238
Income:			
Appropriation from SA Government	-	-	-
Fees and charges	1 848	1 218	3 066
Grants and subsidies revenue	22	-	22
Other recoveries	2	771	773
Total income	1 872	1 989	3 861
Net cost of providing services	(836)	(1 541)	(2 377)

Assets and liabilities transferred in for Office for Northern Suburbs as at 1 January 2012.

	OFN \$'000	Total \$'000
Current assets:		
Receivables	1	1
Total current assets	1	1
Non-current assets:		
Property, plant and equipment	222	222
Total non-current assets	222	222
Total assets	223	223
Current liabilities:		
Payables	5	5
Employee benefits	35	35
Provisions	6	6
Total current liabilities	46	46
Non-current liabilities:		
Payables	2	2
Employee benefits	18	18
Provisions	19	19
Total non-current liabilities	39	39
Total liabilities	85	85
Total net assets transferred	138	138

Expense and revenue for Office for Northern Suburbs for 2011-12.

	DPLG 01.07.11 to 31.12.11 \$'000	DCSI 01.01.12 to 30.06.12 \$'000	Total \$'000
Expenses:			
Employee costs	216	203	419
Grant payments	-	88	88
Supplies and services	58	64	122
Depreciation	20	-	20
Total expenses	294	355	649
Income:			
Appropriation from SA Government	238	-	238
Grants and subsidies revenue	-	56	56
Other recoveries	-	17	17
Total income	238	73	311
Net cost of providing services	(56)	(282)	(338)

31.2 Transfers into the Department (continued)

Assets and liabilities transferred in for Office for Southern Suburbs as at 1 January 2012.

	OFS \$'000	Total \$'000
Current liabilities:		
Payables	5	5
Employee benefits	33	33
Total current liabilities	38	38
Non-current liabilities:		
Payables	3	3
Employee benefits	26	26
Total non-current liabilities	29	29
Total liabilities	67	67
Total net assets transferred	(67)	(67)

Expense and revenue for Office for Southern Suburbs for 2011-12.

	DPLG 01.07.11 to 31.12.11 \$'000	DCSI 01.01.12 to 30.06.12 \$'000	Total \$'000
Expenses:			
Employee costs	148	107	255
Supplies and services	18	12	30
Total expenses	166	119	285
Income:			
Appropriation from SA Government	157	-	157
Total income	157	-	157
Net cost of providing services	(9)	(119)	(128)

32. Contingent assets and liabilities

The Department is not aware of any contingent assets or liabilities.

33. Cash flow reconciliation

Reconciliation of cash and cash equivalents at 30 June as per:

	2013 \$'000	2012 \$'000
Statement of Cash Flows	82 804	63 678
Statement of Financial Position	82 804	63 678

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services

Net cash provided by (used in) operating activities	25 661	60 738
SA Government appropriation	(986 040)	(1 110 680)
Grants from SA Government agencies	(10 815)	(10 991)
Payments to SA Government	-	17 938
	(971 194)	(1 042 995)
Non-cash items:		
Depreciation	(5 561)	(2 974)
Amortisation	(901)	(1 748)
Donated and transferred assets	(2 652)	(20)
Gain (Loss) from disposal of non-current assets	(126)	628
Revaluation increments (decrements)	-	3 897
Bad and doubtful debts	33	(451)
WIP adjustment	(56)	-
Transferred in for administrative restructures	-	3 863
Transferred out for administrative restructures	-	(51 661)
Movements in assets/liabilities:		
Receivables	15 204	(6 192)
Inventories	(2)	11
Other assets	2 343	-
Payables and provisions	(15 639)	4 331
Non-current assets accrued in payables	(4 376)	4 480
Employee benefits	(4 157)	17 647
Other liabilities	(917)	(33)
Net cost of providing services	(988 001)	(1 071 217)

34. Remuneration of board and committee members

There are various committees, forums, groups, panels and councils that have been created to assist the Department in meeting its objectives. In addition, there are committees that have been created by the Minister. Where any of the members are remunerated, certain disclosures are required under the APFs issued by DTF.

All members of the board/committees, including those who may have resigned or their term had expired during the financial year, are listed below:

Risk Management and Audit Committee

Peter Bull (Member)

Nicolle Rantanen* (Member)

Lynn Young (Member)

Mary Patetsos* (Chairperson)

Yvonne Sneddon* (Member)

* The Committee shall comprise of at least three external members (including the Chair).

The Risk Management and Audit Committee is responsible for overseeing risk management, internal controls, financial reporting, auditing and monitoring compliance with laws, policies and relevant codes of conduct, and reports to the Chief Executive.

Charitable and Social Welfare Fund Board (Community Benefit SA)

Declan Jonathon Andrews (Member)

Christina Pauline Birch (Member)

Gary David Storkey (Chair)

Letitia Ashworth (Member)

Michelle Lee-Anne Jones (Member)

Ministerial Advisory Group on Volunteering

Zoe Bettison (Chairperson)

Michael Egbert Feszczak (Member)

John Gerard Haren (Member)

Sabah Izzett (Member)

Sophie Larsen (Member)

Lisel Alice O'Dwyer (Member)

Antonio (Tony) Piccolo (Chairperson)

Wayne Brian Thorley (Member)

Mark Kennett Whitfield (Member)

Claudia Cream (Member)

Emma Gillett (Member)

Georgia Heath (Member)

Con Katsambis (Member)

David Edward Mitchell (Member)

Evelyn O'Loughlin (Member)

Jan Lynette Sutherland (Member)

Sonya Weiser (Member)

Minister's Disability Advisory Council

Katharine Elisabeth Annear (Chair)

David Caudrey (Ex Officio)

Evdokia Kalaitzidi (Member)

Wayne Noel Oldfield (Member)

Michael John Taggart (Member)

Jacqueline Elise Beard (Member)

Sheelagh Maree Daniels-Mayes (Member)

Kyra Beth Kimpton (Member)

Lorraine Amanda Sheppard (Member)

Tracy Lee Vandepeer (Member)

Minister's Youth Council

Mohammad Al-Khafaji (Member)

Henry De Cure (Member)

Paul Fitzgerald (Member)

Lulu Hensman (Member)

Jake William Lane (Member)

Thomas James (Thom) Manning (Member)

Sarah Jean Nelson (Member)

Cassandra Attwood (Member)

Sarah Elsayed (Member)

Kye Hanley (Member)

Lauren Kimm (Chair)

Nai Heak Lim (Member)

Georgina Frances Morphet (Deputy Chairperson)

Premier's Council for Women

Alison Frances Adair (Member)

Anne Rosalie Edwards (Co-Chairperson)

Elizabeth Anne Haebich (Member)

Anne-Marie Hayes (Member)

Elizabeth Jensen (Member)

Sonia Romeo (Member)

Miriam Amena Silva (Member)

Katrina Lea Webb-Dennis (Member)

Eunice Elizabeth Aston (Member)

Kate Jean Gould (Co-Chairperson)

Maria Hagias-Tramontin (Member)

Katrine Anne Hildyard (Member)

Anuradha (Anu) Mundkur (Member)

Nerida Michelle Saunders (Member)

Louise Kathryn Stock (Member)

Christine Zeitz (Member)

South Australian Multicultural and Ethnic Affairs Commission

Daniela Valentina Conesa (Member)	Michelle (Swee Ming) Dieu (Member)
Vesna Drapac (Member)	Branka King (Member)
Stamatiki Kritas (Deputy Chairperson)	Hieu Van Le (Chairperson)
Vikram Maden (Member)	Joseph Julius Masika (Member)
Teresa Nowak (Member)	Peter Ppiros (Member)
Norman Anthony Schueler (Member)	Miriam Amena Silva (Member)
Sumeja Skaka (Member)	Malgorzata (Gosia) Skalban (Member)
Domenico (Don) Totino (Member)	

State Emergency Relief Fund

Angela Chooi (Member)	Veronica Margaret Faggotter (Member)
Sherree Lee Goldsworthy (Member)	Barry Joseph Grear (Chair)
Danielle Melanie Kowalski (Member)	Helen Kay Lamont (Member)
Raina Nella Nechvoglod (Member)	

Supported Residential Facilities Advisory Committee

Frances Ellen Anderson (Member)	Alister Lyndon Armstrong (Member)
Jennifer Sue Boisvert (Deputy Member) (Whetstone)	Carol (Sheila) Bouwens (Deputy Member) (Duke)
Sylvia Marga Maria Brideoake (Member)	Barbara (Jane) Chapman (Chair)
Kevin John Duke (Deputy Member) (Whittington)	Shaunee Fox (Deputy Chair)
Peter David Hans Heysen (Member)	Adrian Hill (Member)
Neville Edward Kitchin (Member)	Mariann Rose McNamara (Member)
Evanne Margaret (Anne) Megaw (Deputy Member) (Anderson)	Devon Anne Mellows (Deputy Member) (Hill)
Kirin Louise Moat (Deputy Member) (Brideoake)	Paul Nikolettos (Member)
Debra Ruth Petrys (Deputy Member) (Chapman)	Melissa Joy Richards (Member)
Penelope Richardson (Member)	Debra Anne (Deb) Whetstone (Member)
Susan Margaret (Sue) Whittington (Member)	Jillian Yvonne Whittaker (Member)
Carolyn Ann Wigg (Deputy Member) (Wright)	Gary Lynn Wilson (Deputy Member) (McNamara)
Helen Wright (Deputy Member) (Whittaker)	

Deputies listed may or may not have attended a committee meeting during the financial year.

Total income received, or due to be receivable by members was \$190 000 (\$160 000).

The number of members whose income from the entity falls within the following bands is:

	2013 Number	2012 Number
\$0	40	51
\$1 - \$9 999	70	96
\$10 000 - \$19 999	1	2
\$20 000 - \$29 999	-	-
\$30 000 - \$39 999	1	-
Total	112	149

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

Benefits given by the Department to superannuation funds or otherwise in connection with the retirement of members were \$10 000 (\$10 000).

During the financial year, no loans were made to members. At the reporting date, no outstanding loans exist with members.

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

35. Events after balance date

There are no known events after balance date that affect this general purpose financial report in a material manner.

36. Administered items

The revenues, expenditures, assets and liabilities that were administered but not controlled by the Department have not been included in the financial statements. These administered transactions and balances are regarded as significant in relation to the Department's overall financial performance and in accordance with APF II, separate consolidated administered financial statements and notes to the accounts have been prepared.

37. Residential aged care sector reporting

The *Aged Care Act 1997* (the Act) provides for the regulation and funding of aged care services. Persons who are approved under the Act to provide aged care services (approved providers) can be eligible to receive subsidy payments in respect of the care they provide to approved care recipients.

In accordance with the Act, the Department must prepare an audited general purpose financial report for the residential aged care facilities provided at Highgate and Northgate.

The financial statements for the regulated aged care services reflect an allocation of the Department's income, expenses, assets and liabilities, as recorded in the Department's financial records, to the regulated activities. The financial statements have been prepared using the Department's accounting policies described in note 2.

The former Julia Farr Services (JFS) was an approved provider of residential aged care (RAC) with 32 places licensed by the Commonwealth Department of Health and Ageing. Effective 1 July 2007, the Governor proclaimed the dissolution of JFS and all assets and liabilities vested in or held by JFS were transferred or assigned to or vested in the Minister for Disability. Certain assets held by the former JFS are subject to the terms and conditions of the Home for Incurables Trust and the Minister for Disability has been appointed as trustee. The trust assets are administered but not controlled by the Department, hence they are not included in the accounts of the Department.

The former IDSC was also an approved provider of residential aged care with 32 places licensed by the Commonwealth Department of Health and Ageing. On 29 June 2006 the Governor proclaimed to dissolve IDSC in association with reforms to the governance arrangements within the SA Government with respect to the management of the provision of disability services.

Statement of Comprehensive Income for the year ended 30 June 2013

	Residential Aged Care	
	Highgate Disability SA	Northgate Disability Services SA
NAPS ID*	1021	3051
RACS ID**	6402	6203
	\$'000	\$'000
Expenses:		
Employee benefit expenses	4 026	2 611
Supplies and services	2 550	1 108
Depreciation and amortisation	1	139
Total expenses	6 577	3 858
Income:		
Rent, fees and charges	1 505	740
Commonwealth revenues	1 279	1 803
Total income	2 784	2 543
Net cost of providing services	(3 793)	(1 315)
Net result	(3 793)	(1 315)

* National Approved Provider System (NAPS)

** Residential Aged Care Service (RACS)

Statement of Financial Position as at 30 June 2013

	Residential Aged Care	
	Highgate Disability SA	Northgate Disability Services SA
NAPS ID	1021	3051
RACS ID	6402	6203
	\$'000	\$'000
Current assets:		
Receivables	67	1
Total current assets	67	1

Statement of Financial Position as at 30 June 2013 (continued)

	Residential Aged Care	
	Highgate Disability SA	Northgate Disability Services SA
NAPS ID	1021	3051
RACS ID	6402	6203
	\$'000	\$'000
Non-current assets:		
Receivables	3	2
Property, plant and equipment	-	8 959
Total non-current assets	3	8 961
Total assets	70	8 962
Current liabilities:		
Payables	181	134
Employee benefits	744	450
Provisions	136	94
	1 061	678
Liabilities directly associated with non-current assets held for sale	-	-
Total current liabilities	1 061	678
Non-current liabilities:		
Payables	47	37
Employee benefits	508	398
Provisions	491	338
Total non-current liabilities	1 046	773
Total liabilities	2 107	1 451
Net assets	(2 037)	7 511

* Cash deficits in residential aged care are funded by contributions from SA Government.

Statement of Comprehensive Income for the year ended 30 June 2012

	Residential Aged Care	
	Highgate Disability SA	Northgate Disability Services SA
NAPS ID*	1021	3051
RACS ID**	6402	6203
	\$'000	\$'000
Expenses:		
Employee benefit expenses	4 269	3 374
Supplies and services	2 831	1 210
Depreciation and amortisation	1	143
Total expenses	7 101	4 727
Income:		
Rent, fees and charges	1 154	720
Commonwealth revenues	1 452	1 740
Total income	2 606	2 460
Net cost of providing services	(4 495)	(2 267)
Net result	(4 495)	(2 267)

* National Approved Provider System (NAPS)

** Residential Aged Care Service (RACS)

Statement of Financial Position as at 30 June 2012

		Residential Aged Care	
		Highgate Disability SA	Northgate Disability Services SA
		NAPS ID 1021	3051
		RACS ID 6402	6203
		\$'000	\$'000
Current assets:			
Cash and cash equivalents*		-	-
Receivables		42	21
Inventories		-	-
		42	21
Non-current assets classified as held for sale		-	-
Total current assets		42	21
Non-current assets:			
Receivables		5	4
Property, plant and equipment		-	9 008
Capital works in progress		-	-
Total non-current assets		5	9 012
Total assets		47	9 033
Current liabilities:			
Payables		216	233
Employee benefits		677	481
Provisions		170	144
Other liabilities		-	-
Total current liabilities		1 063	858
Non-current liabilities:			
Payables		46	37
Employee benefits		497	400
Provisions		596	505
Total non-current liabilities		1 139	942
Total liabilities		2 202	1 800
Net assets		(2 155)	7 233

* Cash deficits in residential aged care are funded by contributions from SA Government.

**Statement of Administered Comprehensive Income
for the year ended 30 June 2013**

		2013	2012
	Note	\$'000	\$'000
Expenses:			
Employee benefit expenses		314	294
Supplies and services		1 679	1 374
Gain (Loss) on revaluation of investment property		-	1 374
Depreciation and amortisation expense		1 644	761
Grants, subsidies and client payments	A6	175 914	162 514
Client trust fund payments	A4	13 779	13 514
Total expenses		193 330	179 831
Income:			
Grants and contributions		10 424	10 354
Revenue from rent, fees and charges		1 043	1 022
Interest revenues		675	911
Client trust fund receipts	A4	14 371	13 270
Other income		348	372
Total income		26 861	25 929
Net cost of providing services		(166 469)	(153 902)
Revenues from (Payments to) SA Government:			
SA Government appropriation		165 350	160 000
Payment to SA Government under Cash Alignment Policy	A7	(14 300)	(8 060)
Total revenues from (payments to) SA Government		151 050	151 940
Net result		(15 419)	(1 962)
Other comprehensive income:			
Revaluation surplus		466	(4 016)
Total other comprehensive income		466	(4 016)
Total comprehensive result		(14 953)	(5 978)

Statement of Administered Financial Position as at 30 June 2013

	Note	2013 \$'000	2012 \$'000
Current assets:			
Cash and cash equivalents		39 803	61 676
Receivables		161	294
Total current assets		39 964	61 970
Non-current assets:			
Property, plant and equipment	A10.1	30 150	31 328
Investment property	A10.2	1 220	1 220
Capital works in progress	A10.3	662	-
Total non-current assets		32 032	32 548
Total assets		71 996	94 518
Current liabilities:			
Payables		7 134	14 704
Overdraft		24	23
Total current liabilities		7 158	14 727
Total liabilities		7 158	14 727
Net assets		64 838	79 791
Equity:			
Retained earnings		38 186	53 605
Revaluation surplus		26 652	26 186
Total equity		64 838	79 791

Statement of Administered Changes in Equity for the year ended 30 June 2013

	Revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2011	30 202	55 391	85 593
Net result for 2011-12	-	(1 962)	(1 962)
Gain (Loss) on revaluation of property, plant and equipment during 2011-12	(4 016)	-	(4 016)
Total comprehensive result for 2011-12	(4 016)	(1 962)	(5 978)
Transactions with SA Government as owner:			
Net assets received from administrative restructure	-	176	176
Balance at 30 June 2012	26 186	53 605	79 791
Net result for 2012-13	-	(15 419)	(15 419)
Gain (Loss) on revaluation of property, plant and equipment during 2012-13	466	-	466
Total comprehensive result for 2012-13	466	(15 419)	(14 953)
Balance at 30 June 2013	26 652	38 186	64 838

Statement of Administered Cash Flows for the year ended 30 June 2013

		2013	2012
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities:			
Cash outflows:			
Payments to SA Government		(14 300)	(8 060)
Employee benefit payments		(314)	(292)
Concessions		(155 996)	(130 267)
Payments of grants, subsidies and client payments		(27 522)	(24 311)
Payments for supplies and services		(1 676)	(1 501)
Client trust fund payments		(13 779)	(13 514)
Other payments		-	(10)
Cash used in operations		(213 587)	(177 955)
Cash inflows:			
Receipts from SA Government		165 350	160 000
Rent, fees and charges		934	1 025
Grants and contributions		10 673	10 631
Interest received		590	949
Client trust fund receipts		14 371	13 270
Other receipts		457	370
Cash generated from operations		192 375	186 245
Net cash provided by (used in) operating activities	A12	(21 212)	8 290
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(662)	-
Cash used in investing activities		(662)	-
Net cash provided by (used in) investing activities		(662)	-
Cash flows from financing activities:			
Cash outflows:			
Cash overdraft		1	-
Cash used in financing activities		1	-
Cash inflows:			
Cash from administrative restructure		-	166
Cash generated from financing activities		-	166
Cash provided by (used in) financing activities		1	166
Net increase (decrease) in cash and cash equivalents		(21 873)	8 456
Cash and cash equivalents at 1 July		61 676	53 220
Cash and cash equivalents at 30 June	A12	39 803	61 676

**Schedule of Expenses and Income
attributable to Administered Activities
for the year ended 30 June 2013**

	(Activities - refer note A3)					
	1		2		3	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses:						
Employee benefit expenses	-	-	-	9	-	-
Supplies and services	1 144	853	200	162	274	315
Revaluation of investment property	-	-	-	-	-	1 374
Depreciation and amortisation expense	-	-	-	-	1 644	761
Grants, subsidies and client payments	5 262	5 814	2 502	775	427	414
Client trust fund payments	-	-	-	-	-	-
Total expenses	6 406	6 667	2 702	946	2 345	2 864
Income:						
Grants and contributions	5 863	5 845	4 000	4 001	-	-
Revenue from rent, fees and charges	319	-	64	151	536	491
Interest revenues	12	24	-	-	268	369
Revaluation of investment property	-	-	-	-	-	-
Client trust fund receipts	-	-	-	-	-	-
Other income	160	310	-	-	-	-
Total income	6 354	6 179	4 064	4 151	804	860
Net cost of providing services	(52)	(488)	1 362	3 205	(1 541)	(2 004)
Revenues from (Payments to) SA Government:						
SA Government appropriation	41	-	-	-	-	-
Payment to SA Government under Cash Alignment Policy	-	-	-	-	-	-
Total revenues from (payments to) SA Government	41	-	-	-	-	-
Net result	(11)	(488)	1 362	3 205	(1 541)	(2 004)

	(Activities - refer note A3)					
	4		5		6	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses:						
Employee benefit expenses	-	-	-	-	297	279
Supplies and services	-	-	-	-	-	-
Depreciation and amortisation expense	-	-	-	-	-	-
Grants, subsidies and client payments	-	-	-	-	-	-
Client trust fund payments	-	-	13 779	13 514	-	-
Total expenses	-	-	13 779	13 514	297	279
Income:						
Grants and contributions	-	-	-	-	297	277
Revenue from rent, fees and charges	-	-	-	-	-	-
Interest revenues	1	1	390	514	-	-
Revaluation of investment property	-	-	-	-	-	-
Client trust fund receipts	-	-	14 371	13 270	-	-
Other income	1	2	-	-	-	-
Total income	2	3	14 761	13 784	297	277
Net cost of providing services	2	3	982	270	-	(2)
Revenues from (Payments to) SA Government:						
SA Government appropriation	-	-	-	-	-	-
Payment to SA Government under Cash Alignment Policy	-	-	-	-	-	-
Total revenues from (payments to) SA Government	-	-	-	-	-	-
Net result	2	3	982	270	-	(2)

Schedule of Expenses and Income
attributable to Administered Activities
for the year ended 30 June 2013 (continued)

(Activities - refer note A3)		7		8		9	
		2013	2012	2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses:							
Employee benefit expenses		-	-	-	-	-	-
Supplies and services		-	2	-	-	-	-
Revaluation of investment property		-	-	-	-	-	-
Depreciation and amortisation expense		-	-	-	-	-	-
Grants, subsidies and client payments		148 392	138 203	18 071	17 308	-	-
Client trust fund payments		-	-	-	-	-	-
Total expenses		148 392	138 205	18 071	17 308	-	-
Income:							
Grants and contributions		14	232	-	-	-	-
Revenue from rent, fees and charges		-	330	-	-	-	-
Interest revenues		-	-	-	-	2	3
Revaluation of investment property		-	-	-	-	-	-
Client trust fund receipts		-	-	-	-	-	-
Other income		-	-	-	-	-	-
Total income		14	562	-	-	2	3
Net cost of providing services		(148 378)	(137 643)	(18 071)	(17 308)	2	3
Revenues from (Payments to) SA Government:							
SA Government appropriation		145 692	142 692	18 071	17 308	-	-
Payment to SA Government under Cash Alignment Policy		(14 300)	(8 060)	-	-	-	-
Total revenues from (payments to) SA Government		131 392	134 632	18 071	17 308	-	-
Net result		(16 986)	(3 011)	-	-	2	3

(Activities - refer note A3)		10		11		12	
		2013	2012	2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses:							
Employee benefit expenses		17	6	-	-	-	-
Supplies and services		61	42	-	-	-	-
Revaluation of investment property		-	-	-	-	-	-
Depreciation and amortisation expense		-	-	-	-	-	-
Grants, subsidies and client payments		-	-	1 260	-	-	-
Client trust fund payments		-	-	-	-	-	-
Total expenses		78	48	1 260	-	-	-
Income:							
Grants and contributions		-	-	-	-	250	-
Revenue from rent, fees and charges		124	50	-	-	-	-
Interest revenues		2	-	-	-	-	-
Revaluation of investment property		-	-	-	-	-	-
Client trust fund receipts		-	-	-	-	-	-
Other income		187	60	-	-	-	-
Total income		313	110	-	-	250	-
Net cost of providing services		235	62	(1 260)	-	250	-
Revenues from (Payments to) SA Government:							
SA Government appropriation		-	-	1 546	-	-	-
Payment to SA Government under Cash Alignment Policy		-	-	-	-	-	-
Total revenues from (payments to) SA Government		-	-	1 546	-	-	-
Net result		235	62	286	-	250	-

**Schedule of Expenses and Income
attributable to Administered Activities
for the year ended 30 June 2013 (continued)**

(Activities - refer note A3)	Total	
	2013	2012
	\$'000	\$'000
Expenses:		
Employee benefit expenses	314	294
Supplies and services	1 679	1 374
Revaluation of investment property	-	1 374
Depreciation and amortisation expense	1 644	761
Grants, subsidies and client payments	175 914	162 514
Client trust fund payments	13 779	13 514
Total expenses	193 330	179 831
Income:		
Grants and contributions	10 424	10 354
Revenue from rent, fees and charges	1 043	1 022
Interest revenues	675	911
Revaluation of investment property	-	-
Client trust fund receipts	14 371	13 270
Other income	348	372
Total income	26 861	25 929
Net cost of providing services	(166 469)	(153 902)
Revenues from (Payments to) SA Government:		
SA Government appropriation	165 350	160 000
Payment to SA Government under Cash Alignment Policy	(14 300)	(8 060)
Total revenues from (payments to) SA Government	151 050	151 940
Net result	(15 419)	(1 962)

Notes to and forming part of the administered financial statements

A1. Background

The revenues, expenditures, assets and liabilities that were administered but not controlled by the Department for Communities and Social Inclusion (the Department or DCSI) have not been included in the financial statements of the Department. These administered transactions and balances are regarded as significant in relation to the Department's overall financial performance and in accordance with APF II, separate consolidated administered financial statements and notes to the accounts have been prepared.

A2. Accounting policies

The accounting policies pertaining to the administered items for the Department are contained in note 2 'Summary of significant accounting policies' for the Department.

A3. Activities of administered items

1. Gamblers Rehabilitation
2. Community Benefit SA program
3. Home for Incurables Trust⁽ⁱ⁾
4. Supported Residential Facilities Indemnity Fund
5. Client Trust Accounts
6. Minister's Salary
7. Concessions
8. Community service obligations
9. State Emergency Relief Fund
10. Duke of Edinburgh Trust⁽ⁱⁱ⁾
11. Personal Alert Rebate Scheme⁽ⁱⁱⁱ⁾
12. Consumer Advocacy and Research Fund^(iv)

A3. Activities of administered items (continued)

- (i) Effective 1 July 2007, the Minister for Disability became the trustee of the Home for Incurables Trust by virtue of the vesting of assets and liabilities of the former Julia Farr Services (JFS). Separate financial information pertaining to the Home for Incurables Trust is in note A15.
- (ii) Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2011, from 1 January 2012 the Attorney-General's Department (AGD) transferred responsibility for the administered item - Duke of Edinburgh Trust to the Department. Assets and liabilities relating to these business units were transferred into the Department as at 1 January 2012.
- (iii) The Personal Alert Systems Rebate Scheme is a rebate scheme to provide older South Australians who live alone with assistance regarding the cost of purchase, installation and ongoing maintenance of a monitored personal alert system.
- (iv) Refer note A5.

A4. Client trust accounts

The Department acts as trustee of client trust accounts, including relating to clients of the former Intellectual Disability Services Council Incorporated (IDSC) and the former JFS. The balance of the client trust accounts as at 30 June 2013 was \$12.536 million (\$11.554 million). These amounts cannot be used by the Department to achieve its own objectives, and accordingly are not included in the controlled financial statements.

	2013 \$'000	2012 \$'000
Opening balance 1 July	11 554	11 284
Receipts	14 761	13 784
Expenses	(13 779)	(13 514)
Closing balance 30 June	12 536	11 554

A5. Consumer Advocacy and Research Fund

This fund was established under the *Water Industry Act 2012* part 10, section 87. The Consumer Advocacy and Research Fund commenced on 1 July 2012 and supports research or advocacy that promotes the interests of consumers with a disability, on a low income or located in a regional area of the state.

	2013 \$'000	2012 \$'000
Opening balance 1 July	-	-
Receipts	250	-
Expenses	-	-
Closing balance 30 June	250	-

A6. Grants, subsidies and client payments

Gamblers Rehabilitation	5 262	5 814
Community Benefit SA program	2 502	775
Home for Incurables Trust	427	414
Concessions	148 392	138 203
Community service obligations	18 071	17 308
Personal Alert Rebate Scheme	1 260	-
Total grants, subsidies and client payments	175 914	162 514

Concessions:

Water and sewerage rates	45 018	34 859
Council rates	32 994	32 951
Energy	31 648	30 728
Transport	29 947	31 758
Emergency Services levy	7 296	6 909
Other	1 489	998
Total concessions	148 392	138 203

A7. Payments to SA Government

Concessions (cash alignment policy transfer)	14 300	8 060
Total payments to SA Government	14 300	8 060

A8. Consultancies

There were no consultants engaged in the 2011-12 and 2012-13 financial years.

A9. Unexpended funding commitments

The Department is engaged in a variety of funding programs involving State and Commonwealth sources who provide monies to the Department on the premise that these funds are expended in a manner consistent with the terms of the program. As at 30 June 2013, the Department had outstanding funding commitments to the following programs:

	2013 \$'000	2012 \$'000
Community Benefits SA program	4 694	3 396
Gamblers Rehabilitation Fund	422	782
Home for Incurables Trust (fire upgrade of Highgate building)	-	40
Personal Alert Rebate Scheme	286	-
Consumer Advocacy and Research Fund	250	-
Total operating funding commitments	5 662	4 218
Highgate Park Facilities Works	738	-
Total capital funding commitments	738	-
Total unexpended funding commitments	6 390	4 218

A10. Property, plant and equipment**(1) Property, plant and equipment****Land and buildings:**

Site land (fair value)	13 510	13 510
Buildings and improvements (fair value)	16 640	17 818
Total land and buildings	30 150	31 328

Reconciliation of land and buildings

The following table shows the movement of land and buildings and improvements during 2012-13:

	Site land \$'000	Buildings & improvements \$'000	Total land & buildings \$'000
Carrying amount at 1 July	13 510	17 818	31 328
Depreciation and amortisation for the year	-	(1 644)	(1 644)
Revaluation increment	-	466	466
Carrying amount at 30 June	13 510	16 640	30 150

The following table shows the movement of land and buildings and improvements during 2011-12:

	Site land \$'000	Buildings & improvements \$'000	Total land & buildings \$'000
Carrying amount at 1 July	14 621	21 484	36 105
Depreciation and amortisation for the year	-	(761)	(761)
Revaluation increment	(1 111)	(2 905)	(4 016)
Carrying amount at 30 June	13 510	17 818	31 328

(2) Investment property

	2013 \$'000	2012 \$'000
Investment building	786	925
Revaluation decrement	-	(139)
Fair value at 30 June	786	786
Investment land	434	1 669
Revaluation decrement	-	(1 235)
Fair value at 30 June	434	434
Total investment property at 30 June	1 220	1 220

(3) Capital works in progress

Property, plant and equipment (fire upgrade)	662	-
Total capital works in progress	662	-

Reconciliation of capital works in progress

The following table shows the movement of capital works in progress during 2012-13:

Reconciliation of capital works in progress (continued)

	Total capital works in progress \$'000
Carrying amount at 1 July	-
Purchases	662
Carrying amount at 30 June	662

A11. Transferred functions

There were no functions transferred in the 2012-13 financial year.

Transferred functions for 2011-12

Transfer of administered item into the Department

Duke of Edinburgh Trust (DET) transferred into the Department from AGD effective 1 January 2012.

On transfer the Department recognised the following assets and liabilities in 2011-12:

	DET \$'000	Total \$'000
Current assets:		
Cash	166	166
Receivables	14	14
Total current assets	180	180
Total assets	180	180
Current liabilities:		
Employee benefits	4	4
Total current liabilities	4	4
Total liabilities	4	4
Total net assets transferred	176	176

Total income and expenses attributable to the Duke of Edinburgh Trust for 2011-12 were:

	AGD 01.07.11 to 31.12.11 \$'000	DCSI 01.01.12 to 30.06.12 \$'000	Total \$'000
Expenses:			
Employee costs	17	6	23
Grant payments	2	-	2
Supplies and services	81	42	123
Total expenses	100	48	148
Income:			
Fees and charges	-	50	50
Other recoveries	85	60	145
Total income	85	110	195
Net cost of providing services	(15)	62	47

A12. Cash flow reconciliation

Reconciliation of cash and cash equivalents at 30 June as per:

	2013 \$'000	2012 \$'000
Statement of Administered Cash Flows	39 803	61 676
Statement of Administered Financial Position	39 803	61 676

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

Net cash provided by (used in) operating activities	(21 212)	8 290
Non-cash items:		
Depreciation and amortisation	(1 644)	(761)
Revaluation of investment property	-	(1 374)
Movements in assets/liabilities:		
Receivables	(133)	(306)
Payables	7 571	(7 799)
Adjustment for Administrative restructures	-	(10)
Other liabilities	(1)	(2)
Net result	(15 419)	(1 962)

A13. Administered contingent assets and liabilities

The Department has no administered contingent assets and liabilities.

A14. Supported Residential Facilities Indemnity Fund

	2013 \$'000	2012 \$'000
Opening balance 1 July	37	34
Receipts:		
Fees - councils ⁽¹⁾	1	2
Interest	1	1
Closing balance 30 June	39	37

This note has been prepared to meet the requirements of section 56(11) of the *Supported Residential Facilities Act 1992* (the Act) in reporting upon the operations of the Supported Residential Facilities Indemnity Fund. This note meets the specific requirements of the Act.

- ⁽¹⁾ Under the Act, certain premises which provide residential accommodation are required to be licensed. That licence fee is payable to the local councils who monitor the residential accommodation. The Act requires the councils to remit 10% of fees collected for deposit in the Supported Residential Facilities Indemnity Fund within 28 days after the end of the financial year in which the fees are received.

A15. Home for Incurables Trust

As part of wide ranging reforms relating to the delivery of disability services by the Department, effective 1 July 2007, JFS was dissolved and all assets and liabilities vested in or held by JFS were transferred or assigned or vested with the Minister for Disability. Certain assets held by the former JFS are subject to the terms and conditions of the Home for Incurables Trust. The original Trust was established in June 1879 and was varied by the Supreme Court on 7 November 1997.

The former Board of JFS was trustee of the Home for Incurables Trust and on dissolution, the Board of JFS resolved to resign as trustee of the Home for Incurables Trust. The Minister for Disability is the trustee for the Home for Incurables Trust.

The role of the Trust is

to apply property vested in it for the purpose of providing for persons whose ability to live independently is temporarily or permanently impaired or in jeopardy as a consequence of an acquired brain injury or degenerative neurological condition or a physical condition resulting in disability including but not limiting the foregoing in any way whatsoever, the following services and facilities:

- (a) *by providing for them, in a variety of residential, centre and community based settings*
 - (i) *accommodation*
 - (ii) *nursing, medical, allied health and attendant care service*
 - (iii) *personal and community support services*
 - (iv) *technical and personal support aids*
 - (v) *rehabilitation, respite and recreational services*
 - (vi) *out patient and day care services*
 - (vii) *measures and services to enhance their quality of life*
- (b) *by providing facilities for education research with respect to such persons*
- (c) *by providing any services and facilities ancillary or in relation to the foregoing or by providing additional services and facilities that may be appropriate from time to time.*

The following income, expenses, assets and liabilities of the Home for Incurables Trust have been included in the administered items financial statements, but are separately disclosed in the following schedules in accordance with the governance requirements of the Trust.

Schedule of Income and Expenses - Home for Incurables Trust for the year ended 30 June 2013

	2013 \$'000	2012 \$'000
Expenses:		
Supplies and services	274	315
Grants, subsidies and client payments	427	414
Loss on revaluation of investment property	-	1 374
Depreciation and amortisation	1 644	761
Total expenses	2 345	2 864

Schedule of Income and Expenses - Home for Incurables Trust for the year ended 30 June 2013
(continued)

	2013	2012
	\$'000	\$'000
Income:		
Rental income	536	491
Interest	268	369
Total income	<u>804</u>	<u>860</u>
Net result	<u>(1 541)</u>	<u>(2 004)</u>
Other comprehensive income:		
Revaluation surplus	466	(4 016)
Total comprehensive income	<u>466</u>	<u>(4 016)</u>
Total comprehensive result	<u>(1 075)</u>	<u>(6 020)</u>

Schedule of Assets and Liabilities - Home for Incurables Trust as at 30 June 2013

	2013	2012
	\$'000	\$'000
Current assets:		
Cash and cash equivalents:		
Deposits with the Treasurer	322	238
Deposits with SAFA	6 774	7 515
Receivable	85	-
Total cash and cash equivalents	<u>7 181</u>	<u>7 753</u>
Total current assets	<u>7 181</u>	<u>7 753</u>
Non-current assets:		
Property, plant and equipment	30 150	31 328
Investment property	1 220	1 220
Capital works in progress	662	-
Total non-current assets	<u>32 032</u>	<u>32 548</u>
Total assets	<u>39 213</u>	<u>40 301</u>
Current liabilities:		
Payables	-	13
Total current liabilities	<u>-</u>	<u>13</u>
Total liabilities	<u>-</u>	<u>13</u>
Net assets	<u>39 213</u>	<u>40 288</u>

Schedule of Changes in Equity - Home for Incurables Trust for the year ended 30 June 2013

	Revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2011	30 202	16 106	46 308
Net result for 2011-12	-	(2 004)	(2 004)
Gain (Loss) on revaluation of property, plant and equipment during 2011-12	(4 016)	-	(4 016)
Total comprehensive result for 2011-12	<u>(4 016)</u>	<u>(2 004)</u>	<u>(6 020)</u>
Balance at 30 June 2012	26 186	14 102	40 288
Net result for 2012-13	-	(1 541)	(1 541)
Gain (Loss) on revaluation of property, plant and equipment during 2012-13	466	-	466
Total comprehensive result for 2012-13	<u>466</u>	<u>(1 541)</u>	<u>(1 075)</u>
Balance at 30 June 2013	<u>26 652</u>	<u>12 561</u>	<u>39 213</u>

Schedule of Administered Cash Flows - Home for Incurables Trust for the year ended 30 June 2013

	2013 Inflows (Outflows) \$'000	2012 Inflows (Outflows) \$'000
Cash flows from operating activities:		
Cash inflows:		
Interest revenue	183	401
Rental revenue	536	491
Total cash inflows	719	892
Cash outflows:		
Supplies and services	(287)	(302)
Grants, subsidies and client payments	(427)	(414)
Total cash outflows	(714)	(716)
Net cash inflows (outflows) from operating activities	5	176
Cash flow from investing activities:		
Cash outflows:		
Payments for plant, equipment and investments	662	-
Total cash outflows	662	-
Net cash inflows (outflows) from investing activities	(662)	-
Net increase (decrease) in cash and cash equivalents	(657)	176
Cash and cash equivalents at 1 July	7 753	7 577
Cash and cash equivalents at 30 June	7 096	7 753

Accounting policies

The accounting policies pertaining to the administered items for the Department are contained in note 2 for the Department.

Cash and cash equivalents

Cash and cash equivalents as reported in the Schedule of Assets and Liabilities - Home for Incurables Trust 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 convertible to cash and which are subject to insignificant risk of changes in value. Cash is measured at nominal value.

Reconciliation of property, plant and equipment - Home for Incurables Trust

	2013 \$'000	2012 \$'000
Property, plant and equipment:		
Land and buildings:		
Site land (fair value)	13 510	13 510
Buildings and improvements (fair value)	16 640	17 818
Total land and buildings	30 150	31 328

Reconciliation of land and buildings - Home for Incurables Trust

The following table shows the movement of land and buildings and improvements for the Home for Incurables Trust during 2012-13:

	Site land \$'000	Buildings and imprvmnts \$'000	Total land and buildings \$'000
Carrying amount at 1 July	13 510	17 818	31 328
Depreciation and amortisation for the year	-	(1 644)	(1 644)
Revaluation increment	-	466	466
Carrying amount at 30 June	13 510	16 640	30 150

The following table shows the movement of land and buildings and improvements for the Home for Incurables Trust during 2011-12.

	Site land \$'000	Buildings and imprvmnts \$'000	Total land and buildings \$'000
Carrying amount at 1 July	14 621	21 484	36 105
Depreciation and amortisation for the year	-	(761)	(761)
Revaluation increment	(1 111)	(2 905)	(4 016)
Carrying amount at 30 June	13 510	17 818	31 328

Capital works in progress

	2013 \$'000	2012 \$'000
Property, plant and equipment (fire upgrade)	662	-
Total capital works in progress	662	-

Reconciliation of capital works in progress

The following table shows the movement of capital works in progress during 2012-13:

	Total capital works in progress \$'000
Carrying amount at 1 July	-
Purchases	662
Carrying amount at 30 June	662

Investment property - Home for Incurables Trust

	2013 \$'000	2012 \$'000
Investment building	786	925
Revaluation decrement	-	(139)
Fair value at 30 June	786	786
Investment land*	434	1 669
Revaluation decrement	-	(1 235)
Fair value at 30 June	434	434
Total investment property at 30 June	1 220	1 220

* The land value was based on the footprint of the investment building not the surrounding land.

Department for Correctional Services

Functional responsibility

Establishment

The Department for Correctional Services (the Department) is an administrative unit established pursuant to the PSA. The Department is responsible to the Minister for Correctional Services.

Functions

The primary function of the Department is to contribute to public safety through the safe, secure and humane management of offenders and the provision of opportunities for rehabilitation and reintegration. For details of the Department's functions refer note 1 to the financial statements.

Audit mandate and coverage

Audit authority

Audit of the financial report

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

Assessment of controls

Section 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the 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 the audit

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

- | | |
|--------------------|------------------|
| • payroll | • general ledger |
| • accounts payable | • revenue |
| • cash | • fixed assets. |

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 report

In my opinion, the financial report gives a true and fair view of the financial position of the Department for Correctional Services as at 30 June 2013, 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 all matters 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 of the Department were detailed in a management letter to the officers responsible for the governance of the Department. The main matters raised with the Department and the related responses are detailed below.

In addition, matters relating to SSSA as a service provider to the Department are also described below.

Bona fide certificates

The audit of payroll considered procedures in place to ensure that payments are only made for bona fide employees and at the correct classification. In previous years Audit has recommended improvements to the consistency of the review of bona fide certificates. The review for 2012-13 again concluded that bona fide certificates were not always signed by the relevant delegated authorising officer as evidence of review.

The Department responded that it would ensure managers are advised of their responsibility to verify bona fide certificates and that compliance would be monitored on a regular basis.

Leave reporting

Consistent with past years, the audit found the Department had not implemented controls that ensure all leave taken by individual employees is correctly recorded in the payroll system and consequently there is a risk that some leave taken by staff will not be recorded. Audit recommended the Department review its policies and practices to seek to develop arrangements that provide assurance that all leave taken is recorded.

The Department responded that its standard operating procedures required the review of payroll leave reports and that its business units would develop local procedures to ensure compliance.

Custodial officer roster system

The audit of payroll considered controls that ensure that custodial officers are paid for hours worked. Audit noted that, for custodial officers, payroll payments were based on attendance data maintained on the Department's roster system. Review of the roster system found:

- the input of changes to attendance and roster data was not always independently reviewed
- reports containing attendance details were not always approved
- there were no policies and procedures over key approvals and processing to the rostering system.

In response the Department advised its intention to develop policies and procedures to manage roster data including requiring an independent review of all adjustments and approval of the attendance records.

Payment approval in Basware

The audit included a review of processes to ensure payments are made only when authorised by an officer with approved financial delegation. The audit could not confirm that the Department had reviewed authority levels in Basware against its approved financial delegations.

The Department advised it will review Basware user access reports against its financial delegations on a quarterly basis and evidence the review as performed.

Shared Services SA – CHRIS payroll control environment

SSSA processes payroll transactions specific to the CHRIS HRMS system on behalf of the Department in accordance with a service level determination with SSSA.

The audit of payroll transactions considered the payroll process and control environments of SSSA and the external bureau provider of the CHRIS HRMS payroll service to SSSA.

Review of the process and control environments in previous years has identified SSSA key control weaknesses covering segregation of duties and user access and certain security limitations of the CHRIS 5 application provided by the bureau service.

As SSSA implemented significant remediation action during the year, it was not effective throughout the entire year. As such the process and control environment could not be considered robust and effective for the 2012-13 financial year. Also the planned migration of payroll processing from CHRIS 5 to CHRIS 21, which would address security limitations, is yet to occur.

This matter is further discussed in the commentary under ‘Department of the Premier and Cabinet’ elsewhere in Part B of this Report.

Shared Services SA – accounts payable and electronic payment control environments

SSSA operates an accounts payable function which involves the processing of transactions on behalf of the Department under a service level determination. The function involves the e-Procurement system for ordering, receiving and invoice processing; Masterpiece payment transaction processing and vendor masterfile processing; EFT and cheque payment processing; and Masterpiece general ledger maintenance.

While SSSA continues to progress significant remedial measures to address prior years’ key control weaknesses certain actions are still required before the control environments can be considered to be robust and effective.

This matter is further discussed in the commentary under ‘Department of the Premier and Cabinet’ elsewhere in Part B of this Report.

Interpretation and analysis of the financial report

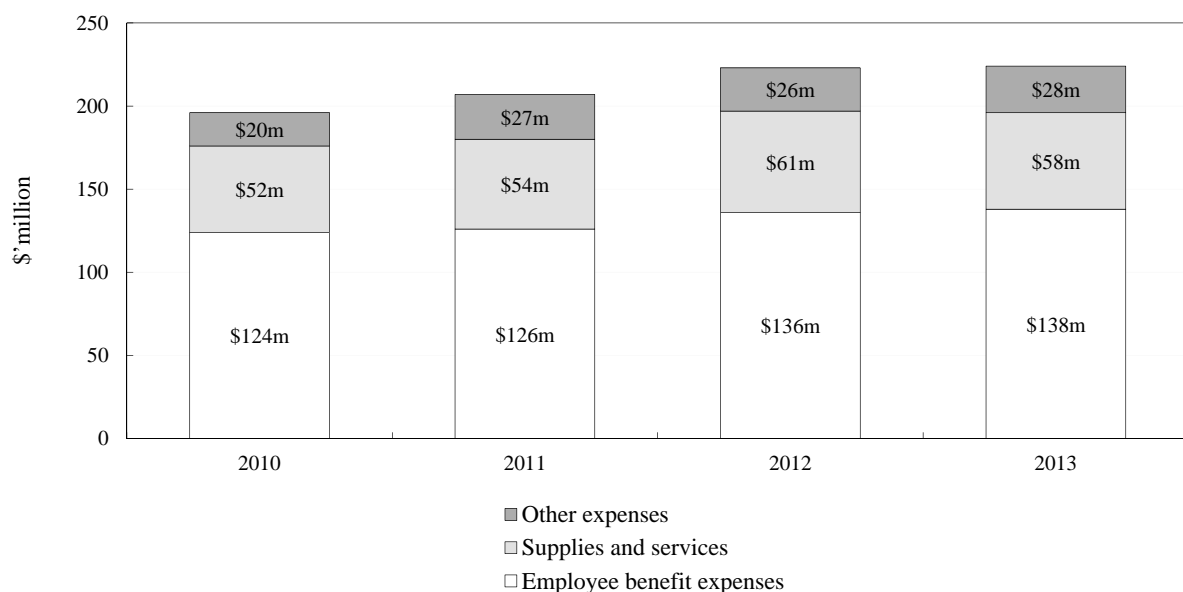
Highlights of the financial report	2013	2012
	\$’million	\$’million
Expenses		
Employee benefit expenses	138	136
Supplies and services	58	61
Other expenses	28	26
Total expenses	224	223

	2013 \$'million	2012 \$'million
Income		
Income from prison labour and canteen and kitchen sales	5	5
Other income	5	5
Total income	10	10
Net cost of providing services	214	213
Revenues from SA Government	218	193
Payments to SA Government	-	(1)
Net result	4	(21)
Total comprehensive result	10	(15)
Net cash provided by (used in) operating activities	17	-
Net cash provided by (used in) investing activities	(35)	(24)
Net cash provided by (used in) financing activities	28	6
Assets		
Current assets	21	11
Non-current assets	440	412
Total assets	461	423
Liabilities		
Current liabilities	32	30
Non-current liabilities	35	37
Total liabilities	67	67
Total equity	394	356

Statement of Comprehensive Income

Expenses

For the four years to 2013, a structural analysis of the main expense items for the Department is shown in the following chart.



Employee benefit expenses

Employee benefit expenses increased by \$2 million to \$138 million.

The Department paid TVSPs to three employees totalling \$430 000. Refer note 5 to the financial statements for further details of TVSP payments and recoveries from DTF.

Supplies and services expenses

Supplies and services expenses decreased by \$3 million to \$58 million. This decrease relates mainly to a reduction in workers compensation expense reflecting a reduced workers compensation provision as valued by an actuary. Refer note 27 to the financial statements for further details regarding the workers compensation provision.

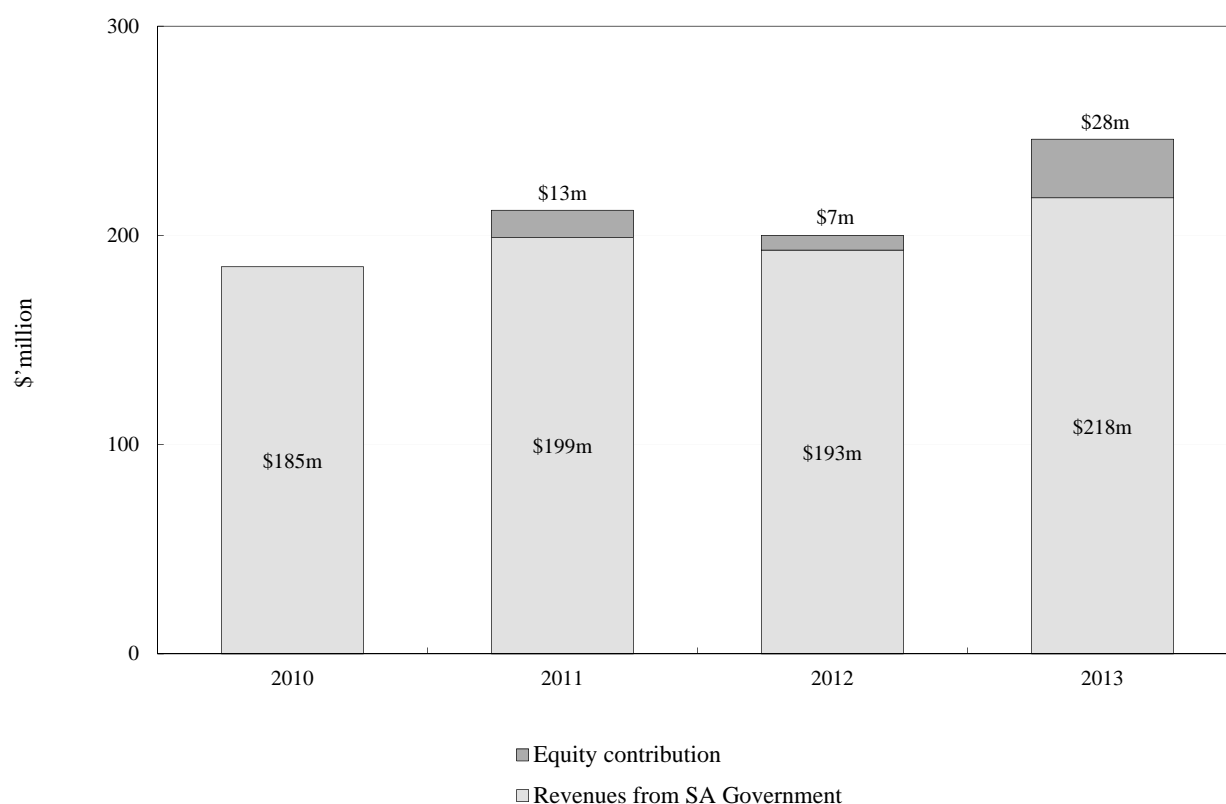
Income

Revenues from SA Government increased by \$25 million (13%) to \$218 million and are the major source of funding for the Department.

Revenues from SA Government included \$4 million from DTF contingency funds, of which \$3 million was additional funding to meet wage enterprise agreements.

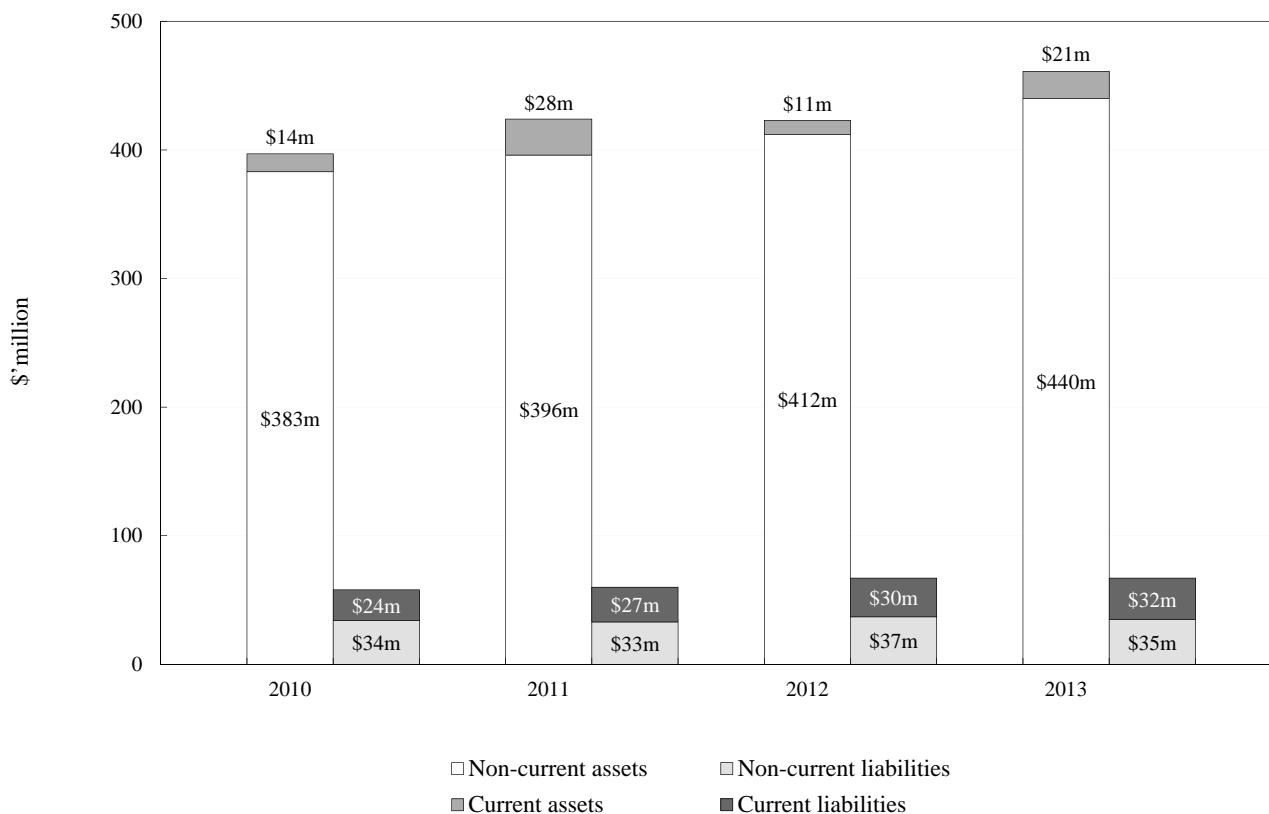
The SA Government also provided an equity contribution of \$28 million (\$7 million).

A structural analysis of revenues from SA Government and equity contributions for the Department in the four years to 2013 is presented in the following chart.



Statement of Financial Position

For the four years to 2013, a structural analysis of assets and liabilities is shown in the following chart.



Assets

Cash and cash equivalents

Cash and cash equivalents increased by \$10 million to \$17 million (\$7 million). The increase mainly reflects funds received for the Northfield infrastructure upgrade which were not yet expended. Despite the Department's higher cash balances, current liabilities of \$32 million exceed current assets of \$21 million. Note 34(d) to the financial statements addresses liquidity risk.

Property, plant and equipment

The main item of the Department's Statement of Financial Position is property, plant and equipment, representing 87% of total assets.

The carrying value of property, plant and equipment increased by \$13 million to \$400 million due mainly to:

- a revaluation of land and buildings as of 30 June 2013 resulting in a \$6 million increment in land and buildings
- \$21 million in completed capital works, the main component being \$15 million for additional accommodation at the Port Augusta Prison which was officially opened in October 2012
- depreciation charges of \$15 million which offset the aforementioned increases to the carrying value.

Capital works in progress

As at 30 June 2013 capital works in progress total \$40 million, relating mainly to works on additional prisoner accommodation and the Northfield infrastructure upgrade including:

- additional prisoner accommodation at Mount Gambier prison, \$17.2 million
- Yatala Labour Prison gatehouse, \$10.2 million.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2013.

	2013 \$'million	2012 \$'million	2011 \$'million	2010 \$'million
Net cash flows				
Operating	17	-	18	6
Investing	(35)	(24)	(16)	(8)
Financing	28	6	13	-
Change in cash	10	(18)	15	(2)
Cash at 30 June	17	7	25	10

The table highlights a \$10 million increase in cash to \$17 million.

The increase in net cash flows used in investing activities mainly reflects the cash outflows relating to the additional prisoner accommodation and infrastructure upgrade at various prisons.

The net cash flows from financing activities reflect the equity contribution received from the SA Government of \$28 million.

Statement of Comprehensive Income for the year ended 30 June 2013

		2013	2012
	Note	\$'000	\$'000
Expenses:			
Employee benefit expenses	5	138 028	135 586
Supplies and services	6	58 118	60 765
Depreciation and amortisation expense	7	15 143	14 321
Payments to prisoners		2 615	2 479
Accommodation and associated lease costs		9 238	8 330
Grants	8	568	566
Net loss from disposal of non-current assets	9	4	52
Other expenses	10	318	555
Total expenses		224 032	222 654
Income:			
Prison labour	12	997	1 260
Salaries and goods and services recoups		2 031	1 770
Interest revenues		5	7
Commonwealth revenue	13	990	793
Canteen and kitchen sales	14	3 539	3 332
Resources received free of charge	15	-	20
Other income	16	2 268	2 546
Total income		9 830	9 728
Net cost of providing services		214 202	212 926
Revenues from (Payments to) SA Government:			
Revenues from SA Government	17	218 155	192 833
Payments to SA Government	17	-	(591)
Net result		3 953	(20 684)
Other comprehensive income:			
Changes in revaluation surplus	21	6 279	5 789
Total comprehensive result		10 232	(14 895)

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

Statement of Financial Position as at 30 June 2013

		2013	2012
	Note	\$'000	\$'000
Current assets:			
Cash and cash equivalents	18	16 936	7 336
Receivables	19	2 739	2 405
Inventories	20	1 220	1 165
Total current assets		20 895	10 906
Non-current assets:			
Property, plant and equipment	21	400 127	387 569
Capital works in progress	22	39 597	23 699
Intangible assets	23	-	-
Biological assets	24	190	259
Total non-current assets		439 914	411 527
Total assets		460 809	422 433
Current liabilities:			
Payables	25	15 157	14 140
Employee benefits	26	12 453	11 113
Provisions	27	4 052	4 113
Total current liabilities		31 662	29 366
Non-current liabilities:			
Payables	25	2 028	2 018
Employee benefits	26	21 187	21 210
Provisions	27	11 976	14 119
Total non-current liabilities		35 191	37 347
Total liabilities		66 853	66 713
Net assets		393 956	355 720
Equity:			
Retained earnings	28	81 427	77 499
Prisoner amenities reserve	28	259	234
Revaluation surplus	28	264 602	258 323
Contributed capital	28	47 668	19 664
Total equity		393 956	355 720
Total equity is attributable to the SA Government as owner			
Commitments	29		
Contingent assets and liabilities	30		

Statement of Changes in Equity for the year ended 30 June 2013

		Prisoner amenities reserve	Revaluation surplus	Contributed capital	Retained earnings	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2011		327	252 534	13 133	98 090	364 084
Net result for 2011-12		-	-	-	(20 684)	(20 684)
Gain on revaluation of land and buildings during 2011-12		-	5 789	-	-	5 789
Net changes in reserves		(93)	-	-	93	-
Total comprehensive result for 2011-12		(93)	5 789	-	(20 591)	(14 895)
Transactions with SA Government as owner:						
Equity contribution received		-	-	6 531	-	6 531
Balance at 30 June 2012	28	234	258 323	19 664	77 499	355 720
Net result for 2012-13		-	-	-	3 953	3 953
Gain on revaluation of land and buildings during 2012-13		-	6 279	-	-	6 279
Net changes in reserves		25	-	-	(25)	-
Total comprehensive result for 2012-13		25	6 279	-	3 928	10 232
Transactions with SA Government as owner:						
Equity contribution received		-	-	28 004	-	28 004
Balance at 30 June 2013	28	259	264 602	47 668	81 427	393 956

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

Statement of Cash Flows for the year ended 30 June 2013

		2013	2012
		Inflows	Inflows
		(Outflows)	(Outflows)
		\$'000	\$'000
Cash flows from operating activities:	Note		
Cash outflows:			
Employee benefit payments		(138 146)	(132 572)
Supplies and services		(79 019)	(74 340)
Prisoner payments		(2 615)	(2 479)
Grants		(568)	(566)
Payments for Paid Parental Leave Scheme		(145)	(62)
Other payments		(313)	(562)
Cash used in operations		(220 806)	(210 581)
Cash inflows:			
Receipts from prison labour		997	1 260
Interest received		5	7
GST recovered from the ATO		8 668	7 301
Receipts for Paid Parental Leave Scheme		141	71
Other receipts		9 413	9 306
Cash generated from operations		19 224	17 945
Cash flows from (to) SA Government:			
Receipts from SA Government		218 155	192 833
Payments to SA Government		-	(591)
Cash generated from SA Government		218 155	192 242
Net cash provided by (used in) operating activities	33	16 573	(394)
Cash flows from investing activities:			
Cash outflows:			
Purchase of property, plant and equipment		(35 004)	(23 484)
Cash used in investing activities		(35 004)	(23 484)
Cash inflows:			
Proceeds from sale of property, plant and equipment		27	-
Cash generated from investing activities		27	-
Net cash provided by (used in) investing activities		(34 977)	(23 484)
Cash flows from financing activities:			
Cash inflows:			
Capital contributions from SA Government		28 004	6 531
Cash generated from financing activities		28 004	6 531
Net cash provided by (used in) financing activities		28 004	6 531
Net increase (decrease) in cash and cash equivalents		9 600	(17 347)
Cash and cash equivalents at 1 July		7 336	24 683
Cash and cash equivalents at 30 June	33	16 936	7 336

**Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2013**

	(Activities - refer note 4)	1	2	3	Total
		2013	2013	2013	2013
		\$'000	\$'000	\$'000	\$'000
Expenses:					
Employee benefit expenses		99 967	25 363	12 698	138 028
Supplies and services		48 350	5 271	4 497	58 118
Depreciation and amortisation expense		13 693	806	644	15 143
Payments to prisoners		2 257	-	358	2 615
Accommodation and associated lease costs		6 034	3 190	14	9 238
Grants		537	31	-	568
Net loss from disposal of non-current assets		4	-	-	4
Other expenses		282	25	11	318
Total expenses		171 124	34 686	18 222	224 032
Income:					
Prison labour		-	-	997	997
Salaries and goods and services recoups		296	1 704	31	2 031
Interest revenues		5	-	-	5
Commonwealth revenue		-	-	990	990
Canteen and kitchen sales		3 539	-	-	3 539
Resources received free of charge		-	-	-	-
Other income		254	16	1 998	2 268
Total income		4 094	1 720	4 016	9 830
Net cost of providing services		167 030	32 966	14 206	214 202
Revenues from SA Government		170 113	33 574	14 468	218 155
Payments to SA Government		-	-	-	-
Net result		3 083	608	262	3 953

Disaggregated Disclosures – Assets and Liabilities as at 30 June 2013

	(Activities - refer note 4)	1	2	3	General/Not attributable	Total
		2013	2013	2013	2013	2013
		\$'000	\$'000	\$'000	\$'000	\$'000
Current assets:						
Cash and cash equivalents		30	6	-	16 900	16 936
Receivables		-	-	(65)	2 804	2 739
Inventories		353	-	525	342	1 220
Total current assets		383	6	460	20 046	20 895
Non-current assets:						
Property, plant and equipment		371 669	13 046	11 520	3 892	400 127
Capital works in progress		38 327	79	16	1 175	39 597
Intangible assets		-	-	-	-	-
Biological assets		-	-	190	-	190
Total non-current assets		409 996	13 125	11 726	5 067	439 914
Total assets		410 379	13 131	12 186	25 113	460 809
Current liabilities:						
Payables		10 220	892	677	3 368	15 157
Employee benefits		9 262	2 094	1 097	-	12 453
Provisions		-	-	-	4 052	4 052
Total current liabilities		19 482	2 986	1 774	7 420	31 662
Non-current liabilities:						
Payables		1 226	329	165	308	2 028
Employee benefits		14 519	4 492	2 176	-	21 187
Provisions		-	-	-	11 976	11 976
Total non-current liabilities		15 745	4 821	2 341	12 284	35 191
Total liabilities		35 227	7 807	4 115	19 704	66 853
Net assets		375 152	5 324	8 071	5 409	393 956

Notes to and forming part of the financial statements

1. Objectives of the Department for Correctional Services (the Department)

The Department is an administrative unit established pursuant to the PSA.

The Department contributes to a safer community by working in partnership with other criminal justice organisations and the community to prevent crime and reduce repeat offending.

The Department safely, securely and humanely manages people ordered by the courts to serve a community based or prison sanction and provides them with opportunities to lead law-abiding productive lives.

2. Significant accounting policies

(a) Statement of compliance

The Department has prepared these financial statements in compliance with section 23 of the PFAA.

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

The Department has applied AASs that are applicable to not-for-profit entities, as the Department is a not-for-profit entity.

AASs and interpretations that have recently been issued or amended but are not yet in effect have not been adopted by the Department for the reporting period ending 30 June 2013 (refer note 3).

(b) Basis of preparation

The preparation of the financial statements requires:

(b) Basis of preparation (continued)

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Department's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA, by authority of TI 19. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in these financial statements:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature
 - (b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income)
 - (c) employee TVSP information
 - (d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees
 - (e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013 and the comparative information presented.

(c) Reporting entity

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

The financial statements and accompanying notes include all the controlled activities of the Department. The transactions and balances relating to administered items are not recognised as departmental income, expense, assets and liabilities. As administered items are insignificant in relation to the Department's overall financial performance and position, they are disclosed in note 35. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

(d) Comparative information

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

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

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

(e) Rounding

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

(f) Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, FBT, GST, Emergency Services levy and other tax 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 the reporting period

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

(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 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.

Income

The following are specific recognition criteria:

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

Any gain (loss) on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deducting the cost of the asset from the proceeds at that time.

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

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

- *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 expenses include all costs related to employment including wages and salaries and leave entitlements. These are recognised when incurred.
- *Superannuation*
The amount charged to the Statement of Comprehensive Income represents the contributions made by the Department to the superannuation plan in respect of current services of current departmental staff. DTF centrally recognises the superannuation liability in the whole-of-government financial statements.
- *Payments to SA Government*
Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy and are paid directly to the Consolidated Account.

(i) Current and non-current classification

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

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

(j) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand and are used in the cash management function on a day-to-day basis.

Cash is measured at nominal value.

(k) 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.

(l) Inventories

Inventories include goods and other property held either for sale or distribution at nominal cost in the ordinary course of business.

Inventory in institutional stores is held for distribution at cost and is adjusted when applicable for any loss of service potential.

Inventory held in prison canteens is held for sale at nominal cost and is assigned on the basis of average cost.

Inventory held by prison industries is measured at cost.

Lock and physical security item inventory is held for distribution at cost and adjusted when applicable for any loss of service potential.

(m) Non-current asset acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental costs involved with the acquisition. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position.

(m) Non-current asset acquisition and recognition (continued)

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.

(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, a full revaluation of the Department's land and buildings is undertaken. A desktop 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 a full revaluation may be undertaken and the asset will be revalued regardless of when the last full 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 revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset class previously recognised in the Statement of Comprehensive Income, in which case the increase is recognised in the Statement of Comprehensive Income.

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

Accumulated depreciation is restated proportionality whereby the carrying amount of the asset after revaluation equals the revalued amount of the asset.

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

(o) 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 revaluation surplus.

(p) Depreciation and amortisation of non-current assets

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

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

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

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

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

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	Up to 60
Intangibles	Straight-line	3-5
Leasehold improvements	Straight-line	Life of lease

(q) Intangible assets

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

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

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

(r) Biological assets

Biological assets such as cattle 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 citrus grove is measured at cost plus any gains arising from changes in fair value less estimated point-of-sale costs attributable to physical changes.

(s) Payables

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

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

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

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

Employment benefit on-costs include superannuation contributions, workers compensation levies and payroll tax with respect to outstanding liabilities for salaries and wages, LSL, annual leave and skills and experience retention 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.

(t) 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, skills and experience retention leave and sick leave

Liability for salaries and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and the skills and experience retention 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.

LSL

The liability for LSL is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

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.

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2013 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of DPC. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Department is responsible for the payment of workers compensation claims.

(u) Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement. The Department has assessed whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The Department has entered into a number of operating lease agreements for buildings and motor vehicles.

Operating leases

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

The Department does not have any finance lease arrangements.

(v) Prisoner amenities reserve

Proceeds from the sale of canteen goods to prisoners net of the cost of certain direct canteen expenses are made available for the acquisition of items for the benefit of prisoners. These net proceeds are accounted for in the prisoner amenities reserve.

(w) Payments to prisoners

These include payments made on behalf of prisoners and payments made to prisoners upon release.

3. Changes in accounting policies

The Department did not voluntarily change any of its accounting policies during 2012-13.

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 2013. 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 bailees 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

	2013	2012
	\$'000	\$'000
Salaries and wages	105 687	101 404
Employment on-costs - superannuation	11 087	10 740
Employment on-costs - payroll tax	6 333	6 216
Annual leave	10 499	9 757
LSL	2 484	5 754
Skills and experience retention leave	431	-
Workers compensation salary payments	1 507	1 715
Total employee benefit expenses	138 028	135 586

Salaries and wages on termination are included in salaries and wages.

Remuneration of employees

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

	2013	2012
	Number	Number
\$134 000 - \$137 999*	n/a	1
\$138 000 - \$147 999	8	8
\$148 000 - \$157 999	2	-
\$158 000 - \$167 999	3	3
\$168 000 - \$177 999	1	2
\$178 000 - \$187 999	2	2
\$188 000 - \$197 999	1	-
\$208 000 - \$217 999	1	-
\$218 000 - \$227 999	-	1
\$228 000 - \$237 999	1	-
\$238 000 - \$247 999	-	1
\$308 000 - \$317 999	1	1
Total	20	19

Remuneration of employees (continued)

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2012-13.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages (including termination payments), superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$3.4 million (\$3.3 million).

TVSPs	2013	2012
Amount paid during the reporting period to separated employees :	\$'000	\$'000
TVSPs	430	473
Annual leave and LSL paid to those employees	73	191
	<u>503</u>	<u>664</u>
Recovery from DTF	(206)	(431)
Amount paid using departmental funds	-	(115)
Amount paid using Accrual Appropriation Excess Funds Account	<u>297</u>	<u>118</u>

The number of employees who were paid TVSPs during the reporting period was 3 (4).

6. Supplies and services	2013	2012
Supplies and services provided:	\$'000	\$'000
Contracts ⁽¹⁾	18 596	17 947
Works and equipment costs	4 540	5 434
Cost of goods sold - prison industries	1 525	1 914
Cost of goods sold - canteen and kitchen sales	3 401	3 174
Offender related costs	7 850	6 607
Utilities	7 122	6 061
Consultant	33	-
Travel expenses	1 020	1 192
IT costs	3 805	3 357
Workers compensation	236	4 511
Staff related costs	1 323	1 826
Contracted staff	679	1 391
SSSA processing charges	1 976	1 761
Insurance charges	1 228	1 033
OHS&W expenses	267	288
Materials and consumables	434	400
Board and committee fees	270	261
Sundry other expenses	3 813	3 608
Total supplies and services ⁽²⁾	<u>58 118</u>	<u>60 765</u>

⁽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⁾ Supplies and services expenses include \$13.7 million (\$11.9 million) to SA Government entities in 2012-13.

Consultants	2013	2012
The number and dollar amount of consultants paid/payable (included in consultants expense shown above) that fell within the following bands:	Number \$'000	Number \$'000
Between \$10 000 and \$50 000	1 33	- -
Total	<u>1 33</u>	<u>- -</u>

7. Depreciation and amortisation expense	2013	2012
Depreciation:	\$'000	\$'000
Buildings	13 860	13 061
Plant and equipment	309	300
Total depreciation	<u>14 169</u>	<u>13 361</u>

7. Depreciation and amortisation expense (continued)	2013	2012
Amortisation:	\$'000	\$'000
Leasehold improvements	974	958
Intangible assets	-	2
Total amortisation	974	960
Total depreciation and amortisation expense	15 143	14 321
8. Grants		
Grants paid or payable to entities external to the SA Government:		
Recurrent grants	568	566
Total grants provided	568	566
9. Net loss from disposal of non-current assets		
Plant and equipment:		
Proceeds from disposal of non-current assets	27	1
Net book value of assets disposed	(31)	(40)
Net gain (loss) from disposal of plant and equipment	(4)	(39)
Land and buildings:		
Proceeds from disposal of non-current assets	-	-
Net book value of assets disposed	-	(13)
Net gain (loss) from disposal of land and buildings	-	(13)
Total assets:		
Total proceeds from disposal of non-current assets	27	1
Net book value of assets disposed	(31)	(53)
Net gain (loss) from disposal of total assets	(4)	(52)
10. Other expenses		
Other expenses paid or payable to entities external to the SA Government:		
Bad debts expense	5	-
Bank charges	28	25
FBT	275	392
Other	10	138
Total other expenses - non-SA Government entities	318	555
Total other expenses	318	555
11. Auditor's remuneration		
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	126	155
Total audit fees	126	155

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	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales income	349	452	379	328	616	625	203	150
Internal sales	425	418	182	338	104	174	61	100
External sales	774	870	561	666	720	799	264	250
Total sales income	(342)	(373)	(387)	(544)	(414)	(567)	(175)	(122)
Cost of goods sold	432	497	174	122	306	232	89	128
Gross profit	1	(14)	9	(5)	(50)	37	-	-
Other income	(1 716)	(1 691)	(893)	(837)	(1 238)	(1 170)	(266)	(260)
Other expenses	(1 283)	(1 208)	(710)	(720)	(982)	(901)	(177)	(132)
Net income (loss)								

12. Net income (loss) from prison labour (continued)

	Port Augusta Prison		Port Lincoln Prison		Total	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales income						
Internal sales	5	329	15	24	1 567	1 908
External sales	26	20	199	210	997	1 260
Total sales income	31	349	214	234	2 564	3 168
Cost of goods sold	(94)	(128)	(113)	(180)	(1 525)	(1 914)
Gross profit	(63)	221	101	54	1 039	1 254
Other income	-	1	(8)	10	(48)	29
Other expenses	(921)	(580)	(388)	(310)	(5 422)	(4 848)
Net income (loss)	(984)	(358)	(295)	(246)	(4 431)	(3 565)

Internal sales include \$89 000 (\$415 000) resulting from work undertaken by prisoners for projects that are part of the capital works program.

Internal sales have been eliminated from consolidated income and are therefore not included in the Statement of Comprehensive Income.

Other expenses include employee benefits, supplies and services, offender related costs and depreciation associated with industry operations at each location.

13. Commonwealth revenue

	2013	2012
	\$'000	\$'000
Commonwealth revenue	990	793
Total Commonwealth revenue	990	793

Commonwealth revenue is for the Remote Areas program.

14. Canteen and kitchen sales

	2013	2012
	\$'000	\$'000
Canteen and kitchen sales	3 539	3 332
Cost of goods sold	(3 401)	(3 174)
Total canteen and kitchen sales	138	158

15. Resources received free of charge

Resources received free of charge from entities within the SA Government:

Donated assets ⁽¹⁾	-	20
Total resources received free of charge - SA Government entities	-	20
Total resources received free of charge	-	20

⁽¹⁾ The assets of the Office for the Minister for Correctional Services were transferred to the Department for no consideration. The effective date of the transfer was 21 October 2011.

16. Other income

Other income received from entities within the SA Government:

Grants received	805	816
Revenue from recoveries	61	38
Internally generated assets	89	429
Other	-	49
Total other income - SA Government entities	955	1 332

Other income received from entities external to the SA Government:

Prisoner telephone receipts	1 060	997
Revenue from recoveries	175	160
Net revaluation increment (decrement) from valuation of biological assets	(16)	(99)
Other	94	156
Total other income - non-SA Government entities	1 313	1 214
Total other income	2 268	2 546

17. Revenues from (Payments to) SA Government	2013	2012
Revenues from SA Government:	\$'000	\$'000
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i> and other revenues from the Consolidated Account	218 155	192 833
Total revenues from SA Government	218 155	192 833
Payments to SA Government:		
Return of surplus cash pursuant to cash alignment policy	-	(591)
Total payments to SA Government	-	(591)

18. Cash and cash equivalents		
Deposits with the Treasurer	16 898	7 294
Prison imprest accounts	28	28
Petty cash	10	14
Total cash and cash equivalents	16 936	7 336

Deposits with the Treasurer

Includes funds held in the Accrual Appropriation Excess Funds Account totalling \$0 (\$0). 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 2012-13, the Department transferred \$0 (\$591 000) 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 and payment processing service accounts earn a floating interest rate based on daily bank deposit rates. The carrying amount of cash approximates fair value.

19. Receivables	2013	2012
Current:	\$'000	\$'000
Receivables	712	558
Provision for doubtful debts	(5)	(18)
	707	540
Accrued revenue	7	183
GST receivable	2 007	1 642
Prepayments - other	18	40
Total receivables	2 739	2 405
Receivables from SA Government entities:		
Receivables	260	133
Accrued revenue	7	183
Total receivables from SA Government entities	267	316
Receivables from non-SA Government entities:		
Receivables	452	425
GST receivable	2 007	1 642
Prepayments	18	40
Provision for doubtful debts	(5)	(18)
Total receivables from non-SA Government entities	2 472	2 089
Total receivables	2 739	2 405

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.

Movements in the provision for doubtful debts (impairment loss):	2013	2012
	\$'000	\$'000
Carrying amount at 1 July	18	18
Increase in the provision	-	-
Amounts written off	(13)	-
Carrying amount at 30 June	5	18

Interest rate and credit risk

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

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

- (a) Maturity analysis of receivables - refer note 34.
- (b) Categorisation of financial instruments and risk exposure information - refer note 34.

The Department does not have any material interest bearing assets and liabilities and is not exposed to any interest rate risk.

20. Inventories	2013	2012
Current - held for distribution:	\$'000	\$'000
Stores	695	688
Total current inventories held for distribution	695	688
Current - other than those held for distribution:		
Raw materials and work in progress	457	392
Finished goods	63	80
Stores	5	5
Total current inventories other than those held for distribution	525	477
Total inventories	1 220	1 165
21. Property, plant and equipment		
Land and buildings:		
Land at fair value (existing use)	59 318	53 057
Buildings at fair value	678 095	651 235
Accumulated depreciation	(346 888)	(327 115)
Total land and buildings	390 525	377 177
Leasehold improvements:		
Leasehold improvements at fair value	11 355	11 301
Accumulated amortisation	(3 656)	(2 682)
Total leasehold improvements	7 699	8 619
Plant and equipment:		
Plant and equipment at fair value	4 978	4 889
Accumulated depreciation	(3 075)	(3 116)
Total plant and equipment	1 903	1 773
Total property, plant and equipment	400 127	387 569

Valuation of land and buildings

The valuation of land and buildings was performed by Martin Burns of Liquid Pacific as at 30 June 2013. 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 ongoing operations of the entity, the land was valued at its existing use.

Impairment

There were no indications of impairment of property, plant and equipment and infrastructure assets at 30 June 2013.

Reconciliation of property, plant and equipment

The following table shows the movement in property, plant and equipment during 2012-13:

Reconciliation of property, plant and equipment (continued)

	Land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at 1 July	377 177	8 619	1 773	387 569
Acquisitions	-	-	129	129
Transfers from capital works in progress	20 965	54	305	21 324
Disposals	-	-	(31)	(31)
Donated assets	-	-	-	-
Revaluation increment	6 279	-	-	6 279
Depreciation and amortisation	(13 860)	(974)	(309)	(15 143)
Transfers between asset classes	(36)	-	36	-
Carrying amount at 30 June	390 525	7 699	1 903	400 127

The increase in asset values for prisons in 2012-13 reflects an increase in the construction cost estimates used by the independent valuer relative to the costs incorporated in the 2011-12 desktop valuation.

The following table shows the movement in property, plant and equipment during 2011-12:

	Land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at 1 July	376 215	9 412	1 933	387 560
Acquisitions	-	-	152	152
Transfers from capital works in progress	8 177	164	73	8 414
Disposals	(13)	-	(40)	(53)
Donated assets	-	-	20	20
Revaluation increment	5 789	-	-	5 789
Depreciation and amortisation	(13 061)	(957)	(301)	(14 319)
Transfers between asset classes	70	-	(70)	-
Other changes	-	-	6	6
Carrying amount at 30 June	377 177	8 619	1 773	387 569

22. Capital works in progress

	2013 \$'000	2012 \$'000
Capital works in progress	39 597	23 699
Total capital works in progress	39 597	23 699

Reconciliation of capital works in progress

The following table shows movement in capital works in progress during 2012-13:

Carrying amount at 1 July	23 699	7 869
Additions	37 222	24 230
Transfers to property, plant and equipment	(21 324)	(8 414)
Expense of prior years capital costs	-	14
Carrying amount at 30 June	39 597	23 699

The increase in the carrying amount in 2012-13 reflects the expenditure on the additional accommodation projects at Mount Gambier Prison of \$14.8 million and the Northfield Infrastructure Upgrade project of \$5.8 million.

23. Intangible assets

	2013 \$'000	2012 \$'000
Software licences:		
Software licences	-	-
Accumulated amortisation	-	-
Total software licences	-	-
Carrying amount at 1 July	-	2
Amortisation	-	(2)
Carrying amount at 30 June	-	-

24. Biological assets	Citrus	Livestock	Olive grove	Total
2013	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	-	153	106	259
Increases due to purchases	-	4	-	4
Gain (Loss) arising from changes in fair value less estimated point-of-sale costs attributable to physical changes	-	(1)	-	(1)
Gain (Loss) arising from changes in fair value less estimated point-of-sale costs attributable to price changes	-	(27)	-	(27)
Revaluation decrement	-	-	(16)	(16)
Decreases due to sales	-	(29)	-	(29)
Carrying amount at 30 June	-	100	90	190
2012				
Carrying amount at 1 July	43	117	162	322
Increases due to purchases	-	6	-	6
Gain (Loss) arising from changes in fair value less estimated point-of-sale costs attributable to physical changes	-	59	-	59
Gain (Loss) arising from changes in fair value less estimated point-of-sale costs attributable to price changes	-	(14)	-	(14)
Revaluation decrement	(43)	-	(56)	(99)
Decreases due to sales	-	(15)	-	(15)
Carrying amount at 30 June	-	153	106	259

Livestock

Currently there are 136 (192) cattle 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 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 citrus grove is situated on approximately 19 hectares of land at the Cadell Training Centre. The original plantation (13.21 hectares) has reached the end of its useful life. The current plantation comprises 6.23 hectares of existing trees that are currently non-productive.

25. Payables	2013	2012
Current:	\$'000	\$'000
Creditors ⁽¹⁾	10 894	8 689
Accruals	2 267	3 698
Employment on-costs	1 991	1 744
Paid Parental Leave Scheme payable	5	9
Total current payables	15 157	14 140
Non-current:		
Employment on-costs	2 028	2 018
Total non-current payables	2 028	2 018
Total payables	17 185	16 158
Payables to SA Government entities:		
Creditors	7 786	5 573
Accruals	1 177	1 556
Employment on-costs	4 019	3 762
Total payables to SA Government entities	12 982	10 891

25. Payables (continued)	2013	2012
Payables to non-SA Government entities:	\$'000	\$'000
Creditors	3 108	3 116
Accruals	1 090	2 142
Paid Parental Leave Scheme payable	5	9
Total payables to non-SA Government entities	4 203	5 267
Total payables	17 185	16 158

- (1) Creditors to SA Government entities includes \$6.3 million (\$3.9 million) for additional prisoner accommodation projects.

Based on an actuarial assessment performed by DTF, the percentage of the proportion of LSL taken as leave has remained at the 2012 rate of 40% and the average factor for the calculation of employer superannuation on-cost has remained at the 2012 rate of 10.3%. These rates are used in the employment on-cost calculation.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. 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.

26. Employee benefits	2013	2012
Current:	\$'000	\$'000
Annual leave	8 972	8 327
LSL	2 302	2 316
Skills and experience retention leave	431	-
Accrued salaries and wages	744	466
Unclaimed salaries and wages	4	4
Total current employee benefits	12 453	11 113
Non-current:		
Annual leave	476	364
LSL	20 711	20 846
Total non-current employee benefits	21 187	21 210
Total employee benefits	33 640	32 323

AASB 119 contains the calculation methodology for LSL liability. This year, the actuarial assessment performed by DTF has provided a set level of liability rather than a benchmark for the measurement of LSL. The effect of the change relating to the current period is immaterial.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the LSL liability. The yield on long-term Commonwealth Government bonds has increased from 2012 (3%) to 2013 (3.75%).

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

The net financial effect of the changes in methodology and actuarial assumptions in the current financial year is a decrease in the LSL liability of \$1.623 million and employee benefit expense of \$1.623 million. The impact on future periods is impracticable to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

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

27. Provisions	2013	2012
Current:	\$'000	\$'000
Workers compensation - medical and other costs	2 639	2 750
Workers compensation - income maintenance	1 413	1 363
Total current provisions	4 052	4 113

27. Provisions (continued)	2013	2012
Non-current:	\$'000	\$'000
Workers compensation - medical and other costs	8 259	8 767
Workers compensation - income maintenance	3 717	5 352
Total non-current provisions	11 976	14 119
Total provisions	16 028	18 232
Carrying amount at 1 July	18 232	17 079
Workers compensation payments	(2 661)	(4 799)
Increase in provision	457	5 952
Carrying amount at 30 June	16 028	18 232

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

28. Equity	2013	2012
	\$'000	\$'000
Retained earnings	81 427	77 499
Revaluation surplus	264 602	258 323
Prisoner amenities reserve	259	234
Contributed capital	47 668	19 664
Total equity	393 956	355 720

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets to the extent that they offset one another. Relevant amounts are transferred to retained earnings on disposal of an asset.

The prisoner amenities reserve reflects the funds available to purchase amenities, such as gym equipment, for the specific benefit and use of prisoners. Proceeds from the sale of canteen goods to prisoners net of the cost of certain direct expenses less any associated prisoner amenities expenditure incurred during the financial year is transferred to or from the reserve at year end.

Contributed capital received represents equity contribution from the SA Government under the *Appropriation Act* to fund the investing activities of the Department.

29. Commitments	2013	2012
Contract service commitments	\$'000	\$'000
Within one year	19 226	18 669
Later than one year but not later than five years	20 474	37 951
Total contract service commitments	39 700	56 620

The prisoner movement and in-court management contract commenced on 1 August 2009 and is due to expire on 31 July 2014.

The home detention monitoring contract is for a three year period and expired on 19 January 2013. Prior to expiration of the lease a 12 month contract extension was granted and is due to expire on 19 January 2014.

The management of Mount Gambier Prison contract is effective from 1 December 2011 to 30 November 2016, a five year period.

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 the 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 2012-13 prisoner populations
- are exclusive of GST.

Expenditure commitments - remuneration

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:	2013 \$'000	2012 \$'000
Within one year	1 955	2 274
Later than one year but not later than five years	3 334	4 358
Total expenditure commitments - remuneration	<u>5 289</u>	<u>6 632</u>

Amounts disclosed include commitments arising from executive and other limited tenure employment contracts. The Department does not offer remuneration contracts greater than five years.

Operating lease commitments

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

Within one year	4 681	4 875
Later than one year but not later than five years	13 164	14 028
Later than five years	9 580	8 969
Total operating lease commitments	<u>27 425</u>	<u>27 872</u>

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 of Planning, Transport and Infrastructure. Motor vehicles are leased from Fleet SA. The leases are non-cancellable and are payable monthly in advance.

30. 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 \$316 000 (\$351 000).

The Department has an exposure in respect of a possible underpayment of officers' higher duty allowances. This is disclosed as a contingent liability as its potential value had not been determined as at balance date.

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.

31. Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2012-13 financial year were:

Parole Board of South Australia

Frances Nelson (Presiding Member)	Janina Gipslis
Timothy Bourne (Deputy Presiding Member)	Garth Dodd
Robin Durant (Deputy Member)	Denis Edmonds
(appointment ceased December 2012)	Pamela Mitchell
Vanessa Swan*	Nora Bloor
David Haebich	

Department for Correctional Services Advisory Council

Ian Shephard (Presiding Member)	Helena Jasinski
Elizabeth Anne Bachmann	Warren Dibben (appointment commenced April 2013)
Kathryn Stone	Bernadette McAlary (appointment commenced April 2013)

Serious Offender Committee

David M Brown* (Chair)	Kevin Wade Wilson*
(appointment ceased September 2012)	David Hugh Kerr*
Darren Fielke*	Hayley Millhouse*
Elizabeth Finlay*	Naomi Oberscheidt*
Anne Marie Martin* (Chair)	Sandra Russell* (appointment commenced August 2011)
(appointment ceased January 2013)	Jeffrey Andrews* (Chair)
Peter Ralph May*	(appointment commenced May 2013)
Anthony Eoughton Waters*	Jackie Bray* (Chair)
Anthony James Shillabeer*	(appointment commenced February 2013)
Steven Raggatt*	
(appointment commenced May 2013)	

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

31. Remuneration of board and committee members (continued)

The number of members whose income from the entity falls within the following bands:

	2013 Number	2012 Number
\$0 - \$9 999	23	20
\$10 000 - \$19 999	-	1
\$20 000 - \$29 999	2	-
\$30 000 - \$39 999	3	4
\$40 000 - \$49 999	2	2
\$50 000 - \$59 999	1	1
Total	31	28

Remuneration of members reflects all costs of performing board member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by board members was \$294 000 (\$290 000).

Amounts paid to a superannuation plan for board members was \$24 000 (\$29 000).

In accordance with the *Correctional Services Act 1982* the Department has established Community Service Advisory Committees within each region (Northern Metro, Southern Metro, Northern Country and Southern Country) to formulate guidelines for the approval of projects and tasks suitable for the performance of community service by offenders and to perform other functions as directed by the Minister. The members are entitled to remuneration, however, the majority of members volunteer. The total remuneration received or receivable by Community Service Advisory Committee members was \$0 (\$0).

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 arm's length in the same circumstances.

32. 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:

	2013 \$'000	2012 \$'000
Balance at 1 July	519	480
Prisoner monies receipts	6 136	5 761
Prisoner monies payments	(6 042)	(5 722)
Balance at 30 June	613	519

33. Cash flow reconciliation

Reconciliation of cash - cash at 30 June as per:

Statement of Cash Flows	16 936	7 336
Statement of Financial Position	16 936	7 336

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services

Net cash provided by (used in) operating activities	16 573	(394)
Revenues from SA Government	(218 155)	(192 833)
Payments to SA Government	-	591
Non-cash items:		
Provision for doubtful debts	13	-
Net loss on disposal of assets	(4)	(52)
Depreciation and amortisation expense	(15 143)	(14 321)
Assets donated	-	20
Other	-	7
Movements in assets/liabilities:		
Receivables	253	218
Inventories	55	(164)
Biological assets	(69)	(63)
Payables	1 388	(1 904)
Employee benefits	(1 317)	(2 878)
Provisions	2 204	(1 153)
Net cost of providing services	(214 202)	(212 926)

34. Financial instruments**(a) Categorisation of financial instruments**

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2.

A separate table for the categorisation of financial assets and liabilities has not been included (refer notes 18, 19 and 25). Prepayments, accrued revenue and statutory receivables and payables such as GST receivables, Paid Parental leave payable and employment on-costs do not qualify as financial assets and liabilities.

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.

	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	
2013				
Not impaired:				
Receivables	622	8	5	635
Impaired:				
Receivables	-	-	5	5
2012				
Not impaired:				
Receivables	391	23	59	473
Impaired:				
Receivables	-	-	18	18

(c) Maturity analysis

All non-statutory receivables and payables are expected to be settled within 12 months.

(d) Liquidity risk

Liquidity risk arises where the Department is unable to meet its financial obligations as they are due to be settled. The continued existence of the Department is dependent on State Government policy and on continuing appropriations by Parliament for the Department's administration and programs. The Department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution. The Department's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

(e) Market risk

Market risk for the Department is primarily through interest rate risk. The Department currently holds no interest bearing financial instruments and is not exposed to any market risk.

35. Disclosure of administered items

	2013	2012
	\$'000	\$'000
Administered income:		
Revenues from Victims of Crime levy	130	126
Mobilong Inmate Charity Fund	1	2
Revenues from SA Government	165	177
Total administered income	296	305
Administered expenses:		
Victims of Crime levy payments	130	126
Mobilong Inmate Charity Fund	4	-
Employee benefit expense	165	177
Total administered expenses	299	303
Net result	(3)	2
Administered current assets:		
Cash	19	22
Receivables	-	177
Total administered assets	19	199
Administered current liabilities:		
Victims of Crime levy payables	9	9
Minister's salary payable	-	177
Total administered liabilities	9	186
Net administered assets	10	13
Administered equity:		
Retained earnings	10	13
Total administered equity	10	13
Changes in equity:		
Balance at 1 July	13	11
Net result	(3)	2
Balance at 30 June	10	13
	2013	2012
	Inflows	Inflows
Cash flows from operating activities:	(Outflows)	(Outflows)
Cash inflows:	\$'000	\$'000
Victims of Crime levy	130	126
Mobilong Inmate Charity Fund	1	2
Revenues from SA Government	341	-
Total administered income	472	128
Cash outflows:		
Victims of Crime levy payments	(130)	(126)
Mobilong Inmate Charity Fund	(4)	-
Employee benefit expense	(341)	-
Total administered expenses	(475)	(126)
Net cash inflows (outflows) from operating activities	(3)	2
Net increase (decrease) in cash	(3)	2
Cash at 1 July	22	20
Cash at 30 June	19	22

Administered items of the Department

The Department administers but does not control certain resources on behalf of the Attorney-General (Victims of Crime levy), the Mobilong Inmate Charity Fund and appropriations from Special Acts. 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.

Part B

Glossary of terms

Australian Accounting Standards - AASB

Reference	Title
AASB 1	First-time Adoption of Australian Accounting Standards
AASB 3	Business Combinations
AASB 4	Insurance Contracts
AASB 5	Non-current Assets Held for Sale and Discontinued Operations
AASB 7	Financial Instruments: Disclosures
AASB 8	Operating Segments
AASB 9	Financial Instruments
AASB 10	Consolidated Financial Statements
AASB 11	Joint Arrangements
AASB 12	Disclosure of Interests in Other Entities
AASB 13	Fair Value Measurement
AASB 101	Presentation of Financial Statements
AASB 102	Inventories
AASB 107	Statement of Cash Flows
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110	Events after the Reporting Period
AASB 111	Construction Contracts
AASB 112	Income Taxes
AASB 116	Property, Plant and Equipment
AASB 117	Leases
AASB 118	Revenue
AASB 119	Employee Benefits
AASB 120	Accounting for Government Grants and Disclosure of Government Assistance
AASB 121	The Effects of Changes in Foreign Exchange Rates
AASB 123	Borrowing Costs
AASB 124	Related Party Disclosures
AASB 127	Consolidated and Separate Financial Statements
AASB 128	Investments in Associates
AASB 131	Interests in Joint Ventures
AASB 132	Financial Instruments: Presentation
AASB 136	Impairment of Assets
AASB 137	Provisions, Contingent Liabilities and Contingent Assets
AASB 138	Intangible Assets
AASB 139	Financial Instruments: Recognition and Measurement
AASB 140	Investment Property
AASB 141	Agriculture
AASB 1004	Contributions
AASB 1023	General Insurance Contracts
AASB 1031	Materiality
AASB 1038	Life Insurance Contracts
AASB 1048	Interpretation of Standards

Australian Accounting Standards - AASB (continued)

Reference	Title
AASB 1049	Whole of Government and General Government Sector Financial Reporting
AASB 1050	Administered Items
AASB 1051	Land Under Roads
AASB 1052	Disaggregated Disclosures
AASB 1054	Australian Additional Disclosures
AASB 1055	Budgetary Reporting
AASB 2009-12	Amendments to Australian Accounting Standards

Australian Interpretations

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

Australian Accounting Standards - AAS

Reference	Title
AAS 25	Financial Reporting by Superannuation Plans

Treasurer's Instructions – TIs

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

Treasurer's Instructions – TIs (continued)

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TI 14	Ex Gratia Payments
TI 15	Grant Funding
TI 17	Evaluation of and Approvals to Proceed with Public Sector Initiatives
TI 19	Financial Reporting
TI 20	Guarantees and Indemnities
TI 22	Tax Equivalent Payments
TI 23	Management of Foreign Currency Exposures
TI 25	Taxation Policies
TI 28	Financial Management Compliance Program

Accounting Policy Framework - APF

Reference	Title
APF I	Purpose and Scope
APF II	General Purpose Financial Statements Framework
APF III	Asset Accounting Framework
APF IV	Financial Asset and Liability Framework
APF V	Income Framework
APF VI	Definitions

Legislation

Reference	Title
ITAA	<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>
PSA	<i>Public Sector Act 2009</i>
WRCA	<i>Workers Rehabilitation and Compensation Act 1986</i>

Acronyms

Reference	Title
AASs	Australian Accounting Standards ¹
APF	Accounting Policy Framework
APS	Accounting Policy Statement
ATO	Australian Taxation Office
CHRIS	Complete Human Resource Information System
CPE	Computer processing environment
CPI	Consumer price index
DPC	Department of the Premier and Cabinet
DTF	Department of Treasury and Finance
EFT	Electronic funds transfer

¹ 'Australian Accounting Standards' means accounting standards issued by the Australian Accounting Standards Board that are in force in relation to the reporting period to which the financial report relates.

Acronyms (continued)

Reference	Title
FBT	Fringe benefits tax
GST	Goods and services tax
ICT	Information and communications technology
LSL	Long service leave
SAFA	South Australian Government Financing Authority
Service SA	Government Services Group - Service SA
SSSA	Government Services Group - Shared Services SA
TI	Treasurer's Instruction
TVSP	Targeted voluntary separation package

Part B

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