

Department of **Treasury and Finance**



# 2009–10 Annual Report



Government  
of South Australia

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Treasurer of South Australia on 23 November 2010

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# Acting Under Treasurer's Report

I am pleased to present the Annual Report of the Department of Treasury and Finance for the year 2009–10. This report summarises the activities of the department during the reporting period and achievements relating to the programs it administers.

The department continues to maintain a central focus on the setting of budgetary strategy and ensuring the implementation of the government's policy priorities. In some cases the department has been directly involved in implementation, such as the Shared Services initiative; developing a policy framework for the economic regulation of urban water and sewerage services; and the Public Private Partnership (PPP) procurement processes. In other cases its role has been to support and monitor agency activity.

This work was set against the priority of retaining the state's AAA credit rating and in an environment shaped by the global financial crisis which continued to exert a negative impact on the state's revenue and fiscal position.

Work continued on the provision of support to the Council of Australian Government on a range of matters. The department provided advice to the state government on the recommendations contained in the report of the Australia's Future Tax System Review.

Substantial work was undertaken to improve budget monitoring processes including those in relation to public financial and non-financial corporations and the provision of advice to the Sustainable Budget Commission. The department also provided secretariat support to the commission in completing the Phase 1 Report and in developing the Phase 2 Report.

The department has played a central role in the PPP procurement processes and continues to work closely with the relevant agencies to ensure the best possible outcomes. A Request for Proposals for the New Royal Adelaide Hospital PPP was produced and short-listing was conducted. The Schools PPP Project Agreement was signed and construction commenced.

Considerable progress was achieved in asset divestment including a contract being signed for sale of the Commissioner for Highways building at Walkerville, the assessment of sale options for various other commercial properties and ForestrySA assets and the development of proposed policy arrangements for regional employee residential properties.

Additional compliance officers were employed to collect unpaid revenue or over-claimed rebates or grants.

The Shared Services SA initiative made significant progress during the year. This included completing the transition to Shared Services SA of the Financial Applications Support Team; part of Contract Services; general accounting; external financial reporting; asset accounting; and taxation services. Shared Services SA also commenced the implementation of an across government e-procurement system. The focus now turns to improving the quality and efficiency of services being provided.

For the entire reporting period, Jim Wright was the Under Treasurer. He has since retired from the department. On his behalf, I thank all staff for their ongoing support and hard work throughout this and previous years. The department is facing a growing workload while having to deliver savings. This will require on-going dedication and flexibility from staff.

Finally, I would like to thank Jim Wright for the outstanding contribution he made to the State as Under Treasurer over the past 11 years.



**Brett Rowse**  
Acting Under Treasurer



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# The Department



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# The role of Treasury and Finance

## The Department

The Department of Treasury and Finance is the lead agency supporting the government's key economic and financial policy outcomes through the provision of advice and coordination of resource allocation for government programs. It also provides financial services to the government and the community, including financial asset and liability management, overseeing government businesses, collection of state taxes and insurance and superannuation administration.

## Our vision

To be an organisation respected for the quality and integrity of our advice, the standard of public sector financial management, the level of service we deliver to our clients and the development of our people.

## Our purpose

To provide economic and policy advice and financial services to, and on behalf of, the Government of South Australia, to strengthen the state's finances and contribute to community wellbeing.

We do this by promoting policy accountability in the public sector based on objective and comprehensive analysis of options, by managing whole of government financial processes and providing financial services.

## Clients

The department's principal client is the Treasurer and, through the Treasurer, the government for its work in administering and coordinating government finances and providing a range of financial services. The department also provides support to the Minister for Gambling.

In addition, the department delivers a range of services including advice and technical support to all portfolio groups, state agencies and government businesses.

The broader community, through the elected government and parliament, is the ultimate client of our services. The department has direct dealings with the community, including taxpayers and their representatives, members of superannuation schemes and the business sector.

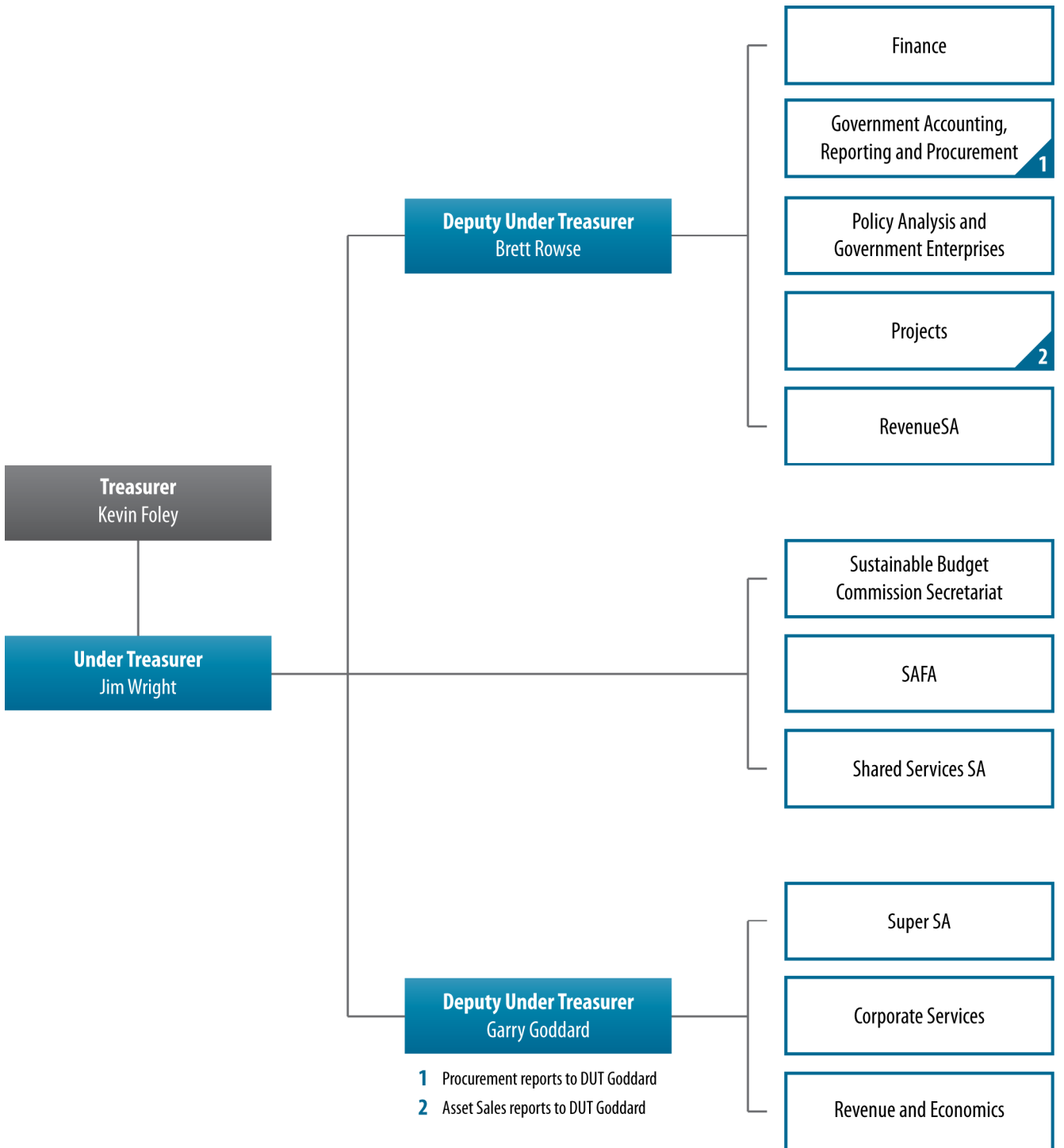
## Strategic directions

The department plays a key role in supporting the government's objectives for South Australia, including those in *South Australia's Strategic Plan*, by ensuring accountability for public sector resources, providing high quality policy advice on issues before government, ensuring that state finances are sound and that financial information flows provide a reliable basis for government decision making.

## Agencies in the Treasurer's portfolio

The Department of Treasury and Finance is the principal agency in the Treasurer's Portfolio.

# Department structure as at 30 June 2010



<b>Branch</b>	<b>Function</b>
<b>Finance</b>	<ul style="list-style-type: none"> <li>• Provision of advice on budgetary and financial issues</li> <li>• Management of state budget process</li> <li>• Monitoring financial performance of government agencies</li> <li>• Facilitation of best practice financial management</li> </ul>
<b>Government Accounting, Reporting and Procurement</b>	<ul style="list-style-type: none"> <li>• Maintenance of government budget management and reporting systems</li> <li>• Management of financial policy, legislation and governance framework</li> <li>• Provision of advice on fiscal policy</li> <li>• Preparation of budget and actual financial reports</li> <li>• Support for the State Procurement Board and specialist procurement advice to agencies</li> </ul>
<b>Policy Analysis and Government Enterprises</b>	<ul style="list-style-type: none"> <li>• Provision of high quality, timely, strategic advice on a wide range of financial, economic and policy issues, including social policy</li> <li>• Monitoring the financial performance of government businesses</li> <li>• Undertaking reviews and specific projects</li> </ul>
<b>Projects</b>	<ul style="list-style-type: none"> <li>• Provision of advice to facilitate private sector participation in infrastructure development including Public Private Partnerships (PPP) projects</li> </ul>
<b>RevenueSA</b>	<ul style="list-style-type: none"> <li>• Management of state taxation legislation</li> <li>• Management of state revenue systems</li> <li>• Management of compliance systems</li> <li>• Provision of policy advice on taxation issues</li> <li>• Management of various grants, rebates and subsidy schemes</li> </ul>
<b>Sustainable Budget Commission Secretariat</b>	<ul style="list-style-type: none"> <li>• Operation of the Sustainable Budget Commission and the provision of secretariat support to the commission</li> </ul>
<b>SAFA</b>	<ul style="list-style-type: none"> <li>• Management of funding requirements and existing stock of government liabilities</li> <li>• Provision of financial risk management and advisory services</li> <li>• Management of the insurance and reinsurance of government risks</li> <li>• Provision of advice on insurance and risk management issues</li> <li>• Management of government fleet</li> </ul>
<b>Shared Services SA</b>	<ul style="list-style-type: none"> <li>• Strategy development and implementation of whole of government shared services reform</li> <li>• Delivery of shared corporate and business support services across government</li> <li>• Reform and effect cost efficiencies for in-scope activities to deliver improvements in service provision and quality</li> </ul>
<b>Super SA</b>	<ul style="list-style-type: none"> <li>• Management of public sector superannuation schemes</li> <li>• Provision of advice on superannuation policy</li> </ul>
<b>Corporate Services</b>	<ul style="list-style-type: none"> <li>• Provision of a range of business support services in the areas of: <ul style="list-style-type: none"> <li>– administration</li> <li>– security</li> <li>– audit and risk management</li> <li>– communications</li> <li>– procurement</li> <li>– financial services</li> <li>– human resources</li> <li>– information technology</li> <li>– electorate offices</li> </ul> </li> </ul>
<b>Revenue and Economics</b>	<ul style="list-style-type: none"> <li>• Provision of economic policy advice on a range of issues: <ul style="list-style-type: none"> <li>– revenue</li> <li>– Commonwealth–state relations</li> <li>– National Competition Policy</li> <li>– economic conditions</li> <li>– gambling</li> </ul> </li> <li>• Provision of policy advice on essential services regulation</li> </ul>

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# Our people

The Department of Treasury and Finance is comprised of a diverse group of dedicated people with knowledge and expertise in economics, finance, accounting, insurance, superannuation, administration and management.

The department's workforce increased from 1549.12 fulltime equivalent (FTE) employees in June 2009 to 1555.11 FTE employees at 30 June 2010. Our recruitment and selection processes are underpinned by the merit principle and our departmental values. During the year, 212 employees were recruited and 215 employees separated from the department.

Employment opportunities were promoted through the Aboriginal Employment Program conducted by the Department of Further Education, Employment, Science and Technology. This resulted in the employment of two additional Aboriginal employees.

Our ability to provide high quality economic and financial policy advice to government and services to the community depends on the quality and performance of our people. Our Performance Management Program (PMP) is a key component of our workforce strategy.

Every departmental employee undergoes a formal annual performance appraisal with their manager, which also incorporates feedback from subordinate staff. This process is supported by a less formal half-yearly review. The PMP ensures roles and expectations are regularly reviewed and opportunities for personal and professional development of our people are identified.

Employees undertook formal study and attended a range of learning and development programs throughout the year. In-house programs included training relating to cultural diversity, disability awareness, office ergonomics and the new *Public Sector Act 2009*.

A significant highlight for 2009–10 was the expansion of the pilot Mentoring Program for Women. The 2010 Program was extended from six months and six mentees, to 12 months and 16 mentees. Both mentors and mentees have reported significant positive benefits from the program.

This year 73 new employees (excluding Shared Services SA) participated in the department's corporate induction program. Senior management involvement in the program has been a critical factor in gaining new employees' commitment to department goals and performance expectations. Shared Services SA delivered targeted training for 120 employees who have transferred from other government agencies as part of the shared services initiative.

The department continues to support the recruitment and development of university graduates through the Treasury

Graduate Development Program. Under this program, 22 graduates in economics, accounting, finance and commerce were recruited to graduate roles in Treasury and Finance and other agencies. Graduates participated in a 12-month induction program.

The department participated in the CPA Australia 2009–10 internship program. This program provided employment for second-year university students on short-term contracts for two to 13 weeks. The student feedback indicated they gained valuable work experience and enjoyed the challenges offered during the placement.

Promoting workforce diversity and attracting high quality staff involves offering flexible working arrangements. During the year, 272 employees accessed a range of flexible working arrangements including part-time employment, job sharing, working from home, purchased leave and compressed weeks.

During the year we reviewed and updated our Disability Action Plan (DAP) for the period 2010–12 in consultation with key stakeholders and employees. The DAP is evidence of the department's commitment to supporting employees with disabilities and ensuring access to our services for people with disabilities. To complement the plan, disability awareness training was provided to 434 employees.

The department completed a major review of its occupational health and safety and injury management policies and procedures, ahead of a formal evaluation of its health and safety system by WorkCover Corporation. The WorkCover evaluation of the department against the Performance Standards for Self-Insurers resulted in a favourable rating of 1C, indicating the department's health and safety system and procedures comply with the standards.

As part of our commitment to the health and wellbeing of our people, employees and their families have access to our Employee Assistance Program. This is a confidential counselling service for employees experiencing personal or work-related stress and interpersonal issues.

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# Programs



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# Program 1: Accountability for public sector resources

**Treasury and Finance ensures accountability for public sector resources through providing policy, economic and financial advice to the government and coordinating resource allocations for government programs and priorities at the whole of government level.**

<b>Sub-program 1.1</b>	<b>Policy analysis and advice</b> Provision of policy advice on a range of issues including revenue, Commonwealth–state relations, Council of Australian Governments' (COAG) matters, economic analysis and policy, National Competition Policy, microeconomic policy and economic conditions; provision of strategic analysis of policy issues facing government and the development of appropriate policy frameworks, along with the evaluation of existing policy positions across these frameworks.
<b>Sub-program 1.2</b>	<b>Budget financial management</b> Management of the state budget process; provision of policy advice to government on whole of government budgetary and financial issues including financial risk management; monitoring and reporting of financial performance; provision of advice to government on its consolidated financial position, on budgetary and structural reform and facilitation of best practice financial management reforms.
<b>Sub-program 1.3</b>	<b>Sustainable Budget Commission</b> Operation of the Sustainable Budget Commission and the provision of secretariat support to the commission.

## Key projects and initiatives

- Provided advice to the government on the recommendations contained in the Australia's Future Tax System Review
- Actively contributed to the Commonwealth Grants Commission's Report on GST Revenue Sharing Relativities — 2010 Review
- Developed a policy framework for the economic regulation of urban water and sewerage services
- Undertook significant work towards the production of the 2010–11 Budget
- Continued to provide significant advice and assistance in relation to the implementation of COAG national reforms
- Developed the Best Practice Regulation Handbook
- Finalised work on the development of specialist procurement education programs at TAFE and university level
- Released request for proposals for the New Royal Adelaide Hospital PPP and shortlisted two consortiums
- Signed the New Schools PPP agreement and commenced construction
- Achieved significant progress in asset divestment including:
  - Contract signed for sale of the Commissioner for Highways building at Walkerville
  - Investigated sale options for various other commercial properties and ForestrySA assets and the development of proposed policy arrangements for regional employee residential properties
- Supplied information to the Sustainable Budget Commission and provided secretariat support to enable completion of the Phase 1 report and development of the Phase 2 report
- Commenced a review of the governance arrangements for government business enterprises
- Continued to monitor the performance of government business enterprises and provided advice on a wide range of related financial and policy issues
- Updated and revised the Guide to the Implementation of Competitive Neutrality Policy used by government agencies in order to comply with National Competition Policy
- Finalised the Fleet SA Reform Project.

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## 2009–10 Achievements

### Sub-program 1.1

#### Policy analysis and advice

The 2009–10 year saw the Department of Treasury and Finance providing analysis and advice with respect to a wide range of policy issues including health, disability services, family and communities, justice, education and training.

The department also provided advice in relation to the implementation of performance monitoring and reporting of the COAG reforms for health, disabilities, education, skills, early childhood and Indigenous affairs.

Analysis and advice were provided to the Treasurer on a range of economic and revenue related issues, including land tax relief measures. The department facilitated a review of revenue estimates, commissioned by the Sustainable Budget Commission and undertaken by Access Economics.

The department completed 128 economic briefings analysing major economic indicators as part of its role in monitoring and analysing state, national and international economic trends and outlook. Briefings were provided to the Treasurer on independent economic reports and publications.

Economic advice and data was provided to support state government submissions to the Industrial Relations Commission and the Australian Fair Pay Commission, including submissions to the proceedings regarding minimum standards of remuneration and submissions and evidence to the arbitration of teachers' remuneration.

Economic policy advice was provided in relation to best practice regulation and red-tape reduction, mining taxes, disability insurance and economic aspects of restrictions in water trading.

The department provided significant input into the Commonwealth Grants Commission's Report on GST Sharing Relativities — 2010 Review and advised on the final report's implications for South Australia.

Submissions were provided to the Commonwealth Grants Commission's method review, which resulted in an overall positive result for South Australia in the February 2010 report.

South Australian agencies were assisted in their negotiations with the Commonwealth on funding agreements covering a range of activities.

The department commenced a review of the governance arrangements for government business enterprises with the aim of improving accountability and reducing the government's exposure to risk.

The department liaised with ratings agencies in support of the maintenance of the state's AAA credit rating. The AAA credit rating was affirmed by both Moody's Investors Service and Standard & Poor's in mid-2009.

Policy positions were developed for the drafting of the Water Industry Bill to implement independent economic regulation of the South Australian water industry. A process was developed for the transition of the pricing of SA Water's urban water and sewerage services to independent economic regulation.

Consultation was conducted on improving regulation under the *Collections for Charitable Purposes Act 1939* for the charity sector and on special appeals lotteries for the Minister for Government Enterprises.

### Sub-program 1.2

#### Budget financial management

The 2009–10 Mid-Year Budget Review was released in January 2010, providing an updated budget outlook from the 2009–10 Budget.

Harmonised 2008–09 whole of government and general government financial statements were completed, based on a new accounting standard.

Various financial management training sessions were delivered to over 600 public sector participants, including two government accounting information forums and two government tax information forums.

Financial and policy advice was provided to government on major initiatives.

The department assisted in implementing service delivery improvements in relation to government procurement and fleet management.

Financial, policy and economic advice was provided to improve budget and financial management processes for government business enterprises, including the refinement of quarterly financial performance monitoring of the larger government business enterprises.

The timeliness and accuracy of financial data collection and reporting has continued to improve.

Continued refinements to the state budget process occurred, with improvements in the quality of agency forward estimates achieved through the introduction of improved processes and critical analysis of information submitted by agencies prior to the release of the 2010–11 budget on 16 September 2010.

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Regular reports were provided to the Expenditure Review and Budget Cabinet Committee and the Sustainable Budget Cabinet Committee regarding monitoring of budget outcomes and specific budget expenditure and saving initiatives. These reports allowed ministers to be well informed about agency performance so that remedial action could be taken where necessary.

Policy and costing advice was provided to the Treasurer and government on enterprise bargaining agreements for negotiating remuneration rates and employment conditions for the government's workforce.

Regular forums were conducted for senior finance officers across government to facilitate communication and increased understanding regarding improvements to and compliance with budget and financial processes.

The department oversaw the implementation and operation of the government's targeted voluntary separation package scheme.

Commercial and policy advice was provided in the development of major capital projects and the department continued to provide strategic support and oversight to agencies and government on Public Private Partnership (PPP) projects, in particular the New Royal Adelaide Hospital PPP. The department is also involved in national PPP policy development and jurisdictional working groups.

Several asset divestments were progressed to reduce the state's net debt. These divestments include several metropolitan government properties, revised arrangements for provision of government employee housing in regional areas and investigation of options regarding ForestrySA assets.

### **Sub-program 1.3 Sustainable Budget Commission**

Secretariat support was provided to enable the Sustainable Budget Commission to produce its first report *Sustainable Budgets: Principles and Processes*, which dealt with the initial task of the commission's terms of reference. The report was released by the government in February 2010.

This secretariat support also enabled the Sustainable Budget Commission to produce its second report which primarily deals with the 'budget improvement measures' aspect of its terms of reference. This report also makes a number of recommendations to the government that the commission believes will support sustainable budget finances.



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## Program 2: Financial services provision

Treasury and Finance provides a range of whole of government services including asset and liability management, collection of taxes, insurance, superannuation and fleet administration.

<b>Sub-program 2.1</b>	<b>Revenue collection and management</b> Management of taxation legislation, revenue systems and compliance systems to enable the government to raise revenue using its taxation powers and the provision of policy advice on taxation issues. Management of various grants and subsidy schemes for the government.
<b>Sub-program 2.2</b>	<b>Financial services</b> Management of the government's financial assets and liabilities and provision of certainty of funding to the state; provision of financial risk management advisory services to public organisations; provision of fleet management services to agencies.
<b>Sub-program 2.3</b>	<b>Superannuation services</b> Administration of the various public sector superannuation schemes for the Superannuation Board, as well as the superannuation arrangements for parliamentarians, judges and governors; provision of superannuation policy and legislative advice to the Superannuation Board, the Under Treasurer and the Treasurer.
<b>Sub-program 2.4</b>	<b>Insurance services</b> Provision of insurance cover to government agencies through the insurance and reinsurance of government risks; provision of advice to the government on issues relating to the insurance and management of those risks.
<b>Sub-program 2.5</b>	<b>Ministerial support services</b> Operation of Treasurer's Office including departmental support.

### Key projects and initiatives

- Progressed implementation activities associated with first release of the new state taxation revenue system
- Implemented further significant anti-avoidance and tax reform measures
- Progressed harmonisation of taxation laws and administration
- Contributed to whole of government Red Tape Reduction Initiatives
- Continued the work necessary to achieve the Standard Business Reporting target
- Employed additional compliance officers (28.9 FTEs) to collect unpaid revenue or overclaimed rebates or grants
- Implemented new legislation to enable Super SA to further improve its services to members and keep up with current superannuation best-practice
- Through operations of the South Australian Government Financing Authority (SAFA):
  - met the financing demands of the state government and its instrumentalities
  - activated a new Euro Commercial Paper program to access offshore funding
  - successfully renewed the government's reinsurance program
  - integrated Fleet SA's activities within SAFA's operations.

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## 2009–10 Achievements

### Sub-program 2.1 Revenue collection and management

Taxation revenues for 2009–10 exceeded budget estimates mainly due to the strength of the property market. Residential and non-residential property values continued to grow strongly, well above expectations at the time the 2009–10 Budget was delivered.

Residential sector turnover was stronger than expected with first home buyer demand and the effects of the relatively low interest rates supporting residential property transfers. Over 11 000 First Home Owner Grant applications were approved and paid during 2009–10.

Implementation activities associated with the first release of the new state taxation revenue system were progressed during 2009–10. Design of the new system was completed and signed-off and the build phase for the first release (Payroll Tax) commenced.

RevenueSA employed additional compliance officers (28.9 FTEs) to collect unpaid revenue or overclaimed rebates or grants. As a direct result of the increase in overall compliance activities there was a \$70.3m increase in revenue collected.

The department supported legislative amendments for the *Land Tax (Miscellaneous) Amendment Act 2010*, the *Payroll (Nexus) Amendment Act 2010* and the *Payroll Tax Act 2009*.

The *Land Tax (Miscellaneous) Amendment Act 2010* increased the land tax tax-free threshold from \$110 000 to \$300 000, adjusted the subsequent land tax bracket to between \$300 001 and \$550 000 and introduced a tax rate for the bracket of 0.5 per cent. The top band of the following bracket was increased from \$750 000 to \$800 000.

The new thresholds will be indexed each year to the average change in land values for each calendar year as determined by the Valuer-General.

The *Payroll (Nexus) Amendment Act 2010* varied the payroll tax nexus provisions where wages are paid to workers who provide their services in more than one state or territory in a month, to the jurisdiction of the employee's principal place of residence or, where the worker does not reside in Australia, to the jurisdiction where the registered Australian Business Number address of the employer is located.

The *Payroll Tax Act 2009* (commenced on 1 July 2009) rewrote and repealed the *Pay-roll Tax Act 1971* and provides fully harmonised legislation with New South Wales, Victoria, Tasmania and the Northern Territory.

The department has continued to participate in the harmonisation process for payroll tax. The Payroll Tax Harmonisation Committee continues to oversee the implementation and maintenance of an

administrative framework to support harmonisation including administrative processes, compliance and penalty and interest regimes across participating jurisdictions.

A revenue rulings sub-committee has been established to maintain the consistency of payroll tax revenue rulings.

As part of Phase 2 of Red Tape Reduction the Competitiveness Council has asked agencies to identify non-essential procedures, processes, forms, licences and regulations that add to the cost of dealing with government.

For this phase, the department identified regulatory savings of approximately \$8.8 million to be delivered by April 2012. To date a total of \$1.5 million in savings has been realised as a result of the abolition of Rental Duty and Mortgage Duty provisions from the *Stamp Duties Act 1923*.

Standard Business Reporting (SBR) is a multi-agency Commonwealth initiative to reduce the business-to-government reporting burden. SBR allows reporting to government agencies directly from an organisation's financial, accounting or payroll system, provided their software supports SBR.

In June 2010, the department's target to provide online users with system access through a single, secure sign-on for all government agencies (AUSkey) has been met. The department achieved its target go-live date of 1 July 2010, to accept Payroll Tax Monthly Return lodgements through the SBR channel.

The department is on target to accept lodgement of the 2010–11 Payroll Tax Annual Reconciliation through the SBR channel.

### Sub-program 2.2 Financial services

SAFA met all the debt financing demands of the state and its instrumentalities during the year. Despite a significantly larger borrowing program than in past years, SAFA achieved the state's funding requirements through the issue of long-term Select Line securities issued in Australia and through SAFA's short-term funding facilities. SAFA also reactivated its Euro-Commercial Paper program during the year to access offshore funding. Specifically, SAFA raised \$2.8 billion to meet the new funding demands of the Treasurer and other clients and \$3.7 billion to refinance existing debt and build up liquidity.

SAFA also managed the general government sector net debt on behalf of the Treasurer. This debt is managed within two separate portfolios. One portfolio includes liquid nominal rate liabilities and hedge instruments managed against a benchmark comprising SAFA's core funding lines. The other portfolio includes certain non-liquid nominal long-term borrowings (for example, housing agreement borrowings from the Commonwealth and inflation indexed borrowings).

Favourable outcomes were achieved against the government's debt management objective of minimising the long-term average interest cost subject to acceptable levels of interest rate risk.

Fleet SA was amalgamated with SAFA. Effective 1 July 2009, the assets, rights and liabilities of the government's Fleet SA business unit were transferred from the Treasurer to SAFA, resulting in SAFA being the centralised fleet manager for the government's passenger and light commercial motor vehicle fleet. Fleet SA procures vehicles and makes them available through leasing arrangements to clients. As at 30 June 2010, the size of the fleet was 8771 vehicles representing a growth of one per cent from the previous year. 3301 vehicles were purchased over 2009–10 for lease at a capital cost of \$103.8 million.

Further information is contained in SAFA's Annual Report.

### **Sub-program 2.3 Superannuation services**

Super SA has maintained a high-quality and low-cost service to its members on an on-going basis with the offering of cost-effective and comparable post-retirement products to members, the provision of better or equivalent superannuation services at a lower cost and enhancements to Triple S insurance.

Implementation of the *Southern State Superannuation Act 2009* and the *Southern State Superannuation Regulations 2009* enabled Super SA to further improve its services to members and keep up with current superannuation best-practice.

Following a full tender process, Super SA reappointed Industry Fund Financial Planners (IFFP) to provide fee-for-service financial planning services to members. A new fee structure negotiated for this contract will deliver significant savings to Super SA and to members.

During the 2009–10 financial year:

- 52 929 additional Triple S members received Income Protection Insurance
- invalidity cover was extended to include terminal illness

- online access to account details was introduced for investors in the Income Stream and Flexible Rollover Products
- introduction for Triple S members of choice of investing in two investment options, one for their accrued superannuation and one for future contributions
- 722 Triple S members applied for additional Death and Total and Permanent Disability Insurance against a target of 653
- 31 574 Triple S members made voluntary personal contributions against a target of 31 963
- Super SA exceeded the service level standards for the issue of annual statements.

### **Sub-program 2.4 Insurance services**

As captive insurer for the government, SAFA provided the following insurance activities over the year:

- insurance cover to government portfolio groups, agencies and authorities
- whole of government catastrophe reinsurance
- insurance and risk management advice.

Premium rates charged to clients increased by approximately 11 per cent for the 2009–10 policy year and the Medical Malpractice premium for the Department of Health increased by approximately 19 per cent.

### **Sub-program 2.5 Ministerial support services**

Treasury and Finance provided support to enable the Treasurer's Office to operate effectively.

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## Program 3: Shared services

Design, development, implementation and delivery of shared services across government.

<b>Sub-program 3.1</b>	<b>Shared services reform</b> Design, development and implementation of shared services across government.
<b>Sub-program 3.2</b>	<b>Shared services operations</b> Provision of a comprehensive, cost efficient range of corporate and business services, including the provision of payroll, accounting and financial services to various government agencies and business units.

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### Key projects and initiatives

- Completed the transition to Shared Services SA of the Financial Application Systems Team (FAST) and part of Contract Services
- Completed the transition to Shared Services SA of Tranche 2 services: general accounting, external financial reporting, asset accounting and taxation services for those government agencies using the Masterpiece financial system (approximately 106 FTEs transitioned)
- Shared Services SA commenced the implementation of an across government e-procurement system.

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## 2009–10 Achievements

### **Sub-program 3.1 Shared services reform**

In 2009–10, Treasury and Finance continued to implement the shared services reform initiative. In July 2009, a further 38 FTE staff were transitioned to Shared Services SA. This included staff from the Financial Application Systems Team (FAST) and the in-scope part of the Contract Services team.

Shared Services SA also completed transition of Tranche 2 services, namely general accounting, external financial reporting, asset accounting and taxation services. Approximately 106 FTE positions were transitioned.

In conjunction with the transition activities surrounding Tranche 2, Shared Services SA continued to focus on continuous improvement and reform of its Tranche 1 services.

Strategy development and detailed design was commenced for the next tranche of services.

### **Sub-program 3.2 Shared services operations**

Transition of Tranche 2 services from agencies to Shared Services SA was completed in October 2009. This included general accounting, external financial reporting, asset accounting and taxation services. Since 1 July 2009, Shared Services SA has provided the service operations of FAST and Contract Services to government agencies.

In February 2010, Shared Services SA commenced implementation of an across government e-procurement system, commencing in February 2010. During the course of the year it was implemented in nine agencies to approximately 3500 users. Full implementation is expected to be completed in 2011.

Shared Services SA operates on the basis of full cost recovery. The net cost of the sub-program reflects additional one off costs associated with system implementation and in-scope transitions. The ongoing operational costs associated with these systems and transitions will be recovered in line with full cost recovery principles. To support the delivery of services to agencies, Shared Services SA provides quarterly performance reports to all client agencies.

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## Program 4: State procurement and fleet operations

Treasury and Finance provides a range of services (in addition to those provided by Shared Services SA) to other government agencies including procurement policy, vehicles for ministers, parliamentarians and VIPs and information and communication technology support services.

<b>Sub-program 4.1</b>	<b>Procurement policy and governance</b> Support the State Procurement Board in the delivery of its key objectives and in setting the strategic direction of procurement operations across government, focusing on policy and guidelines development, capability development, and facilitating procurement across government.
<b>Sub-program 4.2</b>	<b>Vehicles for ministers, parliamentarians and VIPs</b> Provision of a motor vehicle service to ministers and VIP dignitaries on official state government business together with the provision of subsidised private-plated vehicles to members of parliament.
<b>Sub-program 4.3</b>	<b>Support services</b> Provision of a comprehensive, cost efficient range of Information and Communication Technology (ICT) services including provision of client devices, desktop and technical support and network connectivity to various government agencies and business units.

### Key projects and initiatives

- Completed or commenced reviews of procurement process in six public authorities during the year
- Completed arrangements for professional education courses for procurement officers in partnership with TAFE SA and the University of South Australia.

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## 2009–10 Achievements

### **Sub-program 4.1 Procurement policy and governance**

Treasury and Finance continued to support the operations of the State Procurement Board. The full board met on 12 occasions during the year and the Procurement Approvals Committee met on 15 occasions.

The department assisted the board by coordinating detailed reviews of procurement processes. Reviews of six public authorities were either completed or commenced in 2009–10.

Ongoing development of procurement capability within government was facilitated by the development of training programs in conjunction with TAFE SA and the University of South Australia. In addition, awareness of contemporary procurement issues was fostered through two executive forums.

Seven board policies and guidelines were reviewed, updated and reissued and a new Market Approaches Guideline was developed and promulgated.

### **Sub-program 4.2 Vehicles for ministers, parliamentarians and VIPs**

The department continued to manage the ministerial/VIP chauffeur service and the provision of subsidised private-plated vehicles to members of parliament.

### **Sub-program 4.3 Support services**

The ICT Support group provided services to business units in a number of government agencies and Shared Services SA.

Shared Services SA assumed management responsibility for selected ICT support operations in 2008-09, with transition into Shared Services SA operations to occur as part of ICT services transition.

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# Program 5: Gambling policy

Treasury and Finance delivers policy advice to the government on economic, social and regulatory issues associated with gambling.

## Key projects and initiatives

- Completed two trials to allow electronic gaming machine gamblers to limit their spending
- Enabled greater trading of gaming machine entitlements to implement the 3000 reduction in machine numbers, create better responsible gambling environments and reduce the cost and risk associated with regulation.

## 2009–10 Achievements

### Gambling policy

The Responsible Gambling Working Party completed two trials to allow electronic gaming machine gamblers to limit their spending. The first trial was conducted by WorldSmart technology and operated as part of their existing venue card system in South Australia known as the 'J Card'. The second trial was a non-technology based trial where cash exchanged for coin was manually recorded on a card. Two subsequent trials are planned to commence in 2010–11.

The department prepared legislative amendments to the *Gaming Machines Act 1992* which will enable greater trading of gaming machine entitlements to implement the 3000 reduction in machine numbers, create better responsible gambling environments and to reduce the cost and risk associated with regulation.

In conjunction with the Office of the Liquor and Gambling Commissioner, Treasury and Finance conducted consultation on improving regulation under the *Collections for Charitable Purposes Act 1939* for the charity sector.

Consultation was also conducted for the Minister for Government Enterprises on special appeals lotteries.



Department of **Treasury and Finance**  
2009–10 **Annual Report**

# Financial performance



Government  
of South Australia

# Financial overview

The department recorded a net result after restructure and tax of \$31.76 million in 2009–10. The major factors contributing to this result include:

- an increase in revenue of \$29.2 million from Shared Services SA from the implementation of Tranche 2 and a full year effect for Tranche 1 services
- an increase in Revenues from SA Government of \$16.119 million which primarily reflects additional appropriation in 2009–10 for the implementation of e-procurement across government by Shared Services SA and funding for targeted voluntary separation packages
- the transfer of Fleet SA from the department to the South Australian Government Financing Authority (SAFA) on 1 July 2009 — this transfer reduced the department's expenses by \$91.44 million and revenues by \$102.1 million.

The department has approval to carry over \$13.898m from 2009–10 relating to the shared services reform initiative, the taxation revenue management system (RISTEC) project and the e-procurement project.

The following table summarises the Income Statement for 2009–10:

<b>Summary Income Statement</b>	<b>Actual Result</b>
	<b>2009–10</b>
	<b>\$'000</b>
Expenses	208 999
Revenues	130 458
Net cost of providing services	(78 541)
Revenues from SA Government	110 303
Payments to SA Government	—
Net result before restructure	31 762
Net revenue from administrative restructure	—
Net result after restructure	31 762
Income tax equivalents	—
Net result after restructure and tax	31 762

Total assets of the department decreased by \$206.155 million and total liabilities decreased by \$234.143 million, primarily due to the transfer of Fleet SA and its motor vehicle assets and borrowings from the department to SAFA.

The table below summarises the expenses and income for each of the department's programs in 2009-10:

<b>Departmental program</b>	<b>Expenses \$'000</b>	<b>Income \$'000</b>	<b>Revenues from/ payment to SA Government \$'000</b>	<b>Net result \$'000</b>
Accountability for public sector resources	24 138	3 616	32 226	11 704
Financial services provision	65 784	33 806	49 362	17 384
Shared services	81 479	67 095	9 779	(4 605)
State procurement and fleet operations	37 186	25 876	18 392	7 082
Gambling policy	412	65	544	197
<b>Program totals</b>	<b>208 999</b>	<b>130 458</b>	<b>110 303</b>	<b>31 762</b>

## Trends

The following table shows the trends in key performance measures of the department over the last three years.

### Key performance measures

	2009-10	2008-09	2007-08
Net cost of providing services	\$78.541m	\$85.049m	\$75.794m
Revenues from government as total source of funding	45.81%	32.51%	32.90%
Average employee cost	\$84,000	\$81,000	\$81,000
Operating expenses per employee	\$134,000	\$211,000	\$234,000
Consultants as percentage of operating expenses	0.75%	0.47%	0.59%
Cash balance	\$66.028m	\$62.976m	\$58.775m
Net assets	\$55.098m	\$27.110m	\$18.355m
Increase/(decrease) in net assets	\$27.988m	\$8.755m	\$486,000
Current assets/current liabilities	3.35	1.57	1.6
Creditors paid within 30 days	87%	92%	93%

The net cost of providing services decreased from the previous year due to a reduction in expenditure and revenue resulting from the transfer of Fleet SA to SAFA on 1 July 2009 and additional revenue collected by Shared Services SA for services delivered across government.

The proportion of revenue sourced from the government increased due to the effect of agencies transitioning to Shared Services SA throughout the year and additional revenue received for the e-procurement project.

Operating expenses per employee decreased due to the overall reduction in the department's total expenditure resulting from the transfer of Fleet SA and an increase in full time equivalents from agencies transitioning to Shared Services SA throughout the year.

The consultancy costs as a percentage of operating costs increased primarily as a result of the overall reduction in the department's total expenditure due to the transfer of Fleet SA and a marginal increase in consultancy costs for 2009-10.

The increase in net assets is primarily due to the transfer of Fleet SA's motor vehicle assets and borrowings to SAFA.

The ratio of current assets to liabilities has doubled from the prior year due to the transfer of Fleet SA's current assets and liabilities to SAFA.

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# Financial statements

## Certification of the financial statements


We certify that the attached general purpose financial statements for the Department of Treasury and Finance:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the department; and
- present a true and fair view of the financial position of the Department of Treasury and Finance as at 30 June 2010 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Department of Treasury and Finance for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Jim Wright  
UNDER TREASURER  
27 September 2010



Paul Williams  
DIRECTOR, FINANCIAL SERVICES  
23 September 2010

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

	Note	2010 \$'000	2009 \$'000
<b>EXPENSES</b>			
Employee benefit expenses	5	130 712	107 815
Supplies and services	6	73 814	103 631
Depreciation and amortisation expense	7	4 301	49 641
Borrowing costs	8	—	15 287
Other expenses	9	172	4 237
<b>Total Expenses</b>		<b>208 999</b>	<b>280 611</b>
<b>INCOME</b>			
Revenues from fees and charges	11	128 575	195 501
Interest revenues	12	854	173
Net loss from disposal of non-current assets	13	—	(1 015)
Other income	14	716	903
Commonwealth revenue		313	—
<b>Total Income</b>		<b>130 458</b>	<b>195 562</b>
<b>NET COST OF PROVIDING SERVICES</b>		<b>(78 541)</b>	<b>(85 049)</b>
<b>REVENUES FROM/PAYMENTS TO SA GOVERNMENT</b>			
Revenues from SA Government	15	110 303	94 184
Payments to SA Government	15	—	( 455)
Income tax equivalent paid	15	—	( 346)
<b>Total Revenues from/Payments to SA Government</b>		<b>110 303</b>	<b>93 383</b>
<b>NET RESULT</b>		<b>31 762</b>	<b>8 334</b>
<b>Other Comprehensive Income</b>		<b>—</b>	<b>—</b>
<b>TOTAL COMPREHENSIVE RESULT</b>		<b>31 762</b>	<b>8 334</b>

**THE NET RESULT AND COMPREHENSIVE RESULT ARE ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER**

The above statement should be read in conjunction with the accompanying notes.

# Statement of Financial Position as at 30 June 2010

	Note	2010 \$'000	2009 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	16	66 028	62 976
Receivables	17	18 348	29 972
Property, plant and equipment	19	—	59 755
		<u>84 376</u>	<u>152 703</u>
Non-current assets classified as held for sale	18	—	6 911
<b>Total current assets</b>		<u>84 376</u>	<u>159 614</u>
<b>NON-CURRENT ASSETS</b>			
Receivables	17	840	21
Property, plant and equipment	19	6 151	146 055
Intangible assets	20	17 067	8 899
<b>Total non-current assets</b>		<u>24 058</u>	<u>154 975</u>
<b>TOTAL ASSETS</b>		<u>108 434</u>	<u>314 589</u>
<b>CURRENT LIABILITIES</b>			
Payables	21	10 804	11 373
Borrowings	22	—	73 054
Employee benefits	23	13 500	12 186
Provisions	24	208	1 159
Other current liabilities	25	670	770
		<u>25 182</u>	<u>98 542</u>
Liabilities directly associated with non-current assets held for sale		—	2 951
<b>Total current liabilities</b>		<u>25 182</u>	<u>101 493</u>
<b>NON-CURRENT LIABILITIES</b>			
Payables	21	2 386	2 244
Borrowings	22	—	158 962
Employee benefits	23	24 079	22 654
Provisions	24	685	452
Other non-current liabilities	25	1 004	1 674
<b>Total non-current liabilities</b>		<u>28 154</u>	<u>185 986</u>
<b>TOTAL LIABILITIES</b>		<u>53 336</u>	<u>287 479</u>
<b>NET ASSETS</b>		<u>55 098</u>	<u>27 110</u>
<b>EQUITY</b>			
Contributed capital	26	547	547
Retained earnings	26	54 443	26 455
Asset revaluation surplus	26	108	108
<b>TOTAL EQUITY</b>		<u>55 098</u>	<u>27 110</u>
<b>THE TOTAL EQUITY IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER</b>			
Unrecognised contractual commitments	27		
Contingent assets and liabilities	28		

The above statement should be read in conjunction with the accompanying notes.

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

	Note	Contributed Capital	Asset Revaluation Surplus	Retained Earnings	Total
		\$'000	\$'000	\$'000	\$'000
<b>Balance at 30 June 2008</b>		—	108	17 538	17 646
Error correction		—	—	709	709
Restated balance at 30 June 2008		—	108	18 247	18 355
Net result for 2008-09		—	—	8 334	8 334
Total comprehensive result for 2008-09		—	—	8 334	8 334
<b>Transactions with SA Government as owner</b>					
Equity contribution received		5 087	—	—	5 087
Equity contribution repaid		(4 540)	—	—	(4 540)
Net assets transferred as a result of an administrative restructure	32	—	—	(126)	(126)
<b>Balance at 30 June 2009</b>	26	547	108	26 455	27 110
Error correction		—	—	—	—
Restated balance at 30 June 2009		547	108	26 455	27 110
Net result for 2009-10		—	—	31 762	31 762
Total comprehensive result for 2009-10		—	—	31 762	31 762
<b>Transactions with SA Government as owner</b>					
Net assets transferred as a result of an administrative restructure	32	—	—	(3 774)	(3 774)
<b>Balance at 30 June 2010</b>	26	547	108	54 443	55 098

### ALL CHANGES IN EQUITY ARE ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER

The above statement should be read in conjunction with the accompanying notes.

# Statement of Cash Flows for the year ended 30 June 2010

	Note	2010 \$'000	2009 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash Outflows</b>			
Employee benefit payments		(126 819)	(104 908)
Payments for supplies and services		(75 742)	(107 513)
Interest paid		—	(15 287)
GST payments on purchases		(9 778)	(21 826)
GST remitted to Australian Taxation Office		(11 489)	(23 311)
<b>Cash used in operations</b>		<b>(223 828)</b>	<b>(272 845)</b>
<b>Cash Inflows</b>			
Fees and charges		127 483	188 568
Interest received		781	152
GST receipts on receivables		10 916	22 291
GST recovered from Australian Taxation Office		10 997	21 867
Other receipts		668	351
Commonwealth Funding		313	—
<b>Cash generated from operations</b>		<b>151 158</b>	<b>233 229</b>
<b>Cash Flows from SA Government</b>			
Receipts from SA Government		110 303	94 184
Payments to SA Government		—	( 455)
Income tax equivalent paid		—	( 851)
<b>Cash generated from SA Government</b>		<b>110 303</b>	<b>92 878</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	30(b)	<b>37 633</b>	<b>53 262</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash Outflows</b>			
Purchase of property, plant and equipment		(1 956)	(102 281)
Purchase of intangible assets		(9 635)	(6 316)
<b>Cash used in investing activities</b>		<b>(11 591)</b>	<b>(108 597)</b>
<b>Cash Inflows</b>			
Proceeds from sale of property, plant and equipment		—	47 162
<b>Cash generated from investing activities</b>		<b>—</b>	<b>47 162</b>
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>		<b>(11 591)</b>	<b>(61 435)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash Outflows</b>			
Repayment of borrowings		—	(95 801)
Contribution to Government		( 462)	—
Repayment of finance leases		—	( 349)
Repayment of capital contribution to SA Government		—	(4 540)
Cash transferred as a result of a restructuring activities		(23 289)	—
<b>Cash used in financing activities</b>		<b>(23 751)</b>	<b>(100 690)</b>
<b>Cash Inflows</b>			
Cash received as a result of restructuring activities		761	6 855
Proceeds from borrowings		—	101 122
Capital contribution from SA Government		—	5 087
<b>Cash generated from financing activities</b>		<b>761</b>	<b>113 064</b>
<b>NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES</b>		<b>(22 990)</b>	<b>12 374</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>3 052</b>	<b>4 201</b>
Cash and cash equivalents at the beginning of the period		62 976	58 775
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	30(a)	<b>66 028</b>	<b>62 976</b>

The above statement should be read in conjunction with the accompanying notes.



## Disaggregated Disclosure — Expenses and Income for the year ended 30 June 2010

	Accountability for Public Sector Resources		Financial Services Provision		Shared Services		State Procurement and Fleet Operations		Gambling Policy		General/Not Attributable		Activity Total	
	Activity 1		Activity 2		Activity 3		Activity 4		Activity 5					
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<b>EXPENSES</b>														
Employee benefit expenses	17 954	17 515	41 434	37 284	50 940	35 942	20 014	16 715	370	359	—	—	130 712	107 815
Supplies and services	5 902	7 395	23 035	23 235	28 710	19 782	16 129	53 164	38	55	—	—	73 814	103 631
Depreciation and amortisation expense	242	834	1 228	1 532	1 829	680	999	46 592	3	3	—	—	4 301	49 641
Borrowing costs	—	—	—	—	—	—	—	15 287	—	—	—	—	—	15 287
Other expenses	40	79	87	163	—	—	44	3 994	1	1	—	—	172	4 237
<b>Total Expenses</b>	<b>24 138</b>	<b>25 823</b>	<b>65 784</b>	<b>62 214</b>	<b>81 479</b>	<b>56 404</b>	<b>37 186</b>	<b>135 752</b>	<b>412</b>	<b>418</b>	<b>—</b>	<b>—</b>	<b>208 999</b>	<b>280 611</b>
<b>INCOME</b>														
Revenues from fees and charges	3 468	3 353	33 197	33 811	66 035	34 720	25 811	123 517	64	100	—	—	128 575	195 501
Interest revenues	4	—	8	—	837	166	5	7	—	—	—	—	854	173
Net loss from disposal of non-current assets	—	—	—	—	—	—	—	(1 015)	—	—	—	—	—	(1 015)
Other income	144	223	288	259	223	25	60	396	1	—	—	—	716	903
Commonwealth revenue	—	—	313	—	—	—	—	—	—	—	—	—	313	—
<b>Total Income</b>	<b>3 616</b>	<b>3 576</b>	<b>33 806</b>	<b>34 070</b>	<b>67 095</b>	<b>34 911</b>	<b>25 876</b>	<b>122 905</b>	<b>65</b>	<b>100</b>	<b>—</b>	<b>—</b>	<b>130 458</b>	<b>195 562</b>
<b>NET COST OF PROVIDING SERVICES</b>	<b>(20 522)</b>	<b>(22 247)</b>	<b>(31 978)</b>	<b>(28 144)</b>	<b>(14 384)</b>	<b>(21 493)</b>	<b>(11 310)</b>	<b>(12 847)</b>	<b>(347)</b>	<b>(318)</b>	<b>—</b>	<b>—</b>	<b>(78 541)</b>	<b>(85 049)</b>
<b>REVENUES FROM/PAYMENT TO SA GOVERNMENT</b>														
Revenues from SA Government	—	—	—	—	—	—	—	—	—	—	110 303	94 184	110 303	94 184
Payments to SA Government	—	—	—	—	—	—	—	—	—	—	—	(455)	—	(455)
Income tax equivalent paid	—	—	—	—	—	—	—	—	—	—	—	(346)	—	(346)
<b>NET RESULT</b>	<b>(20 522)</b>	<b>(22 247)</b>	<b>(31 978)</b>	<b>(28 144)</b>	<b>(14 384)</b>	<b>(21 493)</b>	<b>(11 310)</b>	<b>(12 847)</b>	<b>(347)</b>	<b>(318)</b>	<b>110 303</b>	<b>93 383</b>	<b>31 762</b>	<b>8 334</b>

The allocations to programs are indicative and are based on broad costing methodologies.

## Disaggregated Disclosure — Assets and Liabilities for the year ended 30 June 2010

	Accountability for Public Sector Resources		Financial Services Provision		Shared Services		State Procurement and Fleet Operations		Gambling Policy		General/Not Attributable		Activity Total		
	Activity 1		Activity 2		Activity 3		Activity 4		Activity 5						
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	
<b>Assets</b>															
Cash and cash equivalents	—	—	—	—	—	—	—	—	—	—	—	66 028	62 976	66 028	62 976
Receivables	243	452	1 342	1 860	10 568	12 108	4 935	14 809	—	—	2 100	764	19 188	29 993	
Property, plant and equipment	66	94	1 461	1 420	2 273	2 871	1 822	200 717	—	—	529	709	6 151	205 810	
Intangible assets	—	1 223	11 925	6 448	4 257	24	100	295	—	—	785	909	17 067	8 899	
Non-current assets classified as held for sale	—	—	—	—	—	—	—	6 911	—	—	—	—	—	6 911	
<b>Total Assets</b>	<b>309</b>	<b>1 769</b>	<b>14 728</b>	<b>9 728</b>	<b>17 098</b>	<b>15 003</b>	<b>6 857</b>	<b>222 732</b>	<b>—</b>	<b>—</b>	<b>69 442</b>	<b>65 358</b>	<b>108 434</b>	<b>314 589</b>	
<b>Liabilities</b>															
Payables	1 093	692	3 449	1 976	5 248	4 450	1 795	5 075	16	1	1 589	1 423	13 190	13 617	
Borrowings	—	—	—	—	—	—	—	232 016	—	—	—	—	—	232 016	
Employee benefits	5 151	4 584	11 888	7 544	14 691	13 529	5 743	3 922	106	4	—	5 257	37 579	34 840	
Provisions	125	62	289	161	337	234	140	1 071	2	—	—	83	893	1 611	
Other liabilities	—	—	—	—	1 674	2 343	—	76	—	—	—	25	1 674	2 444	
Liabilities directly associated with non-current assets held for sale	—	—	—	—	—	—	—	2 951	—	—	—	—	—	2 951	
<b>Total Liabilities</b>	<b>6 369</b>	<b>5 338</b>	<b>15 626</b>	<b>9 681</b>	<b>21 950</b>	<b>20 556</b>	<b>7 678</b>	<b>245 111</b>	<b>124</b>	<b>5</b>	<b>1 589</b>	<b>6 788</b>	<b>53 336</b>	<b>287 479</b>	
<b>Net Assets</b>	<b>(6 060)</b>	<b>(3 569)</b>	<b>( 898)</b>	<b>47</b>	<b>(4 852)</b>	<b>(5 553)</b>	<b>( 821)</b>	<b>(22 379)</b>	<b>( 124)</b>	<b>( 5)</b>	<b>67 853</b>	<b>58 570</b>	<b>55 098</b>	<b>27 110</b>	

# Notes on Financial Statements

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# Notes to and forming part of the Financial Statements

## 1 Objectives of the Department of Treasury and Finance

The Department of Treasury and Finance provides policy advice and financial management services to the Government of South Australia in order to strengthen state finances and contribute to community well being through supporting the objectives of South Australia's Strategic Plan (SASP). This is achieved by promoting policy accountability in the public sector based on objective and comprehensive analysis of options, by managing the whole of government financial processes and by providing financial services.

The department is the lead agency supporting the government's key economic, social and financial policy outcomes through the provision of advice and coordination of resource allocation for government programs. The department also provides financial services to the government and the community, covering asset and liability management, collection of state taxes, insurance and superannuation.

The department also supports the government's target for improved administrative efficiency within the public sector through implementation and provision of shared services and provision of procurement and fleet management further across the South Australian Government (SA Government).

The department provides the government with policy and financial advice on achieving the SASP through the following departmental priorities:

### **Strengthen state finances including maintaining the AAA credit rating**

*Related SASP Objective: Growing Prosperity*

*Target Area: Credit rating; Strategic Infrastructure*

### **Achieve performance improvements in the South Australian public sector**

*Related SASP Objective: Growing Prosperity*

*Target Area: Performance in the public sector — administrative efficiency; government decision-making*

### **Improve budget and financial management processes**

*Related SASP Objective: Growing Prosperity*

*Target Area: Performance in the public sector — government decision making; strategic infrastructure*

### **Improve service delivery**

*Related SASP Objective: Growing Prosperity*

*Target Area: Performance in the public sector — customer and client satisfaction with government services; government decision making.*

### **Effective industry regulation**

*Related SASP Objective: Growing Prosperity*

*Target Area: Performance in the public sector — government decision making*

### **Corporate priorities**

*Related SASP Objective: Growing Prosperity*

*Target Area: Performance in the public sector — productivity; government decision making*

To achieve these objectives, the department delivers a number of activities for the government. The activity information is summarised in Note 4.

## 2 Summary of significant accounting policies

### 2.1 Statement of compliance

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

Except for the amendments to Australian Accounting Standards AASB 2009-12, which the department has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the department for the reporting period ending 30 June 2010. These are outlined in Note 3.

#### ***Basis of preparation***

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the department's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements 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 target voluntary separation package information;
  - (d) employees whose normal remuneration is \$100 000 or more (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and
  - (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 twelve month period and presented in Australian currency.

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

### 2.2 Reporting entity

The department is a government department of the State of South Australia, established pursuant to the *Public Sector Act 2009*. The department is an administrative unit acting on behalf of the Crown.

The financial statements include all the controlled activities of the Department of Treasury and Finance. Transactions and balances relating to administered resources are not recognised as departmental income, expense, assets and liabilities. As administered items are significant in relation to the department's overall financial performance and position, they are disclosed in the administered financial statements at the back of the controlled General Purpose Financial Report. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

## 2.3 Restructure of administrative arrangements

### 2009-2010

#### *Transferred out*

##### *Fleet SA*

On 1 July 2009 the light motor vehicle fleet transferred to the South Australian Government Financing Authority (SAFA). The net impact on equity was transfer of net assets from the department to SAFA of \$3 773 484. Further detail is contained in Note 32.

#### *Transferred in*

##### *Shared Services SA*

Shared Services SA completed the transition of Tranche 2 services in October 2009. The services comprised general accounting, external financial reporting, asset accounting and taxation services for 8 agencies. There were 43.6 FTEs that transitioned into Shared Services SA. Further detail is contained in Note 32.

### 2008-2009

#### *Transferred out*

##### *Supply SA*

On 1 July 2008, SA Health assumed the responsibility of Supply SA Camden Park site. This resulted in the transfer of 21 FTEs, employee liabilities, lease for the premises and associated assets of the Camden Park warehouse. Further detail is contained in Note 32.

#### *Transferred in*

##### *Shared Services SA*

Certain business services of SA Government agencies transferred in to Shared Services SA in a series of transition programs known as Tranches during 2008-09. In most cases, these services transition in their current state with the current employees, who have been providing these services within the agencies. Cabinet approved Tranche 1 services on 15 October 2007, which comprised Accounts Payable, Accounts Receivable and Payroll services.

The next Tranche of services to transition was approved by Cabinet on 8 December 2008 and comprised of certain financial services, ICT Services and Support, Contract Services and Purchase card administration. The first group of Tranche 2 transferred into Shared Services SA in June 2009. Further detail is contained in Note 32.

## 2.4 Comparative information

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

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

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

## 2.5 Rounding

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

## 2.6 Taxation

In 2008-2009, in accordance with Treasurer's Instruction 22 *Tax Equivalent Payments*, Fleet SA was required to pay to the SA Government income tax equivalents. The income tax liability is based on the Treasurer's accounting profit method, which requires the corporate tax rate be applied to the net profit. The current income tax liability relates to the income tax expense outstanding for the current period.

On 1 July 2009 Fleet SA was transferred to SAFA.

The department is liable for payroll tax, fringe benefits tax and goods and services tax (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 Australian Taxation Office, 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; and
- receivables and creditors are stated with the amount of GST included.

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

## 2.7 Events after the reporting date

Refer Note 33.

## 2.8 Income

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

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

The following are specific recognition criteria:

### ***Fees and charges***

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

### ***Contributions received***

Contributions are recognised as an asset and income when the department obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (i.e. the amount can be reliably measured and the flow of resources is probable).

Generally, the department has obtained control or the right to receive for:

- Contributions with unconditional stipulations — this will be when the agreement becomes enforceable i.e. the earlier of when the department has formally been advised that the contribution (e.g. grant application) has been approved; agreement/contract is executed; and/or the contribution is received.
- Contributions with conditional stipulations — this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.



### ***Commonwealth funding***

The Commonwealth provided a national payment under the Intergovernmental Agreement on Federal Financial Relations for the recovery of costs in undertaking work under the Standard Business Reporting requirement. The funding was \$313 000.

### ***Revenues from SA Government***

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

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

### ***Net gain on disposal of non-current assets***

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

## **2.9 Expenses**

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

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

The following are specific recognition criteria:

### ***Employee benefit expenses***

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

Employee benefit expenses include expenses associated with the employment of staff assigned to support the activities of the South Australian Government Financing Authority (SAFA) and the South Australian Superannuation Board (Super SA). The department fully recovers these expenses through Service Level Agreements with SAFA and Super SA.

### ***Superannuation***

The amount charged to the Statement of Comprehensive Income represents the contributions made by the department to the superannuation scheme in respect of current services of current departmental staff. The superannuation liability of the SA Government is recognised in the whole of government general purpose financial statements.

### ***Depreciation and amortisation***

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

The assets' residual values, useful lives and depreciation/amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

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

The value of fit-outs for leased buildings is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Land and non-current assets held for sale are not depreciated.

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

<b>Class of Asset</b>	<b>Depreciation/Amortisation Method</b>	<b>Useful Life (Years)</b>
Buildings	Straight Line	20–40
Fit-outs — leased buildings	Straight Line	Remaining life of lease
Furniture	Straight Line	10
Information Technology Equipment	Straight Line	3–5
Intangibles	Straight Line	3–15
Motor Vehicles	Straight Line	1–5
Office Equipment	Straight Line	3–5
Plant and Equipment	Straight Line	5–10

### ***Grants and contributions***

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

### ***Borrowing costs***

All borrowing costs are recognised as expenses.

### ***Payments to SA Government***

Payments to the SA Government represent the return of surplus cash pursuant to the cash alignment policy and are paid directly to the consolidated account.

## **2.10 Current and non-current classification**

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

## **2.11 Assets**

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

### ***Cash and cash equivalents***

Cash and cash equivalents in the Statement of Financial Position includes cash on hand and deposits at call that are readily converted to cash and which are subject to insignificant risk of changes in value.

Cash is measured at nominal value.

### ***Receivables***

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

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

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

### **Other financial assets**

The department measures financial assets and debt at historical cost, except for interest free loans (measured at the present value of expected repayments).

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

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed one year from the date of classification.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Statement of Financial Position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Statement of Financial Position.

### **Non-current assets — acquisition and recognition**

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

Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recorded at book value, that is the amount recorded by the transferor Public Authority immediately prior to the restructure.

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

### **Revaluation of non-current assets**

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

Every three years, the department revalues its land, buildings and fitouts over \$1 million. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

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

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

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

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

### **Impairment**

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

For re-valued assets an impairment loss is offset against the asset revaluation surplus.

### **Intangible assets**

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

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

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

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 *Intangible Assets* are expensed.

Subsequent expenditure on intangible assets that includes upgrades or enhancements to existing software systems that result in additional functionality or performance is capitalised. Other expenditure for modifications that merely maintain the existing level of performance or system functionality is expensed.

## 2.12 Liabilities

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

### ***Payables***

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

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

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

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

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

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

### ***Borrowings/financial liabilities***

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

Borrowings are recognised when issued at the amount of the net proceeds received and carried at cost less any repayments until the loan is settled.

#### *Light motor vehicles — loan arrangements with SAFA*

Effective 1 July 2009, the responsibility for Fleet SA transferred to SAFA. Arrangements for the ongoing acquisition of motor vehicles had existed with SAFA since 2003. Funding was provided through a loan facility direct to Fleet SA. The vehicle purchases were financed on a credit foncier basis of three year fixed periods. As at 30 June 2009 loans outstanding represent those settled from July 2006 onwards. The outstanding borrowings transferred to SAFA effective 1 July 2009.

#### *Leases*

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

### *Finance leases*

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

Minimum lease payments are allocated between borrowing costs and reduction of the lease liability, to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Lease liabilities are classified as both current and non-current.

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

### *Operating leases*

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

### *Lease incentives*

All incentives for the agreement of new or renewed operating leases are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received to enter into operating leases are recognised as a liability.

The aggregate benefits of lease incentives received by the department in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight line basis.

Lease incentives in the form of leasehold improvements are capitalised as an asset and amortised over the remaining term of the lease or estimated useful life of the improvement whichever is shorter.

### **Employee benefits**

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

#### *Salaries and wages, annual leave and sick leave*

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

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

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

#### *Long service leave*

The liability for long service leave is recognised after an employee has completed 5.5 (6.5) years of service. An actuarial assessment of long service leave based on a significant sample of employees throughout the South Australian Public Sector determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the department's experience of employee retention and leave taken.

The current/non current classification of the department's long service leave liabilities has been calculated based on historical usage patterns consistent with paragraph 5.15 of the Accounting Policy Framework IV *Financial Asset and Liability Framework*.

### **Provisions**

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

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

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

#### ***Workers compensation***

The department is responsible for workers compensation with an actuarial estimate of the outstanding liability as at June 2010 provided by a consulting actuary, Taylor Fry as requested by the Department of the Premier and Cabinet — Public Sector Workforce Relations Division

#### ***Procurement of testing services — removal of underground fuel tanks and site remediation***

A provision is recognised for the procurement of testing services (relating to the costs associated with the removal of underground fuel tanks previously owned by Mobil Australia including the remediation of sites). The provision specifically includes the procurement of assessment, drilling and analytical services.

### **2.13 Unrecognised contractual commitments and contingent assets and liabilities**

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

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

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

### **3 New and revised accounting standards and policies**

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

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

### **4 Activities of the department**

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

#### ***Activity 1: Accountability for Public Sector Resources***

The department has the role of ensuring accountability for public sector resources through providing policy, economic and financial advice to the government and coordinating resource allocations for government programs and priorities at the whole of government level.

#### ***Activity 2: Financial Services Provision***

The department has a role of providing a range of whole of government services including liability management, collection of taxes, and insurance and superannuation administration.

This activity includes the employee benefit expenses and liabilities associated with the employment of staff assigned to support the activities of Super SA and the treasury and insurance activities of SAFA. The recovery of these expenses from Super SA and SAFA are recognised by the department as revenue from fees and charges.

#### ***Activity 3: Shared Services***

Design, development, implementation and delivery of shared services across government.

#### ***Activity 4: State Procurement and Fleet Operations***

The department has a role of providing a range of services (in addition to those provided by Shared Services SA) to other government agencies including contract management and procurement policy, fleet management, information and communication technology support services.

This activity includes the employee benefit expenses and liabilities associated with the employment of staff assigned to support the fleet management activities of SAFA. The recoveries of these expenses from SAFA are recognised by the department as revenue from fees and charges.

Activity 4 also includes the employee benefit expenses and liabilities associated with the employment of ICT support services staff assigned to Shared Services SA.

#### ***Activity 5: Gambling Policy***

The department provides policy advice to the government on economic, social and regulatory issues associated with gambling.

5 Employee benefit expenses	2010 \$'000	2009 \$'000
Salaries and wages	93 428	78 364
TVSPs (refer below)	2 696	—
Long service leave	4 161	2 924
Annual leave	8 543	7 493
Employment on-costs — superannuation	11 901	10 477
Employment on-costs — other	5 769	5 296
Board fees	263	292
Other employee related expenses	3 951	2 969
<b>Total employee benefit expenses</b>	<b>130 712</b>	<b>107 815</b>

#### Targeted Voluntary Separation Packages (TVSPs)

Amount paid to these employees:

TVSPs	2 696	—
Annual leave and long service leave paid during the reporting period	828	—
	<b>3 524</b>	—
Recovery from the Treasurer	2 134	—
<b>Net amount paid to employees</b>	<b>1 390</b>	—

	2010 Number of Employees	2009 Number of Employees
Number of employees who were paid TVSPs during the reporting period	24	—

#### Remuneration of employees

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

\$100 000–\$109 999	83	54
\$110 000–\$119 999	31	14
\$120 000–\$129 999	10	5
\$130 000–\$139 999	4	6
\$140 000–\$149 999	10	9
\$150 000–\$159 999	7	15
\$160 000–\$169 999	13	4
\$170 000–\$179 999	2	7
\$180 000–\$189 999	4	5
\$190 000–\$199 999	1	4
\$200 000–\$209 999	8	2
\$210 000–\$219 999	4	2
\$220 000–\$229 999	2	2
\$230 000–\$239 999	1	1
\$240 000–\$249 999	1	1
\$250 000–\$259 999	1	1
\$260 000–\$269 999	1	2
\$270 000–\$279 999	1	—
\$280 000–\$289 999	—	1
\$290 000–\$299 999	2	1
\$350 000–\$359 999	1	—
\$380 000–\$389 999	—	1
\$390 000–\$399 999	1	—
<b>Total number of employees</b>	<b>188</b>	<b>137</b>

The table includes all employees who received remuneration of \$100 000 or more during the year, of which 62 (61) are executive and 126 (76) non executive staff. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$25 520 000 (\$19 329 000).



<b>6 Supplies and services</b>	<b>2010</b>	2009
	<b>\$'000</b>	\$'000
Accommodation and telecommunication	<b>13 915</b>	12 704
Information technology expenses	<b>23 460</b>	20 856
Cost of goods	—	3 249
Motor vehicle expenses	<b>6</b>	30 821
Minor works, maintenance and equipment	<b>702</b>	1 767
Legal costs	<b>835</b>	617
Consultants	<b>1 562</b>	1 312
Contractors and temporary staff	<b>17 092</b>	13 752
Valuation fees	<b>4 511</b>	4 406
General administration and consumables	<b>6 594</b>	4 813
Other	<b>5 137</b>	9 334
<b>Total supplies and services</b>	<b>73 814</b>	103 631

**Supplies and services provided by entities within the SA Government**

Accommodation and telecommunication	<b>13 723</b>	12 309
Information technology expenses	<b>5 291</b>	5 569
Cost of goods	—	3 238
Motor vehicle expenses	—	2 822
Minor works, maintenance and equipment	<b>396</b>	66
Legal costs	<b>781</b>	563
Valuation fees	<b>4 511</b>	4 406
General administration and consumables	<b>1 853</b>	97
Other	<b>2 763</b>	6 447
<b>Total supplies and services by entities within the SA Government</b>	<b>29 318</b>	35 517

The total supplies and services amount disclosed includes GST amounts not-recoverable from the Australian Taxation Office due to the department not holding a valid tax invoice for payment.

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

	<b>2010</b>	2009	<b>2010</b>	2009
	<b>Number</b>	Number	<b>\$'000</b>	\$'000
Below \$10 000	<b>15</b>	13	<b>67</b>	46
Between \$10 000 and \$50 000	<b>11</b>	16	<b>278</b>	430
Above \$50 000	<b>10</b>	8	<b>1 217</b>	836
<b>Total paid/payable to the consultants engaged</b>	<b>36</b>	37	<b>1 562</b>	1 312

<b>7</b>	<b>Depreciation and amortisation expense</b>	<b>2010</b>	<b>2009</b>
		<b>\$'000</b>	<b>\$'000</b>
	<b>Depreciation</b>		
	Plant and equipment	3	10
	Motor vehicles	—	45 354
	Furniture	39	20
	Information technology equipment	685	551
	Office equipment	283	225
	<b>Total depreciation</b>	<b>1 010</b>	<b>46 160</b>
	<b>Amortisation</b>		
	Intangible assets	2 210	2 133
	Building fit outs	1 081	1 085
	Leased plant and equipment	—	263
	<b>Total amortisation</b>	<b>3 291</b>	<b>3 481</b>
	<b>Total depreciation and amortisation expense</b>	<b>4 301</b>	<b>49 641</b>
<b>8</b>	<b>Borrowing costs</b>	<b>2010</b>	<b>2009</b>
		<b>\$'000</b>	<b>\$'000</b>
	<b>Borrowing costs paid/payable to entities within the SA Government</b>		
	Interest paid/payable on short term and long term borrowings	—	15 287
	<b>Total borrowing costs — SA Government entities</b>	<b>—</b>	<b>15 287</b>
	<b>Total borrowing costs</b>	<b>—</b>	<b>15 287</b>
<b>9</b>	<b>Other expenses</b>	<b>2010</b>	<b>2009</b>
		<b>\$'000</b>	<b>\$'000</b>
	De-recognition of assets	—	160
	Bad and doubtful debts expenses	172	173
	Impairment loss	—	3 904
	<b>Total other expenses</b>	<b>172</b>	<b>4 237</b>
	<b>Total other expenses</b>	<b>172</b>	<b>4 237</b>
<b>10</b>	<b>Auditor's remuneration</b>	<b>2010</b>	<b>2009</b>
		<b>\$'000</b>	<b>\$'000</b>
	Audit fees paid/payable to the Auditor-General's Department	498	537
	<b>Total audit fees</b>	<b>498</b>	<b>537</b>

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

11 Revenue from fees and charges	2010 \$'000	2009 \$'000
Agencies for the provision of corporate services	2 585	2 247
South Australian Government Financing Authority	14 011	8 058
South Australian Superannuation Board	14 070	13 099
Community Emergency Services Fund	5 495	5 348
Land tax certificates	329	737
Regulatory fees	68	137
Shared Services	62 989	33 794
Service provision	27 850	27 573
Fleet management	412	102 513
Sale of goods	6	335
Other recoveries	760	1 660
<b>Total fees and charges</b>	<b>128 575</b>	<b>195 501</b>
<b>Fees and charges received/receivable from entities within the SA Government:</b>		
Agencies for the provision of corporate services	2 585	2 247
South Australian Government Financing Authority	14 011	8 058
Community Emergency Services Fund	5 495	5 348
Land tax certificates	—	459
Shared Services SA	62 989	33 794
Service provision	24 209	25 583
Fleet management	—	100 659
Sale of goods	—	77
Other recoveries	401	1 042
<b>Total fees and charges from entities within the SA Government:</b>	<b>109 690</b>	<b>177 267</b>
12 Interest revenues	2010 \$'000	2009 \$'000
Interest from entities within the SA Government	854	173
<b>Total interest revenues</b>	<b>854</b>	<b>173</b>
13 Net loss from disposal of non-current assets	2010 \$'000	2009 \$'000
Property, Plant and Equipment	—	—
Proceeds from disposal	—	47 162
Net book value of assets disposed	—	(48 177)
<b>Total net loss from disposal of non-current assets</b>	<b>—</b>	<b>(1 015)</b>
14 Other income	2010 \$'000	2009 \$'000
Commissions	164	157
Banking recoveries	140	84
Other reimbursements	2	116
Other income	328	168
De-recognition of liabilities	82	378
<b>Total other income</b>	<b>716</b>	<b>903</b>
<b>Other income received/receivable from entities within the SA Government:</b>		
Other reimbursements	2	116
<b>Total other income from entities within the SA Government</b>	<b>2</b>	<b>116</b>

<b>15 Revenues from/payments to SA Government</b>	<b>2010</b>	2009
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenues from SA Government</b>		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	95 703	91 960
Appropriations under other acts (pursuant to Treasurers contingency Section 15 <i>Public Finance and Audit Act 1987</i> )	<b>14 600</b>	2 224
<b>Total revenues from SA Government</b>	<b>110 303</b>	<b>94 184</b>
<b>Payments to SA Government</b>		
Return of surplus cash pursuant to Cash Alignment Policy	—	455
<b>Total payments to SA Government</b>	<b>—</b>	<b>455</b>
<b>Income tax equivalent</b>		
Income tax equivalent payment — Fleet SA	—	346
<b>Total income tax equivalent</b>	<b>—</b>	<b>346</b>

The Appropriation from Consolidated Account of \$95 703 000 is predominantly in support of operating activities and the following components can be attributable to capital: RISTEC \$6 386 000, e-procurement \$5 118 000 and minor capital replacement \$2 111 000 — annual program.

The Contingency Appropriation of \$14 600 000 included \$10 886 000 for the e-procurement project (Shared Services SA), TVSP reimbursements for the department of \$2 138 000 and enterprise bargaining supplementation for the department and Shared Services SA of \$1 456 000.

<b>16 Cash and cash equivalents</b>	<b>2010</b>	2009
	<b>\$'000</b>	<b>\$'000</b>
Deposits with the Treasurer	66 021	62 969
Cash on hand	7	7
<b>Total cash and cash equivalents</b>	<b>66 028</b>	<b>62 976</b>

**Deposits with the Treasurer**

Includes funds held in the Accrual Appropriation Excess Funds Account. The balance of this fund is not available for general use.

**Interest rate risk**

From 1 April 2008, the Shared Services SA component of deposits with the Treasurer earn a floating interest rate based on daily bank deposit rates. The Shared Services SA balance at 30 June 2010 was **\$29 348 000** (\$15 063 000). Other deposits with the Treasurer were non-interest bearing. Cash on hand is non-interest bearing. The carrying amount of cash approximates net fair value.

<b>17 Receivables</b>	<b>2010</b>	2009
	<b>\$'000</b>	\$'000
<b>Current</b>		
Receivables	8 069	20 589
Allowance for doubtful debts	( 167)	( 222)
Accrued revenues	7 830	7 917
Prepayments	2 616	1 688
<b>Total current receivables</b>	<b>18 348</b>	<b>29 972</b>
<b>Non-current</b>		
Receivables	24	19
Prepayments	816	2
<b>Total non-current receivables</b>	<b>840</b>	<b>21</b>
<b>Total receivables</b>	<b>19 188</b>	<b>29 993</b>
	<b>2010</b>	2009
	<b>\$'000</b>	\$'000
<b>Receivables from SA Government entities</b>		
Receivables	7 157	18 912
Accrued revenues	7 731	7 775
Prepayments	21	11
<b>Total receivables from SA Government entities</b>	<b>14 909</b>	<b>26 698</b>

#### Movement in the allowance for doubtful debts

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

The following table shows the movements in the allowance for doubtful debts (impairment loss):

	<b>2010</b>	2009
	<b>\$'000</b>	\$'000
Carrying amount at the beginning of the period	222	49
Increase in provision	167	173
Doubtful debts written off	( 173)	—
Write off due to restructure	( 49)	—
<b>Carrying amount at the end of the period</b>	<b>167</b>	<b>222</b>

#### Interest rate and credit risk

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

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

**Maturity analysis of receivables** — refer to Table 31.3 in Note 31.

**Categorisation of financial instruments and risk exposure information** — refer to Note 31.

<b>18 Non-current assets classified as held for sale</b>	<b>2010</b>	2009
	<b>\$'000</b>	\$'000
Motor Vehicles	—	6 911
<b>Total non-current assets classified as held for sale</b>	<b>—</b>	<b>6 911</b>

Non-current assets classified as held for sale comprise Fleet SA motor vehicles which are available for sale.

19 Property, plant and equipment	2010 \$'000	2009 \$'000
<b>Current:</b>		
Motor Vehicles		
At cost	—	99 831
Accumulated depreciation	—	(36 281)
Impairment loss	—	(3 795)
<b>Total current property, plant and equipment</b>	<u>—</u>	<u>59 755</u>
<b>Non-current:</b>		
Building fit-outs		
At cost	8 941	9 001
Accumulated amortisation	(6 201)	(5 219)
<b>Total building fit-outs</b>	<u>2 740</u>	<u>3 782</u>
Assets under finance lease		
At valuation	2 446	2 446
Accumulated amortisation	(2 446)	(2 446)
<b>Total assets under finance lease</b>	<u>—</u>	<u>—</u>
Plant and equipment		
At cost	13	151
Accumulated depreciation	( 11)	( 105)
<b>Total plant and equipment</b>	<u>2</u>	<u>46</u>
Motor vehicles		
At cost	—	151 727
Accumulated depreciation	—	(9 385)
Impairment loss	—	(2 806)
<b>Total motor vehicles</b>	<u>—</u>	<u>139 536</u>
Furniture		
At cost (deemed fair value)	292	276
Accumulated depreciation	( 170)	( 130)
<b>Total furniture</b>	<u>122</u>	<u>146</u>
Information technology equipment		
At cost (deemed fair value)	5 446	3 956
Accumulated depreciation	(2 569)	(1 884)
<b>Total information technology equipment</b>	<u>2 877</u>	<u>2 072</u>
Office equipment		
At cost (deemed fair value)	1 347	1 127
Accumulated depreciation	( 937)	( 654)
<b>Total office equipment</b>	<u>410</u>	<u>473</u>
<b>Total non-current property, plant and equipment</b>	<u>6 151</u>	<u>146 055</u>
<b>Total property, plant and equipment</b>	<u>6 151</u>	<u>205 810</u>

#### Impairment

There were no indicators of impairment for the property, plant and equipment as at 30 June 2010.

#### Resources received free of charge

There were no resources received free of charge.

continued

## 19 Property, plant and equipment (continued)

### Reconciliation of property, plant and equipment

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

	Building fit-outs \$'000	Assets under finance lease \$'000	Plant and equipment \$'000	Motor vehicles \$'000
Carrying amount at the beginning of the period	3 782	—	46	199 291
Additions	39	—	—	—
Assets identified via stock take	—	—	—	—
Disposals through administrative restructure	—	—	(41)	(199 291)
Depreciation expense	(1 081)	—	(3)	—
<b>Carrying amount at the end of the period</b>	<b>2 740</b>	<b>—</b>	<b>2</b>	<b>—</b>

	Furniture \$'000	Information technology equipment \$'000	Office equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	146	2 072	473	205 810
Additions	15	1 471	220	1 745
Assets identified via stock take	—	19	—	19
Disposals through administrative restructure	—	—	—	(199 332)
Depreciation expense	(39)	(685)	(283)	(2 091)
<b>Carrying amount at the end of the period</b>	<b>122</b>	<b>2 877</b>	<b>410</b>	<b>6 151</b>

## 20 Intangible assets

	2010 \$'000	2009 \$'000
Internally developed computer software	22 246	16 397
Accumulated amortisation	(10 729)	(10 228)
Other computer software	11 945	7 417
Accumulated amortisation	(6 395)	(4 687)
<b>Total intangible assets</b>	<b>17 067</b>	<b>8 899</b>

### Reconciliation of intangible assets

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

	2010 \$'000
Carrying amount at the beginning of the financial year	8 899
Additions	10 344
Assets identified via stock take	34
Amortisation expense	(2 210)
<b>Carrying amount at the end of the financial year</b>	<b>17 067</b>

Additions mainly relate to the purchase of the Basware procure to pay software, and further developments of the department's RevenueSA databases.

### Impairment

There were no indications of impairment for intangible assets as at 30 June 2010.

21 Payables	2010	2009
	\$'000	\$'000
<b>Current</b>		
Creditors and accrued expenses	7 215	8 680
Employment on-costs	2 681	2 591
GST Payable	908	102
<b>Total current payables</b>	<u>10 804</u>	<u>11 373</u>
<b>Non-current</b>		
Employment on-costs	2 386	2 244
<b>Total non-current payables</b>	<u>2 386</u>	<u>2 244</u>
<b>Total payables</b>	<u><u>13 190</u></u>	<u><u>13 617</u></u>
<b>Payables to SA Government entities</b>		
Creditors and accrued expenses	3 081	5 615
Employment on-costs	1 980	1 898
<b>Total payables to SA Government entities</b>	<u>5 061</u>	<u>7 513</u>

#### Interest rate and credit risk

Creditors are raised for all amounts billed but unpaid. Creditors are normally settled within 30 days of the invoice date provided the goods and services have been received. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand. In addition, there is no concentration of credit risk.

**Maturity analysis of payables** — refer to table 31.3 in Note 31.

**Categorisation of financial instruments and risk exposure information** — refer to Note 31.

22 Borrowings	2010	2009
	\$'000	\$'000
<b>Current</b>		
Borrowings from SAFA <sup>(1)</sup>	—	73 054
<b>Total current borrowings</b>	<u>—</u>	<u>73 054</u>
<b>Non-Current</b>		
Borrowings from SAFA <sup>(1)</sup>	—	158 962
<b>Total non-current borrowings</b>	<u>—</u>	<u>158 962</u>
<b>Total borrowings</b>	<u><u>—</u></u>	<u><u>232 016</u></u>

<sup>(1)</sup> These are unsecured loans which bear interest. The terms of the loan are agreed by the department at the time the loan was provided.

Borrowings are recognised at cost in accordance with Accounting Policy Framework IV *Financial Assets and Liability Framework* paragraph APS 2.1 and have a maturity date. The interest rate was 6.39% in 2009. The interest rates reported are average interest rates for loans outstanding as at 30 June 2009.

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

**Maturity analysis of borrowings** — refer to table 31.3 in Note 31.

**Categorisation of financial instruments and risk exposure information** — refer to Note 31.

**Defaults and breaches** — there were no defaults or breaches on any of the above liabilities throughout the year.



23 Employee benefits	2010 \$'000	2009 \$'000
<b>Current</b>		
Accrued salaries and wages	2 898	2 437
Annual leave	8 505	8 144
Long service leave	2 097	1 605
<b>Total current employee benefits</b>	<b>13 500</b>	<b>12 186</b>
<b>Non-current</b>		
Long service leave	24 079	22 654
<b>Total non-current employee benefits</b>	<b>24 079</b>	<b>22 654</b>
<b>Total employee benefits</b>	<b>37 579</b>	<b>34 840</b>

The total current and non-current employee benefit plus related on costs for 2010 is **\$16 181 000** (\$14 777 000) and **\$26 465 000** (\$24 898 000) respectively.

The actuarial assessment performed by the department for the salary inflation rate has remained at 4% in 2010.

The actuarial assessment reduced the benchmark for the measurement of the long service leave liability from the 2009 benchmark of 6.5 years to 5.5 years. The net financial effect of the change in the benchmark in the current financial year is an increase in liabilities of **\$613 000**.

24 Provisions	2010 \$'000	2009 \$'000
<b>Current</b>		
Provision for workers compensation	208	155
Procurement of testing services for underground fuel tanks and site remediation	—	1 004
<b>Total current provisions</b>	<b>208</b>	<b>1 159</b>
<b>Non-current</b>		
Provision for workers compensation	685	452
<b>Total non-current provisions</b>	<b>685</b>	<b>452</b>
<b>Total provisions</b>	<b>893</b>	<b>1 611</b>
<b>Reconciliation of provisions</b>		
	<b>2010 \$'000</b>	<b>2009 \$'000</b>
Carrying amount at the beginning of the period	1 611	1 026
Payments/other sacrifices of future economic benefits	( 755)	( 301)
Additional provisions recognised	578	886
Restructure Transfer	( 541)	—
<b>Carrying amount at the end of the period</b>	<b>893</b>	<b>1 611</b>

A liability has been recognised to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Department of the Premier and Cabinet. These claims are expected to be settled within the next financial year.

<b>25 Other liabilities</b>	<b>2010</b>	2009
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Unearned revenue	—	100
Lease incentives	670	670
<b>Total current other liabilities</b>	<b>670</b>	<b>770</b>
<b>Non-current</b>		
Lease incentives	1 004	1 674
<b>Total non-current other liabilities</b>	<b>1 004</b>	<b>1 674</b>
<b>Total other liabilities</b>	<b>1 674</b>	<b>2 444</b>

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

<b>26 Equity</b>	<b>2010</b>	2009
	<b>\$'000</b>	<b>\$'000</b>
Capital contribution	547	547
Asset revaluation surplus	108	108
Retained earnings	54 443	26 455
<b>Total equity</b>	<b>55 098</b>	<b>27 110</b>

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

## 27 Unrecognised contractual commitments

### (a) Remuneration commitments

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

	2010 \$'000	2009 \$'000
Not later than one year	11 790	12 139
Later than one year but not later than five years	20 805	25 116
Later than five years	—	—
<b>Total remuneration commitments</b>	<b>32 595</b>	<b>37 255</b>

Amounts disclosed include commitments arising from executive and other employment contracts. These amounts include an indexation of 4% for salary inflation expectations.

### (b) Operating lease commitments

#### The department as lessee

At the reporting date, the department has operating leases for office accommodation and motor vehicles.

Office accommodation is leased from the Department of Transport, Energy and Infrastructure. The leases are non-cancellable with terms ranging up to 6 years with some leases having right of renewal. Rental is payable in arrears.

Motor Vehicles are leased from Fleet SA. These leases are non-cancellable with terms of 3-5 years.

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

	2010 \$'000	2009 \$'000
Not later than one year	9 831	10 281
Later than one year but not later than five years	24 120	16 082
Later than five years	1 312	2 141
<b>Total non-cancellable operating lease commitments</b>	<b>35 263</b>	<b>28 504</b>

#### The department as lessor

Leases receivable contracted for at the reporting date but not recognised as assets:

	2010 \$'000	2009 \$'000
Motor vehicle hire:		
Not later than one year	—	61 469
Later than one year but not later than five years	—	49 120
<b>Total non-cancellable operating lease receivables</b>	<b>—</b>	<b>110 589</b>

### (c) Other commitments

The department's other commitments are primarily agreements for software licence and software development. The department also has commitments to provide advisory and planning services to Super SA members.

	2010 \$'000	2009 \$'000
Not later than one year	9 298	6 309
Later than one year and not later than five years	11 010	14 575
<b>Total other commitments</b>	<b>20 308</b>	<b>20 884</b>

## 28 Contingent assets and liabilities

The department is not aware of any contingent assets or liabilities in relation to the department's operations. In addition, the department has made no guarantees.

## 29 Remuneration of board and committee members

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

### SAFA Advisory Board

Mr J Wright (Presiding Member)\*  
Mr B Brownjohn  
Mr L Foster  
Ms A Howe\*  
Mr C Long  
Ms Y Sneddon  
Ms Juliet Brown

### SAFA Audit Committee

Ms Y Sneddon  
Mr L Foster  
Mr P Mendo\*

### Super SA Board

Hedley Bachmann  
Kevin Cantley\*  
Bill Griggs\* (Appointed on 02/10/2009)  
Virginia Deegan  
Jan McMahon  
Ros Sumner (Resigned on 01/10/2009)  
Leah York\*\*

	2010 Number	2009 Number
The number of members whose remuneration received or receivable falls within the following bands:		
\$0	5	4
\$1–\$9 999	2	1
\$20 000–\$29 999	2	2
\$30 000–\$39 999	5	5
\$40 000–\$49 999	1	2
<b>Total Number of Members</b>	<b>15</b>	<b>14</b>

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was **\$287 000** (\$312 000).

Amounts paid to a superannuation plan for board/committee members was **\$24 000** (\$24 000).

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

\* In accordance with the Department of Premier and Cabinet Circular Number 016, government employees did not receive any remuneration for board/committee duties during the financial year.

\*\* Deputy Member serving as a member of the Member Services Committee and paid an annual attendance fee.

<b>30 Cash flow reconciliation</b>	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Reconciliation of cash and cash equivalents at the end of the reporting period</b>		
Statement of Cash Flows	<b>66 028</b>	62 976
Statement of Financial Position	<b>66 028</b>	<b>62 976</b>
<b>(b) Reconciliation of net cash provided by operating activities to net cost of providing services</b>		
<b>Net cash provided by operating activities</b>	<b>37 633</b>	53 262
Less revenues from SA Government	<b>(110 303)</b>	(94 184)
Add payments to SA Government	—	455
Add income tax equivalent	—	346
Add cash on restructure	—	6 855
<b>Add non-cash items</b>		
Depreciation and amortisation expense	<b>(4 301)</b>	(49 641)
De-recognition of assets	—	( 160)
Bad and doubtful debts expenses	<b>( 172)</b>	( 173)
De-recognition of liabilities	<b>82</b>	378
Non-current assets accrual in payables	<b>( 522)</b>	1 397
Net assets on restructure impacting operating cashflows	<b>10 671</b>	( 312)
Loss on disposal of non-current assets	—	(1 015)
Impairment loss of non-current assets	—	(3 904)
<b>Changes in assets/liabilities</b>		
Increase (decrease) in receivables	<b>(10 805)</b>	11 056
(Increase) decrease in payables	<b>427</b>	( 72)
(Increase) decrease in employee benefits	<b>(2 739)</b>	(9 564)
(Increase) decrease in provisions	<b>718</b>	( 585)
(Increase) decrease in other liabilities	<b>770</b>	812
<b>Net cost of providing services</b>	<b>(78 541)</b>	<b>(85 049)</b>

## 31 Financial instruments/financial risk management

**Table 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 'Summary of significant accounting policies'.

### 2010

Category of financial asset and financial liability	Statement of financial position line item	Note	Carrying amount 2010 \$'000	Fair value 2010 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	Cash and cash equivalents	16, 30	66 028	66 028
Loans and receivables	Receivables	17	19 188	19 188
	<b>Total financial assets</b>		<b>85 216</b>	<b>85 216</b>
<b>Financial liabilities</b>				
Financial liabilities at cost	Payables <sup>(1)</sup>	21	12 282	12 282
	Borrowings	22	—	—
	Other financial liabilities	25	1 674	1 674
	<b>Total financial liabilities</b>		<b>13 956</b>	<b>13 956</b>

### 2009

Category of financial asset and financial liability	Statement of financial position line item	Note	Carrying amount 2009 \$'000	Fair value 2009 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	Cash and cash equivalents	16, 30	62 976	62 976
Loans and receivables	Receivables	17	29 993	29 993
	<b>Total financial assets</b>		<b>92 969</b>	<b>92 969</b>
<b>Financial liabilities</b>				
Financial liabilities at cost	Payables <sup>(1)</sup>	21	13 515	13 515
	Borrowings	22	232 016	232 016
	Other financial liabilities	25	2 444	2 444
	<b>Total financial liabilities</b>		<b>247 975</b>	<b>247 975</b>

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

### Credit risk

Credit risk arises when there is the possibility of the department's debtors defaulting on their contractual obligations resulting in financial loss to the department. The department measures credit risk on a fair value basis and monitors risk on a regular basis. The department has minimal concentration of credit risk. The department does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets is calculated on past experience and current and expected changes in client credit rating. Currently the department does not hold any collateral as security to any of its financial assets. Other than receivables, there is no evidence to indicate that the financial assets are impaired. Refer to Note 17 for information on the allowance for impairment in relation to receivables.

continued

### 31 Financial instruments/financial risk management (continued)

The following table discloses the ageing of financial assets, past due, including impaired assets past due.

**Table 31.2 Ageing analysis of financial assets**

	Past due by			Total \$'000
	Overdue for < 30 days \$'000	Overdue for 30–60 days \$'000	Overdue for > 60 days \$'000	
<b>2010</b>				
<b>Not impaired</b> Receivables <sup>(1)</sup>	15 108	1 642	2 271	19 021
<b>Impaired</b> Receivables <sup>(1)</sup>	—	—	167	167
<b>2009</b>				
<b>Not impaired</b> Receivables <sup>(1)</sup>	26 094	2 816	861	29 771
<b>Impaired</b> Receivables <sup>(1)</sup>	—	—	222	222

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

continued

### 31 Financial instruments/financial risk management (continued)

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

**Table 31.3: Maturity analysis of financial assets and liabilities**

	Carrying amount \$'000	Contractual Maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
<b>2010</b>				
<b>Financial assets</b>				
Cash and cash equivalents	66 028	66 028	—	—
Receivables	19 188	18 372	816	—
<b>Total financial assets</b>	<b>85 216</b>	<b>84 400</b>	<b>816</b>	<b>—</b>
<b>Financial liabilities</b>				
Payables	12 282	9 398	830	2 054
Borrowings	—	—	—	—
Other financial liabilities	1 674	670	1 004	—
<b>Total financial liabilities</b>	<b>13 956</b>	<b>10 068</b>	<b>1 834</b>	<b>2 054</b>

	Carrying amount \$'000	Contractual Maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
<b>2009</b>				
<b>Financial assets</b>				
Cash and cash equivalents	62 976	62 976	—	—
Receivables	29 993	29 993	—	—
<b>Total financial assets</b>	<b>92 969</b>	<b>92 969</b>	<b>—</b>	<b>—</b>
<b>Financial liabilities</b>				
Payables	13 515	10 734	452	2 329
Borrowings	232 016	73 054	158 962	—
Other financial liabilities	2 444	770	1 674	—
<b>Total financial liabilities</b>	<b>247 975</b>	<b>84 558</b>	<b>161 088</b>	<b>2 329</b>

#### Liquidity risk

Liquidity risk arises where the department is unable to meet its financial obligations as they fall due. The continued existence of the department is dependent on SA Government policy and on continuing appropriations by Parliament for the department's administration and programs. The department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

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

The carrying amount of financial liabilities recorded in Table 31.3 represent the department's maximum exposure to financial liabilities.

#### Market risk

Market risk for the department is primarily through interest rate risk. Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. The department's interest bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

#### Sensitivity disclosure analysis

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



## 32 Net revenue from administrative restructure — 2009-10

### Transferred out

On 01 July 2009, Fleet SA from the Department of Treasury and Finance was transferred to the South Australian Government Financing Authority.

On transfer of the Fleet SA to the South Australian Government Financing Authority, the department recognised movement of the following assets and liabilities.

	2010 \$'000
<b>Current assets</b>	
Cash	23 289
Receivables	12 174
Property, plant and equipment	59 755
	<u>95 218</u>
Assets classified as held for sale	6 911
<b>Total current assets</b>	<u>102 129</u>
<b>Non-current assets</b>	
Property, plant and equipment	139 577
<b>Total non-current assets</b>	<u>139 577</u>
<b>TOTAL assets</b>	<u>241 706</u>
<b>Current liabilities</b>	
Payables	2 349
Borrowings	73 054
Other current liabilities	616
	<u>76 019</u>
Liabilities directly associated with non-current assets held for sale	2 951
<b>Total current liabilities</b>	<u>78 970</u>
<b>Non-current liabilities</b>	
Borrowings	158 962
<b>Total non-current liabilities</b>	<u>158 962</u>
<b>TOTAL LIABILITIES</b>	<u>237 932</u>
<b>NET ASSETS TRANSFERRED</b>	<u>3 774</u>

### Transferred in

Shared Services SA completed the transition of Tranche 2 services in October 2009 comprising general accounting, external financial reporting, asset accounting and taxation services for 8 agencies with 43.6 FTEs transitioned into Shared Services SA.

#### *Name of the agency*

Attorney-General's Department — AGD

Department of Correctional Services — DCS

Department of Further Education, Employment and Science — DFEEST

Department of Transport, Energy and Infrastructure — DTEI

Department of Water, Land and Biodiversity Conservation — DWLBC

South Australian Fire and Emergency Services Commission — SAFECOM

South Australia Police — SAPOL

continued

### 32 Net revenue from administrative restructure — 2009–10 (continued)

The following table shows income and expenses associated with the functions transferred as part of Tranche 2 Group 2 for 2009-2010. The income and expense in the transferor agencies column were supplied by the respective transferor entities and as such have been relied upon by the department.

	AGD \$'000	DCS \$'000	DFEEST \$'000	DTEI \$'000	DWLBC \$'000	SAFECOM \$'000
Appropriation	—	—	280	—	61	62
Revenue from services	—	—	—	—	—	—
Other income	—	—	—	—	—	—
<b>Total income</b>	—	—	280	—	61	62
Employee benefit expenses	68	96	277	188	57	121
Supplies and services	4	1	3	75	4	8
Depreciation and amortisation	—	—	—	—	—	—
<b>Total expenses</b>	72	97	280	263	61	129
<b>Net result</b>	( 72)	( 97)	—	( 263)	—	( 67)

	SAPOL \$'000	SHARED SERVICES SA \$'000	TOTAL \$'000
Appropriation	12	—	415
Revenue from services	—	3 450	3 450
Other income	—	411	411
<b>Total income</b>	12	3 861	4 276
Employee benefit expenses	170	2 244	3 221
Supplies and services	11	320	426
Depreciation and amortisation	—	4	4
<b>Total expenses</b>	181	2 568	3 651
<b>Net result</b>	( 169)	1 293	625

The following assets and liabilities were transferred to Shared Services SA as part of Tranche 2 Group 2.

	AGD \$'000	DCS \$'000	DFEEST \$'000	DTEI \$'000	DWLBC \$'000	SAFECOM \$'000
Cash	52	34	332	146	43	102
Receivables	—	—	—	—	—	—
<b>Total assets</b>	52	34	332	146	43	102
Payables	5	4	33	15	4	10
Employee benefits	47	30	299	131	39	92
<b>Total liabilities</b>	52	34	332	146	43	102
<b>Total net assets transferred</b>	—	—	—	—	—	—

	SAPOL \$'000	TOTAL \$'000
Cash	52	761
Receivables	—	—
<b>Total assets</b>	52	761
Payables	5	76
Employee benefits	47	685
<b>Total liabilities</b>	52	761
<b>Total net assets transferred</b>	—	—

continued

## 32 Net revenue from administrative restructure — 2008–09 (continued)

### Transferred out

On 1 July 2008, SA Health assumed the responsibility of Supply SA Camden Park site. This resulted in the transfer of 21 FTEs, employee liabilities, lease for the premises and associated assets of the Camden Park warehouse.

On transfer of the Supply SA facilities to SA Health, the department recognised movement of the following assets and liabilities:

	2009 \$'000
Property, plant and equipment	385
<b>Total assets</b>	<b>385</b>
Payables	30
Employee benefits	229
<b>Total liabilities</b>	<b>259</b>
<b>Net assets</b>	<b>126</b>

### Transferred in

In September 2006 the SA Government announced a shared services initiative to streamline and simplify internal corporate and business support services to deliver savings. In late 2007 State Cabinet approved the shared services model developed by the Shared Services Reform Office for the creation of Shared Services SA in the department of Treasury and Finance.

The business services of SA Government agencies are transferring to Shared Services SA in a series of transition programs known as tranches. In most cases, these services transition in their current state with the current employees.

As part of Tranche 1, the accounts payable, accounts receivable and payroll services from the following agencies were transitioned to Shared Services SA over the period from 14 July 2008 to 16 February 2009. This resulted in the transfer of 586.1 FTEs.

#### *Name of the agency*

South Australian Certificate Education of Australian Board — SACE Board  
 Attorney—General's Department — AGD  
 Department of Correctional Services — DCS  
 Department for Environment and Heritage — DEH  
 Department of the Premier and Cabinet — DPC  
 Department of Primary Industries and Resources — PIRSA  
 Department for Transport, Energy and Infrastructure — DTEI  
 Department for Families and Communities — DFC  
 South Australian Tourism Commission — SATC  
 Auditor General's Department — Aud Gen  
 South Australia Police — SAPOL  
 South Australian Fire and Emergency Services Commission — SAFECOM  
 Department of Further Education, Employment and Science — DFEEST  
 Department of Education and Children's Services — DECS  
 Southern Adelaide Health Services — SAHS  
 Country Health SA — CHSA  
 Children, Youth and Women's Health Services — CYWHS  
 Central Northern Adelaide Health Services — CNAHS  
 South Australian Ambulance Services — SAAS

From 9 June 2009, financial services and purchase card administration from the following agencies were transitioned to Shared Services SA as part of Tranche 2. This resulted in the transfer of 56.7 FTEs.

#### *Name of the agency*

Department for Environment and Heritage — DEH  
 Department of the Premier and Cabinet — DPC  
 Department of Primary Industries and Resources — PIRSA  
 Department for Families and Communities — DFC  
 Department of Education and Children's Services — DECS  
 South Australian Housing Trust — SAHT

The following table shows income and expenses associated with the functions transferred as part of Tranche 1 and 2 for 2008-2009. The income and expense in the transferor agencies column were supplied by the respective transferor entities and as such have been relied upon by the department.

continued

32 Net revenue from administrative restructure — 2008–09 (continued)

	SACE BOARD \$'000	AGD \$'000	DCS \$'000	DEH \$'000	DPC \$'000	PIRSA \$'000
Appropriation	—	—	—	—	854	487
Interest	—	—	—	—	—	—
Revenue from services	—	—	—	126	46	115
Other income	—	9	—	—	1	—
<b>Total income</b>	—	9	—	126	901	602
Employee benefit expenses	33	72	116	1 547	898	563
Supplies and services	6	30	30	415	135	39
Depreciation and amortisation	—	—	—	—	—	—
Other expenses	—	—	—	213	—	—
<b>Total expenses</b>	39	102	146	2 175	1 033	602
<b>Net result</b>	( 39)	( 93)	( 146)	( 2 049)	( 132)	—

	DTEI \$'000	DFC \$'000	SATC \$'000	AUD GEN \$'000	SAPOL \$'000	SAFECOM \$'000
Appropriation	—	—	—	—	214	177
Interest	—	—	—	—	—	—
Revenue from services	—	937	—	—	—	—
Other income	—	28	—	—	—	—
<b>Total income</b>	—	965	—	—	214	177
Employee benefit expenses	69	1 557	21	15	207	88
Supplies and services	84	1 127	—	4	7	20
Depreciation and amortisation	—	15	—	—	—	—
Other expenses	45	5	—	—	—	—
<b>Total expenses</b>	198	2 704	21	19	214	108
<b>Net result</b>	( 198)	( 1 739)	( 21)	( 19)	—	69

	DFEEST \$'000	DECS \$'000	SAHT \$'000	SAHS \$'000	CHSA \$'000	CYWHS \$'000
Appropriation	578	—	—	1 520	1 977	797
Interest	—	—	—	—	—	—
Revenue from services	—	—	—	—	—	—
Other income	—	—	101	—	—	—
<b>Total income</b>	578	—	101	1 520	1 977	797
Employee benefit expenses	358	1 419	95	1 217	1 754	614
Supplies and services	220	54	6	303	223	183
Depreciation and amortisation	—	—	—	—	—	—
Other expenses	—	—	—	—	—	—
<b>Total expenses</b>	578	1 473	101	1 520	1 977	797
<b>Net result</b>	—	( 1 473)	—	—	—	—

	CNAHS \$'000	SAAS \$'000	SHARED SERVICES SA \$'000	TOTAL \$'000
Appropriation	3 287	418	—	10 309
Interest	—	—	166	166
Revenue from services	—	—	35 073	36 297
Other income	—	—	23	162
<b>Total income</b>	3 287	418	35 262	46 934
Employee benefit expenses	2 859	363	22 937	36 802
Supplies and services	428	55	11 197	14 566
Depreciation and amortisation	—	—	—	15
Other expenses	—	—	59	322
<b>Total expenses</b>	3 287	418	34 193	51 705
<b>Net result</b>	—	—	1 069	( 4 771)

continued

### 32 Net revenue from administrative restructure — 2008–09 (continued)

The following assets and liabilities were transferred to Shared Services SA as part of Tranche 1 and 2.

	SACE BOARD \$'000	AGD \$'000	DCS \$'000	DEH \$'000	DPC \$'000	PIRSA \$'000
Cash	16	118	129	401	361	519
<b>Total assets</b>	16	118	129	401	361	519
Payables	2	12	13	38	36	50
Employee benefits	14	106	116	363	325	469
<b>Total liabilities</b>	16	118	129	401	361	519
<b>Total net assets transferred</b>	—	—	—	—	—	—

	DTEI \$'000	DFC \$'000	SATC \$'000	AUD GEN \$'000	SAPOL \$'000	SAFECOM \$'000
Cash	124	1 547	31	14	172	89
<b>Total assets</b>	124	1 547	31	14	172	89
Payables	12	150	3	1	17	8
Employee benefits	112	1 397	28	13	155	81
<b>Total liabilities</b>	124	1 547	31	14	172	89
<b>Total net assets transferred</b>	—	—	—	—	—	—

	DFEEST \$'000	DECS \$'000	SAHT \$'000	SAHS \$'000	CHSA \$'000	CYWHS \$'000
Cash	462	1 308	84	501	227	341
<b>Total assets</b>	462	1 308	84	501	227	341
Payables	47	128	7	27	13	20
Employee benefits	415	1 180	77	474	214	321
<b>Total liabilities</b>	462	1 308	84	501	227	341
<b>Total net assets transferred</b>	—	—	—	—	—	—

	CNAHS \$'000	SAAS \$'000	TOTAL \$'000
Cash	1 512	122	8 078
<b>Total assets</b>	1 512	122	8 078
Payables	95	10	689
Employee benefits	1 417	112	7 389
<b>Total liabilities</b>	1 512	122	8 078
<b>Total net assets transferred</b>	—	—	—

Transfers of assets and liabilities to Shared Services SA were to be fully funded by cash. Cash of \$1 223 000 was not transferred from agencies to Shared Services SA for employee benefits and associated payables as at the reporting date, but reflected in receivables in the department's Statement of Financial Position.

Net assets assumed by the department as a result of the administrative restructure are the carrying amount of those assets in the transferor's Statement of Financial Position immediately prior to transfer. For details of assets and liabilities transferred by agencies, please refer to the financial statements of the transferor agency. The net assets transferred were treated as a contribution by the government as owner.

### 33 Events after the end of the reporting period

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

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

	Notes	2010 \$'000	2009 \$'000
<b>INCOME</b>			
Taxation	35	3 328 147	3 120 152
Commonwealth revenues	36	8 510 452	4 918 557
Dividends	37	297 812	253 154
Interest revenues	38	117 300	136 978
Revenues from SA Government	39	1 761 184	1 609 430
Grants and contributions	40	155 177	165 657
Revenues from fees and charges	41	46 280	42 594
Other revenues	42	544 159	379 109
<b>Total Income</b>		<b>14 760 511</b>	<b>10 625 631</b>
<b>EXPENSES</b>			
Payments to SA Government	39	9 965 661	7 790 992
Employee benefit expenses	43	419 436	304 858
Supplies and services	44	64 524	73 373
Borrowing costs	45	225 134	197 304
Grants, subsidies and transfers	46	3 984 842	1 803 639
Depreciation expense	47	159	159
Other expenses	48	62 917	231 365
<b>Total Expenses</b>		<b>14 722 673</b>	<b>10 401 690</b>
<b>NET RESULT</b>		<b>37 838</b>	<b>223 941</b>
<b>Other Comprehensive Income</b>			
Changes in property, plant and equipment asset revaluation surplus	52	448	—
<b>TOTAL COMPREHENSIVE RESULT</b>		<b>38 286</b>	<b>223 941</b>

**THE NET RESULT AND COMPREHENSIVE RESULT ARE ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER**

The above statement should be read in conjunction with the accompanying notes.

## Statement of Administered Financial Position as at 30 June 2010

	Notes	2010 \$'000	2009 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	49	1 178 642	1 124 994
Receivables	50	102 092	55 164
Other financial assets	51	1 990	1 537
<b>Total current assets</b>		<b>1 282 724</b>	<b>1 181 695</b>
<b>NON-CURRENT ASSETS</b>			
Receivables	50	2	2
Other financial assets	51	426	3 585
Property, plant and equipment	52	979	690
<b>Total non-current assets</b>		<b>1 407</b>	<b>4 277</b>
<b>TOTAL ASSETS</b>		<b>1 284 131</b>	<b>1 185 972</b>
<b>CURRENT LIABILITIES</b>			
Payables	53	913 938	850 469
Employee benefits	54	1 238	1 115
Provisions	55	16	14
Other current liabilities	56	3 628	3 351
<b>Total current liabilities</b>		<b>918 820</b>	<b>854 949</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables	53	486 848	490 585
Employee benefits	54	276	521
Provisions	55	51	42
Other non-current liabilities	56	805	830
<b>Total non-current liabilities</b>		<b>487 980</b>	<b>491 978</b>
<b>TOTAL LIABILITIES</b>		<b>1 406 800</b>	<b>1 346 927</b>
<b>NET ASSETS</b>		<b>( 122 669)</b>	<b>( 160 955)</b>
<b>EQUITY</b>			
Accumulated deficit		( 123 117)	( 160 955)
Asset revaluation surplus		448	—
<b>TOTAL EQUITY</b>		<b>( 122 669)</b>	<b>( 160 955)</b>

### THE TOTAL EQUITY IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER

Unrecognised contractual commitments	58
Contingent assets and liabilities	59

The above statement should be read in conjunction with the accompanying notes.

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

	Notes	Asset revaluation surplus \$'000	Accumulated deficit \$'000	Total \$'000
<b>Balance at 30 June 2008</b>		—	( 384 896)	( 384 896)
Net result for 2008-09		—	256 941	256 941
Total comprehensive result for 2008-09		—	256 941	256 941
<b>Balance at 30 June 2009</b>		—	( 127 955)	( 127 955)
Error correction	57	—	( 33 000)	( 33 000)
<b>Restated Balance as at 30 June 2009</b>		—	( 160 955)	( 160 955)
Net result for 2009-10		—	37 838	37 838
Gain on revaluation of land and buildings		448	—	448
Total comprehensive result for 2009-10		448	37 838	38 286
<b>Balance at 30 June 2010</b>		448	( 123 117)	( 122 669)

### ALL CHANGES IN EQUITY ARE ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER

The above statement should be read in conjunction with the accompanying notes.



# Statement of Administered Cash Flows for the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash inflows</b>			
Taxation received		3 328 147	3 120 153
Receipts from Commonwealth		8 510 452	4 919 390
Dividends		297 812	253 154
Interest received		117 231	137 124
Receipts from SA Government		1 761 184	1 609 430
Grants and contributions		160 148	167 016
Fees and charges		46 615	62 591
GST receipts on receivables		8 403	5 220
GST recovered from Australian Taxation Office		2 665	3 287
Other receipts		548 777	375 013
<b>Cash generated from operating activities</b>		<u>14 781 434</u>	<u>10 652 378</u>
<b>Cash outflows</b>			
Payments to SA Government		(9 981 058)	(8 073 096)
Employee benefit payments		( 419 566)	( 304 553)
Payments for supplies and services		( 64 459)	( 94 910)
Interest payments		( 169 829)	( 166 292)
Grants, subsidies and transfers		(3 989 707)	(1 806 032)
GST payments on purchases		( 6 399)	( 3 970)
GST remitted to Australian Taxation Office		( 5 289)	( 4 530)
Other payments		( 92 892)	( 189 926)
<b>Cash used in operating activities</b>		<u>(14 729 199)</u>	<u>(10 643 309)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	61(b)	<u>52 235</u>	9 069
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash inflows</b>			
Proceeds from other financial assets		1 812	476
<b>Cash generated from financing activities</b>		<u>1 812</u>	<u>476</u>
<b>Cash outflows</b>			
Other financial assets granted		( 399)	( 3 644)
Repayment of interest bearing liabilities		—	( 10)
<b>Cash used in financing activities</b>		<u>( 399)</u>	<u>( 3 654)</u>
<b>NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES</b>		<u>1 413</u>	<u>( 3 178)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS HELD</b>		53 648	5 891
Cash and cash equivalents at the beginning of the period		1 124 994	1 119 103
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	61(a)	<u>1 178 642</u>	<u>1 124 994</u>

The above statement should be read in conjunction with the accompanying notes.

## Schedule of Income and Expenses attributable to Administered activities for the year ended 30th June 2010

	Admin Items on behalf of the Consolidated Account		Commonwealth Mirror Taxes on Commonwealth Places Revenue Account		Community Development Fund		Community Emergency Services Fund		ETSA Sales/Lease Proceeds Account		Hospitals Fund		Industry Financial Assistance Account		Inter- gov. Agreement on Federal Relations		Local Government Disaster Fund	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<b>ADMINISTERED INCOME</b>																		
Taxation	3 238 450	3 033 439	—	—	—	—	89 697	86 713	—	—	—	—	—	—	—	—	—	—
Commonwealth revenues	5 665 643	3 936 609	20 673	20 901	—	—	—	—	—	—	—	—	—	—	2 824 136	961 047	—	—
Dividends	297 812	253 154	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Interest revenues	114 815	133 853	—	—	—	—	153	129	—	—	—	—	210	169	—	—	1 579	2 113
Revenues from SA Government	76 885	87 847	—	—	—	—	—	—	—	—	—	—	750	—	—	—	—	—
Grants and contributions	—	—	—	—	20 000	20 000	86 286	90 502	—	—	—	—	28 155	33 827	—	—	—	—
Fees and charges	29 150	20 183	—	—	—	—	419	373	—	—	—	—	—	—	—	—	—	—
Other revenues	376 771	220 631	—	—	—	—	—	—	3 379	3 076	158 601	146 229	845	999	—	—	—	—
<b>Total administered income</b>	<b>9 799 526</b>	<b>7 685 716</b>	<b>20 673</b>	<b>20 901</b>	<b>20 000</b>	<b>20 000</b>	<b>176 555</b>	<b>177 717</b>	<b>3 379</b>	<b>3 076</b>	<b>158 601</b>	<b>146 229</b>	<b>29 960</b>	<b>34 995</b>	<b>2 824 136</b>	<b>961 047</b>	<b>1 579</b>	<b>2 113</b>
<b>ADMINISTERED EXPENSES</b>																		
Payments to SA Government	9 722 640	7 597 870	—	—	—	—	—	—	—	—	158 601	146 229	20 000	33 000	—	—	—	—
Employee benefit expenses	277	271	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Supplies and services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	40	40
Borrowing costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Grants, subsidies and transfers	76 609	87 575	—	—	20 000	20 000	176 407	177 628	—	—	—	—	9 397	9 521	2 789 702	737 292	1 073	535
Depreciation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other expenses	—	—	20 673	20 901	—	—	—	—	—	—	—	—	805	8	—	—	—	—
<b>Total administered expenses</b>	<b>9 799 526</b>	<b>7 685 716</b>	<b>20 673</b>	<b>20 901</b>	<b>20 000</b>	<b>20 000</b>	<b>176 407</b>	<b>177 628</b>	<b>—</b>	<b>—</b>	<b>158 601</b>	<b>146 229</b>	<b>30 202</b>	<b>42 529</b>	<b>2 789 702</b>	<b>737 292</b>	<b>1 113</b>	<b>575</b>
<b>Net Result</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>148</b>	<b>89</b>	<b>3 379</b>	<b>3 076</b>	<b>—</b>	<b>—</b>	<b>( 242)</b>	<b>( 7 534)</b>	<b>34 434</b>	<b>223 755</b>	<b>466</b>	<b>1 538</b>

## Schedule of Income and Expenses attributable to Administered activities for the year ended 30th June 2010

	State Government Auctions		State Supply Board— Gaming Machines		Support Services to Parliamentarians		Sustainable Budget Commission		Treasury and Finance Administered Items Account		Treasurer's Interest in the National Wine Centre Account		Treasury Working Account		Other <sup>(1)</sup>		Total		
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	
<b>ADMINISTERED INCOME</b>																			
Taxation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3 328 147	3 120 152
Commonwealth revenues	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	8 510 452	4 918 557
Dividends	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	297 812	253 154
Interest revenues	—	—	39	58	—	—	—	—	—	—	—	—	—	—	—	504	656	117 300	136 978
Revenues from SA Government	—	—	—	—	—	—	1 474	—	1 682 075	1 521 583	—	—	—	—	—	—	—	1 761 184	1 609 430
Grants and contributions	—	—	—	—	18 102	18 457	—	—	—	—	—	—	—	—	—	2 634	2 871	155 177	165 657
Fees and charges	—	4 178	15 482	16 341	1 229	1 519	—	—	—	—	—	—	—	—	—	—	—	46 280	42 594
Other revenues	—	—	—	—	9	7	—	—	—	—	25	25	4 529	8 142	—	—	—	544 159	379 109
<b>Total administered income</b>	—	4 178	15 521	16 399	19 340	19 983	1 474	—	1 682 075	1 521 583	25	25	4 529	8 142	3 138	3 527	14 760 511	10 625 631	
<b>ADMINISTERED EXPENSES</b>																			
Payments to SA Government	—	—	—	—	1 713	—	—	—	62 707	13 893	—	—	—	—	—	—	—	9 965 661	7 790 992
Employee benefit expenses	—	—	—	—	13 318	12 965	—	—	405 841	291 622	—	—	—	—	—	—	—	419 436	304 858
Supplies and services	—	4 178	15 521	16 399	5 445	5 247	1 176	—	42 016	47 482	30	27	—	—	296	—	—	64 524	73 373
Borrowing costs	—	—	—	—	—	—	—	—	225 134	197 304	—	—	—	—	—	—	—	225 134	197 304
Grants, subsidies and transfers	—	—	—	—	—	—	—	—	909 467	768 968	—	—	—	—	2 187	2 120	—	3 984 842	1 803 639
Depreciation	—	—	—	—	146	146	—	—	—	—	13	13	—	—	—	—	—	159	159
Other expenses	—	—	—	—	—	—	—	—	36 910	202 314	—	—	4 529	8 142	—	—	—	62 917	231 365
<b>Total administered expenses</b>	—	4 178	15 521	16 399	20 622	18 358	1 176	—	1 682 075	1 521 583	43	40	4 529	8 142	2 483	2 120	—	14 722 673	10 401 690
<b>Net Result</b>	—	—	—	—	(1 282)	1 625	298	—	—	—	(18)	(15)	—	—	655	1 407	—	37 838	223 941

<sup>(1)</sup> Includes Country Equalisation Scheme Account, Local Government Concessions Senior Card Holders and Responsible Gambling Working Party.

## Notes to and forming part of the Administered Financial Statements

The Administered financial statements include the revenues, expenses, assets and liabilities which the department administers on behalf of the SA Government but does not control.

These financial statements include a number of revenue and expense transactions on behalf of the South Australian Government for the Consolidated Account. Such transactions include collection of revenues from taxations, revenues from the Commonwealth Government, dividends and interest. The expense transactions include transfers to agencies for employee entitlements and supplies and services, grants and subsidies to public sector agencies, the private sector and the community and the transfer of revenues to the Consolidated Account. The associated Statement of Financial Position items for the Consolidated Account such as loans and borrowings are recognised in the whole of government general purpose financial report.

From 1 January 2009, the Administered financial statements include the Intergovernmental Agreement on Federal Financial Relations Account. The purpose of the account is to receive monies from the Commonwealth Government and disburse the monies to agencies pursuant to the Intergovernmental Agreement on Federal Financial Relations for the National SPP purposes listed in Schedule F of that Agreement and for the NPP payments for the purposes listed in Schedule G of that Agreement. Prior to 1 January 2009, the Commonwealth monies were paid directly to agencies.

The Administered financial statements also include the fixed property component of the Emergency Services Levy collected by RevenueSA and transferred to the Community Emergency Services Fund and all the transactions for the special deposit accounts established under Section 8 of the *Public Finance and Audit Act 1987* that are administered by the department listed below:

Community Development Fund  
Commonwealth Mirror Taxes on Commonwealth Places Revenue Account  
Country Equalisation Scheme Account  
ETSA Sales/Lease Proceeds Account  
Home Purchases Assistance Account (ceased 30 June 2009)  
Hospitals Fund  
Industry Financial Assistance Account  
Intergovernmental Agreement on Federal Financial Relations (from 1 January 2009)  
Local Government Concessions Senior Card Holders  
Local Government Disaster Fund  
Responsible Gambling Working Party (from 16 June 2009)  
Treasurer's Interest in the National Wine Centre Account  
Treasury Working Account  
Treasury and Finance Administered Items Account  
Support Services to Parliamentarians  
Sustainable Budget Commission (from 1 November 2009)  
State Procurement Board — Gaming Machines Account  
State Government Auctions Account (ceased 30 June 2009)

### 34 Summary of significant accounting policies

The department's significant accounting policies are contained in Note 2 'Summary of significant accounting policies'. The policies outlined in Note 2 apply to both the department and administered financial statements.

35 Taxation	2010 \$'000	2009 \$'000
<b>Taxation</b>		
Stamp duties	1 317 840	1 217 846
Commonwealth places mirror — stamp duties	299	545
Payroll tax	1 088 855	1 089 351
Commonwealth places mirror — payroll tax	19 050	19 059
Land tax	553 257	466 582
Commonwealth places mirror — land tax	1 324	1 296
Emergency Services Levy	89 697	86 713
Local government rate equivalents	5 226	5 624
Income tax equivalents	136 157	128 225
Contributions from Lotteries Commission	92 754	81 425
Save the River Murray levy	23 659	23 306
Hindmarsh Island Bridge levy	29	180
<b>Total taxation</b>	<b>3 328 147</b>	<b>3 120 152</b>
<b>Taxation received/receivable from entities within the SA Government</b>		
Stamp duties	4 231	3 717
Payroll tax	209 507	193 235
Land tax	205 159	170 307
Emergency Services Levy	2 864	2 447
Local government rate equivalents	2 956	3 880
Income tax equivalents	136 157	128 225
Contributions from Lotteries Commission	92 754	81 425
<b>Total taxation received/receivable from entities within the SA Government</b>	<b>653 628</b>	<b>583 236</b>
<b>36 Commonwealth revenues</b>	<b>2010 \$'000</b>	<b>2009 \$'000</b>
<b>Commonwealth general purpose grants</b>		
GST revenue grants	4 099 707	3 786 481
Transitional assistance	7 455	36 711
Commonwealth places mirror taxes	20 673	20 901
<b>Total Commonwealth general purpose grants</b>	<b>4 127 835</b>	<b>3 844 093</b>
<b>Commonwealth specific purpose grants</b>		
Concessions to pensioners and others	22 804	10 867
Council of Australian Governments funding	1 461 110	36 834
Inter-governmental agreement on federal financial relations — recurrent	1 209 164	956 846
Inter-governmental agreement on federal financial relations — capital	1 614 972	4 201
First Home Owners Boost	74 567	65 716
<b>Total Commonwealth specific purpose grants</b>	<b>4 382 617</b>	<b>1 074 464</b>
<b>Total Commonwealth revenues</b>	<b>8 510 452</b>	<b>4 918 557</b>

<b>37 Dividends</b>	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Adelaide Convention Centre	1 017	—
Forestry SA	31 067	15 231
Generation Lessor Corporation	—	227
HomeStart	5 628	5 311
Land Management Corporation	53 603	47 410
Public Trustee Office	—	541
SA Water Corporation	169 009	161 296
South Australian Asset Management Corporation	23 500	4 000
South Australian Government Employee Residential Property	1 706	1 156
South Australian Government Financing Authority	11 513	10 738
Transmission Lessor Corporation	769	6 880
Transport SA	—	364
<b>Total Dividends</b>	<b>297 812</b>	<b>253 154</b>
<b>38 Interest revenues</b>	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest	117 300	136 978
<b>Total interest revenues</b>	<b>117 300</b>	<b>136 978</b>
Interest from entities within SA Government	112 436	131 060
<b>Total interest from entities within SA Government</b>	<b>112 436</b>	<b>131 060</b>
<b>39 Revenues from/payments to SA Government</b>	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenues from SA Government</b>		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	1 682 075	1 521 583
Appropriations under other Acts	79 109	87 847
<b>Total revenues from SA Government</b>	<b>1 761 184</b>	<b>1 609 430</b>
<b>Payments to SA Government</b>		
Transfer of revenue received on behalf of Consolidated Account	9 701 967	7 590 862
Other payments to the Consolidated Account	179 274	167 130
Return of surplus cash pursuant to cash alignment policy	84 420	33 000
<b>Total payments to SA Government</b>	<b>9 965 661</b>	<b>7 790 992</b>
<b>40 Grants and contributions</b>	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Grants and contributions	155 177	165 657
<b>Total grants and contributions</b>	<b>155 177</b>	<b>165 657</b>
SA Government entities	154 719	162 016
<b>Total grants and contributions from entities within the SA Government</b>	<b>154 719</b>	<b>162 016</b>

41 Revenues from fees and charges	2010 \$'000	2009 \$'000
<b>Fees and charges</b>		
Guarantee fees	29 150	20 183
Support services to parliamentarians	1 229	1 519
State Government auctions	—	4 178
State Procurement Board — gaming machines	15 455	16 341
Other	446	373
<b>Total fees and charges</b>	<b>46 280</b>	<b>42 594</b>
<b>Fees and charges received/receivable from entities within SA Government</b>		
Guarantee fees	29 150	20 183
Support services to parliamentarians	1 206	1 402
State Procurement Board — gaming machines	27	—
<b>Total fees and charges received/receivable from entities within SA Government</b>	<b>30 383</b>	<b>21 585</b>
42 Other revenues	2010 \$'000	2009 \$'000
<b>Other revenues</b>		
Contribution towards public hospital costs	158 601	146 229
Discounted cash flow valuations for financial assistance loans	845	999
Repayment of advances	87 143	35 129
Return of cash to Consolidated Account — cash alignment policy	143 901	80 102
Return of capital	73 631	—
Return of deposit account balances	59 298	91 747
Essential Services Commission of SA	5 356	6 838
Support services to parliamentarians	9	7
Other	15 375	18 058
<b>Total other revenues</b>	<b>544 159</b>	<b>379 109</b>
<b>Other revenues received/receivable from entities within SA Government</b>		
Contribution towards public hospital costs	158 601	146 229
Discounted cash flow valuations for financial assistance loans	845	999
Repayment of advances	87 027	34 919
Return of cash to Consolidated Account — cash alignment policy	143 901	80 102
Return of capital	73 631	—
Return of deposit account balances	48 898	247
Essential Services Commission of SA	5 356	6 838
Support services to parliamentarians	—	3
Other	7 865	5 907
<b>Total other revenues received/receivable from entities within SA Government</b>	<b>526 124</b>	<b>275 244</b>

<b>43 Employee benefit expenses</b>	<b>2010</b>	2009
	<b>\$'000</b>	\$'000
Superannuation contributions to various schemes	<b>405 841</b>	291 622
Salaries and wages	<b>10 353</b>	10 114
Long service leave	<b>574</b>	297
Annual leave	<b>718</b>	774
Employment on-costs — superannuation	<b>1 001</b>	1 012
Employment on-costs — other	<b>624</b>	617
Minister's salary, electorate and expense allowance	<b>277</b>	271
Other employee related expenses	<b>48</b>	151
<b>Total employee benefit expenses</b>	<b>419 436</b>	<b>304 858</b>

<b>Remuneration of employees</b>	<b>2010</b>	2009
	<b>Number of Employees</b>	Number of Employees
The number of employees whose remuneration received or receivable falls within the following bands:		
\$100 000–\$109 999	—	1
\$110 000–\$119 999	—	1
\$120 000–\$129 999	<b>1</b>	—
\$130 000–\$139 999	—	1
\$140 000–\$149 999	<b>1</b>	1
	<b>2</b>	<b>4</b>

The table includes all employees who received remuneration of \$100 000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was **\$264 000** (\$496 000).



<b>44 Supplies and services</b>	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Supplies and services provided</b>		
State's share of GST administration	41 610	46 962
Support services to parliamentarians	5 445	5 246
Gaming machines	15 521	16 399
State government auctions	—	4 178
Unclaimed monies	404	519
Consultants	558	1
General administration	986	68
<b>Total supplies and services</b>	<b>64 524</b>	<b>73 373</b>

**Supplies and services provided by entities within SA Government**

Support services to parliamentarians	2 577	2 769
Gaming machines	39	133
State government auctions	—	3 158
Unclaimed monies	26	94
General administration	945	67
<b>Total supplies and services provided by entities within SA Government</b>	<b>3 587</b>	<b>6 221</b>

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

	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Below \$10 000	6	1
Between \$10 000 and \$50 000	153	—
Greater than \$50 000	399	—
<b>Total paid/payable to the consultants engaged</b>	<b>558</b>	<b>1</b>

	<b>2010</b>	<b>2009</b>
	<b>Number</b>	<b>Number</b>
Below \$10 000	3	2
Between \$10 000 and \$50 000	5	—
Greater than \$50 000	3	—
<b>Total paid/payable to the consultants engaged</b>	<b>11</b>	<b>2</b>

Payments to consultants includes \$386 069 paid to members of the Sustainable Budget Commission since 1 November 2009 to report to the government on proposals to reform the budget process.

<b>45 Borrowing costs</b>	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest on borrowings	190 546	157 877
Interest paid on deposit accounts and other monies	34 588	39 427
<b>Total borrowing costs</b>	<b>225 134</b>	<b>197 304</b>

**Borrowing costs paid/payable to entities within SA Government**

Interest on borrowings	190 546	157 877
Interest paid on deposit accounts and other monies	32 097	36 214
<b>Total borrowing costs paid/payable to entities within SA Government</b>	<b>222 643</b>	<b>194 091</b>

<b>46</b>	<b>Grants, subsidies and transfers</b>	<b>2010</b>	<b>2009</b>
		<b>\$'000</b>	<b>\$'000</b>
	Recurrent grants, subsidies and transfers	2 385 762	1 799 438
	Capital grants, subsidies and transfers	1 599 080	4 201
	<b>Total grants, subsidies and transfers</b>	<b>3 984 842</b>	<b>1 803 639</b>
	<b>Grants, subsidies and transfers paid to entities within SA Government</b>		
	Recurrent grants, subsidies and transfers	2 143 397	1 571 962
	Capital grants, subsidies and transfers	1 599 080	4 201
	<b>Total grants, subsidies and transfers paid to entities within SA Government</b>	<b>3 742 477</b>	<b>1 576 163</b>
<b>47</b>	<b>Depreciation expense</b>	<b>2010</b>	<b>2009</b>
		<b>\$'000</b>	<b>\$'000</b>
	Buildings	13	13
	Building fit-outs	142	142
	Office equipment	4	4
	<b>Total depreciation expense</b>	<b>159</b>	<b>159</b>
<b>48</b>	<b>Other expenses</b>	<b>2010</b>	<b>2009</b>
		<b>\$'000</b>	<b>\$'000</b>
	Refunds and remissions	20 591	21 672
	Payments to the South Australian Superannuation Fund	10 400	91 500
	Payments to Commonwealth Government	20 673	95 501
	Working Capital Facility — Shared Services SA	—	10 000
	Bad debts	58	1 490
	Doubtful debts	512	( 1 775)
	Discounted cash flow valuations for financial assistance loans	( 1 058)	293
	Repayment of borrowings	5 840	2 641
	Equity Capital Contribution	—	1 500
	Loans forgiven	1 293	—
	Other	4 608	8 543
	<b>Total other expenses</b>	<b>62 917</b>	<b>231 365</b>
	<b>Other expenses paid/payable to entities within SA Government</b>		
	Repayment of borrowings	5 840	2 641
	Equity Capital Contribution	—	1 500
	Other	949	1 212
	<b>Total other expenses paid/payable to entities within SA Government</b>	<b>6 789</b>	<b>5 353</b>
<b>49</b>	<b>Cash and cash equivalents</b>	<b>2010</b>	<b>2009</b>
		<b>\$'000</b>	<b>\$'000</b>
	Deposits with the Treasurer	1 136 542	1 083 494
	Promissory Notes	42 100	41 500
	<b>Total cash and cash equivalents</b>	<b>1 178 642</b>	<b>1 124 994</b>
	<b>Interest rate risk</b>		

Deposits with the Treasurer earn a floating interest rate based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value. Promissory notes have been issued by the Local Government Finance Authority of South Australia and earned a floating interest rate between 2.28% and 7.79% during the financial year.

50 Receivables	2010 \$'000	2009 \$'000
<b>Current</b>		
Receivables	94 015	36 401
Allowance for doubtful debts	( 2 492)	( 462)
Accrued revenues	10 052	18 864
GST receivables	517	361
<b>Total current receivables</b>	<b>102 092</b>	<b>55 164</b>
<b>Non-current</b>		
Receivables	2	2
<b>Total non-current receivables</b>	<b>2</b>	<b>2</b>
<b>Total receivables</b>	<b>102 094</b>	<b>55 166</b>
<b>Receivables from entities within SA Government</b>		
Receivables	89 907	35 620
Accrued revenues	9 797	18 699
<b>Total receivables from entities within SA Government</b>	<b>99 704</b>	<b>54 319</b>

#### Movement in the allowance for doubtful debts

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

The following table shows the movements in the allowance for doubtful debts (impairment loss):

	2010 \$'000	2009 \$'000
Carrying amount at the beginning of the period	462	1 022
Increase/(Decrease) in provision	2 030	( 560)
Carrying amount at the end of the period	<b>2 492</b>	<b>462</b>

#### Interest rate and credit risk

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

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

**Maturity analysis of receivables** — refer to Table 62.3 in Note 62.

**Categorisation of financial instruments and risk exposure information** — refer to Note 62.

51 Other financial assets	2010 \$'000	2009 \$'000
<b>Current</b>		
Loans for financial assistance	1 990	1 580
Provision for doubtful debts	—	( 43)
<b>Total current other financial assets</b>	<b>1 990</b>	<b>1 537</b>
<b>Non-current</b>		
Loans for financial assistance	426	5 060
Provision for doubtful debts	—	( 1 475)
<b>Total non-current other financial assets</b>	<b>426</b>	<b>3 585</b>
<b>Total other financial assets</b>	<b>2 416</b>	<b>5 122</b>
<b>Other financial assets with entities within SA Government</b>		
Loans for financial assistance	—	231
<b>Total other financial assets with entities within SA Government</b>	<b>—</b>	<b>231</b>

**Maturity analysis of other financial assets** — refer to table 62.3 in Note 62.

**Categorisation of financial instruments and risk exposure information** — refer to Note 62.

<b>52 Property, plant and equipment</b>	<b>2010</b>	2009
	<b>\$'000</b>	\$'000
<b>Buildings</b>		
At valuation (30 June 2010)	874	539
Accumulated depreciation	—	( 67)
<b>Total buildings</b>	<b>874</b>	<b>472</b>
<b>Building fit-outs</b>		
At cost	651	651
Accumulated depreciation	( 604)	( 462)
<b>Total building fit-outs</b>	<b>47</b>	<b>189</b>
<b>Land</b>		
At valuation (30 June 2010)	46	13
<b>Total land</b>	<b>46</b>	<b>13</b>
<b>Office equipment</b>		
At cost	21	20
Accumulated depreciation	( 9)	( 4)
<b>Total office equipment</b>	<b>12</b>	<b>16</b>
<b>Total property, plant and equipment</b>	<b>979</b>	<b>690</b>

#### Valuation of non-current assets

A valuation of the land and buildings for the National Wine Centre was performed by Mr Fred Taormina, B.App.Sc. (Val.) A.A.P.I. of VALCORP as at 30 June 2010. The revaluation involved discounting to net present value of the National Wine Centre land and buildings at the termination of the 40 year lease arrangement with Adelaide University. The valuation resulted in a land and building increment of \$448 814. The market value based on the income approach will continue to be used to measure fair value in accordance with Accounting Policy Framework III Assets Accounting Framework.

#### Reconciliation of property, plant and equipment

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

	<b>Buildings</b>	<b>Building</b>	<b>Land</b>	<b>Office</b>	<b>Total</b>
	<b>\$'000</b>	<b>fit-outs</b>	<b>\$'000</b>	<b>equipment</b>	<b>\$'000</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at the beginning of the period	472	189	13	16	690
Revaluation increment	415	—	33	—	448
Depreciation expense	( 13)	( 142)	—	( 4)	( 159)
<b>Carrying amount at the end of the period</b>	<b>874</b>	<b>47</b>	<b>46</b>	<b>12</b>	<b>979</b>

53 Payables	2010 \$'000	2009 \$'000
<b>Current</b>		
Creditors — electricity entities lease proceeds	3 712	3 379
Creditors — revenue on behalf of the Consolidated Account	780 589	731 401
Creditors — other	119 071	96 559
Accrued expenses	10 695	18 801
Employment on-costs	181	175
GST payable	( 310)	154
<b>Total current payables</b>	<u>913 938</u>	<u>850 469</u>
<b>Non-current</b>		
Creditors — electricity entities lease proceeds	486 821	490 533
Employment on-costs	27	52
<b>Total non-current payables</b>	<u>486 848</u>	<u>490 585</u>
<b>Total payables</b>	<u>1 400 786</u>	<u>1 341 054</u>
<b>Payables to entities within SA Government</b>		
Creditors — electricity entities lease proceeds	490 533	493 912
Creditors — revenue on behalf of the Consolidated Account	780 589	731 401
Creditors — other	118 939	92 265
Accrued expenses	10 050	18 436
Employment on-costs	81	88
<b>Total payables to entities within SA Government</b>	<u>1 400 192</u>	<u>1 336 102</u>

#### Interest rate and credit risk

Creditors are raised for all amounts billed but unpaid. Creditors — electricity entities lease proceeds are normally settled annually in June. Creditors — revenue on behalf of the Consolidated Account are normally settled by the 15th day of each month. Other creditors are normally settled within 30 days of the invoice date provided the goods and services have been received. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand. In addition, there is no concentration of credit risk.

**Maturity analysis of payables** — refer to table 62.3 in Note 62.

**Categorisation of financial instruments and risk exposure information** — refer to Note 62.

54 Employee benefits	2010 \$'000	2009 \$'000
<b>Current</b>		
Accrued salaries and wages	310	287
Annual leave	597	653
Long service leave	331	175
<b>Total current employee benefits</b>	<u>1 238</u>	<u>1 115</u>
<b>Non-current</b>		
Long service leave	276	521
<b>Total non-current employee benefits</b>	<u>276</u>	<u>521</u>
<b>Total employee benefits</b>	<u>1 514</u>	<u>1 636</u>

The total current and non-current employee benefit plus related on costs for 2010 is **\$1 419 000** (\$1 290 000) and **\$303 000** (\$573 000) respectively.

The actuarial assessment performed by the department used the salary inflation rate of 4.5%. This is the same rate that was used in 2009.

The actuarial assessment performed in 2010 to determine the benchmark used for the measurement of the long service leave liability, changed from 6.5 years to **5.5 years**.

<b>55 Provisions</b>	<b>2010</b>	2009
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Provision for workers compensation	<u>16</u>	14
<b>Total current provisions</b>	<u>16</u>	14
<b>Non-current</b>		
Provision for workers compensation	<u>51</u>	42
<b>Total non-current provisions</b>	<u>51</u>	42
<b>Total provisions</b>	<u><u>67</u></u>	<u><u>56</u></u>

<b>Reconciliation of provisions</b>	<b>2010</b>	2009
	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at the beginning of the period	56	45
Additional provisions recognised	<u>11</u>	<u>11</u>
<b>Carrying amount at the end of the period</b>	<u><u>67</u></u>	<u><u>56</u></u>

A liability has been recognised to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Department of the Premier and Cabinet. These claims are expected to be settled within the next financial year.

<b>56 Other liabilities</b>	<b>2010</b>	2009
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Unearned revenue	<u>3 628</u>	3 351
<b>Total current other liabilities</b>	<u>3 628</u>	3 351
<b>Non-current</b>		
Unearned revenue	<u>805</u>	830
<b>Total non-current other liabilities</b>	<u>805</u>	830
<b>Total other liabilities</b>	<u><u>4 433</u></u>	<u><u>4 181</u></u>

<b>57 Error correction</b>	2009
	<b>\$'000</b>
Balance of equity at 1 July 2008 (Accumulated Deficit)	( 384 896)
Comprehensive Result for 2008-09	256 941
Error correction to Comprehensive Income — Payments to SA Government	<u>( 33 000)</u>
<b>Restated equity balance as at 30 June 2009</b>	<u><u>( 160 955)</u></u>

The correction reflects a \$33 million transfer of cash to the Consolidated Account pursuant to the Cash Alignment Policy made during 2008-09, but not recognised in that year.

## 58 Unrecognised contractual commitments

### (a) Remuneration commitments

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

	2010 \$'000	2009 \$'000
Not later than one year	1 476	1 075
Later than one year but not later than five years	2 723	—
<b>Total remuneration commitments</b>	<b>4 199</b>	<b>1 075</b>

Amounts disclosed include commitments arising from employment contracts for the Support Services to Parliamentarians. No remuneration contracts greater than 5 years are offered.

### (b) Operating lease commitments

At the reporting date, the Support Services to Parliamentarians had operating leases for the lease of office accommodation.

Office accommodation is leased from the Department of Transport, Energy and Infrastructure. The leases are non-cancellable with terms ranging up to 6 years.

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

	2010 \$'000	2009 \$'000
Not later than one year	579	1 610
Later than one year and not later than five years	212	767
Later than five years	—	21
<b>Total operating lease commitments</b>	<b>791</b>	<b>2 398</b>

### (c) Other commitments

Other commitments are with various South Australian Government agencies to fulfil requirements under the Intergovernmental Agreement on Federal Financial Relations agreements and are as follows:

	2010 \$'000	2009 \$'000
Not later than one year	195 956	100 682
Later than one year and not later than five years	66 523	123 800
<b>Total other commitments</b>	<b>262 479</b>	<b>224 482</b>

## 59 Contingent assets and liabilities

The following contingent assets and liabilities exist for the Administered Items:

- Residual responsibilities for structural integrity of the National Wine Centre's buildings outside agreed maintenance regimes as required by the Memorandum of Lease — National Wine Centre. The lease expires in September 2043. The estimated maximum exposure of this liability is undefined.
- Under an agreement, dated 9 May 1996, with the Australian Energy Market Operator (AEMO), previously known as National Electricity Market Management Company (NEMMCO), the Treasurer may be required to contribute to the winding up of AEMO. The maximum exposure of the contingent liability at 30 June 2010 is capped at \$691 725.
- Under an agreement between Osborne Cogeneration Pty Ltd and the South Australian Government Financing Authority (SAFA) for the Osborne Generation Plant, SAFA has guaranteed the performance of certain obligations by two Origin Energy subsidiaries. SAFA in turn, is indemnified by Origin Energy for the performance of its subsidiaries and by the Treasurer for the performance of Origin Energy under this arrangement. The maximum exposure of the guarantee is estimated at \$150 million to \$200 million.
- Under an agreement with the South Australian Netball Association, the Treasurer has guaranteed the repayment of a loan, which the South Australian Netball Association has with an external banking institution with a total exposure value of \$1 434 136.
- Financial obligations under various assistance agreements with the Treasurer relating to the Industry Investment Attraction Fund, the Structural Adjustment Fund for South Australia, the Strategic Industry Support Fund, the Innovation and Investment Fund for South Australia, the Regional Development Infrastructure Fund, the Upper Spencer Gulf & Outback Enterprise Zone Fund, the Rural Towns Development Fund, the South Australian Innovation and Investment Fund and the Small Business Development Fund. In addition to a number of one-off industry assistance projects that are funded by individual funding submissions. Agreements are subject to performance criteria by those entities receiving assistance.

**60 Lease**

The Treasurer entered into an agreement with the University of Adelaide to lease land and buildings previously owned by the National Wine Centre over a 40 year period, for an upfront consideration of \$1 000 000. The effective commencement date for the lease was 9 September 2003. The lease has been treated as an operating lease in accordance with accounting standard AASB 117 Leases. The consideration of \$1 000 000 has been recorded as unearned revenue and is being apportioned over the life of the lease.

**61 Cash flow reconciliation**

	2010	2009
	\$'000	\$'000
<b>(a) Reconciliation of cash and cash equivalents at the end of the reporting period</b>		
Statement of Administered Cash Flows	1 178 642	1 124 994
Statement of Administered Financial Position	<u>1 178 642</u>	<u>1 124 994</u>
<b>(b) Reconciliation of net cash provided by operating activities to net result</b>		
	2010	2009
	\$'000	\$'000
<b>Net cash provided by operating activities</b>	<b>52 235</b>	<b>9 069</b>
<b>Add non-cash items</b>		
Depreciation expense	( 159)	( 159)
Bad debts	( 58)	( 1 490)
Doubtful debts	( 512)	1 775
Discounted cash flow adjustment	1 904	707
Loans forgiven	( 1 293)	—
Increments on revaluation of non-current assets	448	—
Interest written off	6	154
<b>Change in assets and liabilities</b>		
Increase (decrease) in receivables	45 588	36 267
(Increase) decrease in payables	( 59 732)	177 192
(Increase) decrease in employee benefits	122	( 277)
(Increase) decrease in provisions	( 11)	( 11)
(Increase) decrease in other liabilities	( 252)	714
<b>Net result</b>	<u><b>38 286</b></u>	<u><b>223 941</b></u>



## 62 Financial instruments/financial risk

**Table 62.1 Categorisation of financial instruments**

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 2 Summary of Significant Accounting Policies.

Category of financial asset and financial liability	Statement of Financial Position line item	Note	Carrying amount	Fair value	Carrying amount	Fair value
			2010 \$'000	2010 \$'000	2009 \$'000	2009 \$'000
<b>Financial assets</b>						
Cash	Cash and cash equivalents	49, 61	1 178 642	1 178 642	1 124 994	1 124 994
Loans and receivables	Receivables <sup>(1)</sup>	50	101 577	101 577	54 805	54 805
Held to maturity investments	Other financial assets	51	2 416	2 416	5 122	4 567
	<b>Total Financial Assets</b>		<b>1 282 635</b>	<b>1 282 635</b>	1 184 921	1 184 366
<b>Financial liabilities</b>						
Financial liabilities at cost	Payables <sup>(1)</sup>	53	1 401 096	1 401 096	1 340 900	1 340 900
	<b>Total Financial Liabilities</b>		<b>1 401 096</b>	<b>1 401 096</b>	1 340 900	1 340 900

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

### Credit risk

Credit risk arises when there is the possibility of the department's debtors defaulting on their contractual obligations resulting in financial loss to the department. The department measures credit risk on a fair value basis and monitors risk on a regular basis. The department has minimal concentration of credit risk. The department does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets is calculated on past experience and current and expected changes in client credit rating. Currently the department does not hold any collateral as security to any of its financial assets. Other than receivables, there is no evidence to indicate that the financial assets are impaired. Refer to Note 50 for information on the allowance for impairment in relation to receivables.

The following table discloses the ageing of financial assets, past due, including impaired assets past due.

**Table 62.2 Ageing analysis of financial assets**

	Past due by			
	Overdue for < 30 days \$'000	Overdue for 30–60 days \$'000	Overdue for > 60 days \$'000	Total \$'000
<b>2010</b>				
<b>Not impaired</b>				
Receivables <sup>(1)</sup>	99 962	1	1 614	101 577
<b>Impaired</b>				
Receivables <sup>(1)</sup>	—	—	2 492	2 492
	<b>99 962</b>	<b>1</b>	<b>4 106</b>	<b>104 069</b>
<b>2009</b>				
<b>Not impaired</b>				
Receivables <sup>(1)</sup>	54 571	—	234	54 805
<b>Impaired</b>				
Receivables <sup>(1)</sup>	7	7	448	462
	<b>54 578</b>	<b>7</b>	<b>682</b>	<b>55 267</b>

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

continued

## 62 Financial instruments/financial risk (continued)

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

**Table 62.3: Maturity analysis of financial assets and liabilities**

	Contractual Maturities			
	Carrying amount \$'000	< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
<b>2010</b>				
<b>Financial assets</b>				
Cash and cash equivalents	1 178 642	1 178 642	—	—
Receivables	101 577	101 577	—	—
Other financial assets	2 416	2 416	—	—
<b>Total financial assets</b>	<b>1 282 635</b>	<b>1 282 635</b>	<b>—</b>	<b>—</b>
<b>Financial liabilities</b>				
Payables	1 401 096	914 248	14 875	471 973
Interest Bearing Liabilities	—	—	—	—
<b>Total financial liabilities</b>	<b>1 401 096</b>	<b>914 248</b>	<b>14 875</b>	<b>471 973</b>

	Contractual Maturities			
	Carrying amount \$'000	< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
<b>2009</b>				
<b>Financial assets</b>				
Cash and cash equivalents	1 124 994	1 124 994	—	—
Receivables	54 805	54 805	—	—
Other financial assets	5 122	1 537	3 037	548
<b>Total financial assets</b>	<b>1 184 921</b>	<b>1 181 336</b>	<b>3 037</b>	<b>548</b>
<b>Financial liabilities</b>				
Payables	1 340 900	850 279	15 739	474 882
Interest Bearing Liabilities	—	—	—	—
<b>Total financial liabilities</b>	<b>1 340 900</b>	<b>850 279</b>	<b>15 739</b>	<b>474 882</b>

### Liquidity risk

Liquidity risk arises where the department is unable to meet its financial obligations as they are due to be settled. The continued existence of the department is dependent on State Government policy and on continuing appropriations by Parliament for the department's administration and programs. The department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

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

The carrying amount of financial liabilities recorded in Table 62.1 represent the department's maximum exposure to financial liabilities.

### Market risk

Market risk for the department is primarily through interest rate risk. Exposure to interest rate risk may arise through its interest bearing liabilities. The department's interest bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

### Sensitivity disclosure analysis

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

## 63 Events after the reporting period

There were no events occurring after the end of the reporting period that have material financial implications on these financial statements.



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## To the Under Treasurer Department of Treasury and Finance

As required by section 31 of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial statements of the Department of Treasury and Finance for the financial year ended 30 June 2010. The financial statements comprise:

- A Statement of Comprehensive Income
- A Statement of Financial Position
- A Statement of Changes in Equity
- A Statement of Cash Flows
- Disaggregated Disclosures - Expenses and Income
- Disaggregated Disclosures - Assets and Liabilities
- Notes, comprising a summary of significant accounting policies and other explanatory information
- A Statement of Administered Comprehensive Income
- A Statement of Administered Financial Position
- A Statement of Administered Changes in Equity
- A Statement of Administered Cash Flows
- A Schedule of Expenses and Income attributable to administered activities
- Notes, comprising a summary of significant accounting policies and other explanatory information for Administered Items
- A Certificate from the Under Treasurer and the Director, Financial Services.

### The responsibility of the Chief Executive for the financial statements

The Under Treasurer is responsible for the preparation and the fair presentation of the financial statements in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

My responsibility is to express an opinion on the financial statements based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The Auditing Standards require that the auditor complies with relevant ethical requirements relating to audit engagements and plans and performs the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Under Treasurer, as well as the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my auditor's opinion.

**Auditor's opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Treasury and Finance as at 30 June 2010, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



**S O'Neill**  
**AUDITOR-GENERAL**  
29 September 2010

# Appendices



# Appendix 1 — Acts committed to the Treasurer as at 30 June 2010

Committed

## Appropriation Acts

Appropriation Act 2008 .....	7/8/08
ASER (Restructure) Act 1997 .....	5/2/98
Authorised Betting Operations (Trade Practices Exemption) Amendment Act 2009 .....	1/3/09
Bank Merger (BankSA and Advance Bank) Act 1996 .....	28/11/96
Bank Mergers (South Australia) Act 1997 .....	19/3/98
Benefit Associations Act 1958 .....	20/10/97
Commonwealth Places (Mirror Taxes Administration) Act 1999 .....	19/10/00
Debits Tax Act 1994 .....	13/2/97
Electricity Corporations Act 1994 .....	18/4/02
Electricity Corporations (Restructuring and Disposal) Act 1999 .....	18/4/02
Emergency Services Funding Act 1998 .....	7/11/02
Essential Services Commission Act 2002 .....	12/9/02
Financial Agreement Act 1994 .....	5/2/98
Financial Institutions Duty Act 1983 .....	13/2/97
Financial Sector (Transfer of Business) Act 1999 .....	12/8/99
Financial Transaction Reports (State Provisions) Act 1992 .....	20/10/97
First Home Owner Grant Act 2000 .....	29/6/00
Gift Duty Act 1968 .....	13/2/97
Government Financing Authority Act 1982 .....	14/12/93
Governors' Pensions Act 1976 .....	20/10/97
Hindmarsh Island Bridge Act 1999 .....	17/8/00
Housing Loans Redemption Fund Act 1962 .....	20/10/97
Interest on Crown Advances and Leases Act 1944 .....	20/10/97
Judges' Pensions Act 1971 .....	20/10/97
Land Tax Act 1936 .....	13/2/97
Motor Accident Commission Act 1992 .....	14/12/93
National Tax Reform (State Provisions) Act 2000 .....	29/6/00
National Wine Centre (Restructuring and Leasing Arrangements) Act 2002 .....	6/5/04
New Tax System Price Exploitation Code (South Australia) Act 1999 .....	9/12/99
Parliamentary Superannuation Act 1974 .....	20/10/97
Payroll Tax Act 2009 .....	4/06/09
Petroleum Products Regulation Act 1995 .....	13/2/97
Police Superannuation Act 1990 .....	20/10/97
Public Corporations Act 1993 .....	14/12/93
Public Finance and Audit Act 1987 .....	20/10/97
Rural Advances Guarantee Act 1963 .....	20/10/97
SGIC (Sale) Act 1995 .....	29/6/95

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**Committed**

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Southern State Superannuation Act 2009 .....	1/8/09
Stamp Duties Act 1923 .....	13/2/97
Stamp Duties (Tax Reform) Amendment Act 2009 <sup>(a)</sup> .....	4/6/09
State Bank (Corporatisation) Act 1994 .....	12/5/94
State Bank of South Australia Act 1983 .....	14/12/93
State Procurement Act 2004 .....	24/7/08
Statutes Amendment (Betting Operations) Act 2008 .....	1/3/09
Statutes Amendment and Repeal (Taxation Administration) Act 2008 <sup>(b)</sup> .....	1/1/09
Succession Duties Act 1929 .....	13/2/97
Superannuation Act 1988 .....	20/10/97
Superannuation Funds Management Corporation of South Australia Act 1995 .....	13/2/97
Supplementary Financial Agreement (Soldiers Settlement Loans) Act 1934 <sup>(c)</sup> .....	5/2/98

**Supply Acts**

Tab (Disposal) Act 2000 .....	13/5/03
Taxation Administration Act 1996 .....	13/2/97
Unclaimed Moneys Act 1891 .....	20/10/97
Unclaimed Superannuation Benefits Act 1997 .....	29/1/98
Westpac/Challenge Act 1996 .....	5/2/98

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(a) Date of operation for section 13 was 1 July 2009

(b) Date of operation for parts 2 & 3 was 1 July 2009

(c) Act of limited application

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## Appendix 2 — Legislative measures

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### **Appropriation Act 2009**

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An Act for the appropriation of money from the consolidated account for the year ending 30 June 2010 and for other purposes.

Assented to: 23 July 2009

Date of operation: 1 July 2009

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### **Supply Act 2009**

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An Act for the appropriation of money from the consolidated account for the financial year ending on 30 June 2010.

Assented to: 4 June 2009

Date of operation: 1 July 2009

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### **Amendments to the First Home Owner Grant 2000**

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#### **First Home Owner Grant (Special Eligible Transactions) Amendment Act 2009**

This legislation implements the Commonwealth First Home Owners Boost.

Assented to: 5 November 2009.

Date of operation: All sections (except 4, 10, 11 & 12) — 14 October 2008; Sections 4, 10, 11 & 12 — 5 November 2008.

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### **Amendments to the Payroll Tax Act 2009**

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#### **Payroll Tax (Nexus) Amendment Act 2010**

This legislation varies the payroll tax nexus provisions where wages are paid to workers who provide their services in more than one state or territory in a month.

Assented to: 1 July 2010.

Date of operation: 1 July 2009.

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### **Amendments to the *Land Tax Act 1936***

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#### **Land Tax (Miscellaneous) Amendment Act 2010**

The legislation implements the land tax relief measures announced as part of the government's 2009–10 Mid Year Budget Review together with three new exemptions.

Assented to: 1 July 2010.

Date of operation: Sections 4(3), (6) & (7) — at midnight on 30 June 2009; Subsections 4(1), (2), (4) & (5), 5 & 6 — at midnight on 30 June 2010.

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## Appendix 3 — Major boards and committees as at 30 June 2010

- Distribution Lessor Corporation
- Electricity Industry Superannuation Board
- Essential Services Commission of SA
- Generation Lessor Corporation
- Motor Accident Commission
- Police Superannuation Board
- RESI Corporation Board
- South Australian Asset Management Corporation (SAAMC)
- South Australian Centre for Trauma and Injury Recovery Board (SACTIR)
- South Australian Government Financing Advisory Board (SAFA)
- South Australian Parliamentary Superannuation Board
- South Australian Superannuation Board
- State Procurement Board
- Superannuation Funds Management Corporation of South Australia Board (Funds SA)
- Sustainable Budget Commission
- Transmission Lessor Corporation.

# Appendix 4 — Management of human resources

## Employee numbers, gender and status

### Employee numbers

	Persons	FTEs
Total number of employees as at 30 June 2010	1631	1555.11
Female %	52.61	50.56
Male %	47.39	49.44

### Recruitment and separations during 2009-10

	Persons
Number of employees recruited to agency	212
Number of employees separated from agency	215

### Leave without pay

	Persons
Number of persons on leave without pay as at 30 June 2010	42

### Number of employees by salary bracket (as at 30 June 2010)

	Male	Female	Total
\$0-\$49 199	142	296	438
\$49 200-\$62 499	216	293	509
\$62 500-\$80 099	212	176	388
\$80 100-\$100 999	153	82	235
\$101 000 +	50	11	61
<b>Total</b>	<b>773</b>	<b>858</b>	<b>1631</b>

### Employee status by FTE (as at 30 June 2010)

	Ongoing	Short term contract	Long term contract	Casual	Total
Female	653.81	93.97	37.94	0.60	786.32
Male	609.19	74.00	85.60	0.00	768.79
<b>Total</b>	<b>1 263.00</b>	<b>167.97</b>	<b>123.54</b>	<b>0.60</b>	<b>1555.11</b>

### Employee status by number of persons (as at 30 June 2010)

	Ongoing	Short term contract	Long term contract	Casual	Total
Female	719	98	40	1	858
Male	613	74	86	0	773
<b>Total</b>	<b>1 332</b>	<b>172</b>	<b>126</b>	<b>1</b>	<b>1 631</b>

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**Number of Executives by status in current position, gender and classification (as at 30 June 2010)**

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Classification	Ongoing		Term		Other		Total		Total
	F	M	F	M	F	M	F	M	
EXEEOA				2					2
EXECOB				1					1
EXECOF				1					1
SAES1			10	37					47
SAES2			1	10					11
<b>Total</b>			<b>11</b>	<b>51</b>					<b>62</b>

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**Leave management (not including recreational leave)**

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	2006-07	2007-08	2008-09	2009-10
Average number of sick leave days taken per FTE	8.1	8.7	6.6	8.9
Average number of family carer's leave days taken per FTE	0.9	0.9	0.8	0.9
Average number of special leave with pay days taken per FTE for individual needs and responsibilities	0.6	0.4	0.4	0.6
<b>Total average leave per FTE</b>	<b>9.6</b>	<b>10.0</b>	<b>7.8</b>	<b>10.4</b>

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## Workforce diversity

### Age profile (as at 30 June 2010)

Age	Female	Male	Total	2010 workforce	
				% of total	benchmark (%) <sup>(a)</sup>
15–19	3	1	4	0.25	6.10
20–24	39	29	68	4.17	10.60
25–29	111	87	198	12.14	10.50
30–34	119	89	208	12.75	9.40
35–39	136	117	253	15.51	11.20
40–44	110	86	196	12.02	11.10
45–49	103	87	190	11.65	12.20
50–54	99	109	208	12.75	11.00
55–59	93	110	203	12.45	9.20
60–64	39	46	85	5.21	6.00
65 +	6	12	18	1.10	2.90
<b>Total</b>	<b>858</b>	<b>773</b>	<b>1631</b>	<b>100.00</b>	<b>100.00</b>

(a) Source: Australian Bureau of Statistics Australian Demographic Statistics, 6291.0.55.001 Labour Force Status (ST LM8) by sex, age, state, marital status — employed — total from Feb78 Supertable, South Australia at May 2010

### Aboriginal and Torres Strait Islander Employees (as at 30 June 2010)

	Aboriginal staff	Total staff	% of agency employees <sup>(a)</sup>
\$0–\$49 199	7	438	1.5982
\$49 200–\$62 499	3	509	0.5894
\$62 500–\$80 099	1	388	0.2577
\$80 100–\$100 999	0	235	0.0000
\$101 000 +	0	61	0.0000
<b>Total</b>	<b>11</b>	<b>1631</b>	<b>0.6744</b>

(a) South Australia's Strategic Plan target is 2%.

### Cultural and linguistic diversity (as at 30 June 2010)

	Female	Male	Total	% of agency	% of SA community <sup>(a)</sup>
Number of employees born overseas	117	78	195	11.96	20.30
Number of employees who speak language(s) other than English at home	100	53	153	9.38	16.60

(a) Benchmarks from Australian Bureau of Statistics Publication — Basic Community Profile (SA) Cat No. 2001.0, 2006 census.

### Disability

	Female	Male	Total	% of agency employees
Number of employees identifying with disabilities (according to Commonwealth DDA definition)	20	12	32	2

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## Disability types

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	Female	Male	Total	% of agency employees
Disability requiring workplace adaptation	17	10	27	1.7
Physical	11	3	14	0.9
Intellectual	0	0	0	0
Sensory	2	3	5	0.3
Psychological/psychiatric	0	2	2	0.1
Other	0	0	0	0
<b>Total</b>	<b>30</b>	<b>18</b>	<b>48</b>	<b>2.9</b>

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## Number of employees using voluntary flexible working arrangements

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	Female	Male	Total
Purchased leave	5	10	15
Flexitime	791	666	1 457
Compressed weeks	1	2	3
Part-time	206	17	223
Job share	30	1	31
Working from home	2	6	8

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## Documented review of individual performance management<sup>(a)</sup>

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	% workforce
Employees with a plan reviewed within the past 12 months	100
Employees with a plan older than 12 months	0
Employees with no plan	0

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## Training and development

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### Leadership and management training expenditure

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	Total cost	% of total salary expenditure
Total training and development expenditure	\$964 990.00	0.75%
Total leadership and management development	\$0.00	Breakdown not recorded

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## Occupational Health and Safety statistics

### OHS Notices and corrective action taken

Number of notifiable occurrences pursuant to OHS&W Regulations Division 6.6	2
Number of notifiable injuries pursuant to OHS&W Regulations Division 6.6	—
Number of notices served pursuant to OHS&W Act s35, s39 and s40 (default, improvement and prohibition notices)	—

Two incidents related to contact with electricity were notified to SafeWork SA. These were both later determined to be related to static electricity, rather than malfunction or short circuit.

### Agency gross<sup>(a)</sup> workers compensation expenditure for 2009–10 compared with 2008-09<sup>(b)</sup>

Expenditure	2009-10 \$'000	2008-09 \$'000	Variation +(-) \$'000	% Change +(-)
Income maintenance	137	29	+108	+372.4
Lump sum settlements redemptions — section 42	—	99	-99	-100
Lump sum settlements permanent disability — section 43	5	26	-21	-80.7
Medical/hospital costs combined	86	62	+24	+38.7
Other	3	20	-17	-85
<b>Total claims expenditure</b>	<b>231</b>	<b>236</b>	<b>-5</b>	<b>—</b>

(a) before third party recovery

(b) information available from IDEAS RS/SIMS (for detailed advice on data extraction contact PSWD)

## Meeting safety performance targets<sup>(a)</sup>

	Base: 2005-06	Performance — 12 months to end of June 2010 <sup>(b)</sup>			Final target
	No. or %	Actual	Notional target <sup>(c)</sup>	Variation	No. or %
1. Workplace fatalities	—	—	—	—	—
2. New workplace injury claims	16	27	13	14	13
3. New workplace injury claims frequency rate	9.33 <sup>(e)</sup>	9.06	7.46	1.59	7.46
4. Lost time injury frequency rate <sup>(d)</sup>	4.2 <sup>(e)</sup>	6.37	3.36	3.01	3.36
5. New psychological injury claims	1	6	1	5	1
6. Rehabilitation and return to work:					
a. Early assessment within 2 days	37.5%	50%	80%	-30%	80%
b. Early intervention within 5 days	100%	100%	80%	20%	80%
c. RTW within 5 business days	100%	58.33%	75%	-16.67%	75%
7. Claim determination:					
a. Claims determined in 10 business days	50%	53.85%	75%	-21.15%	75%
b. Claims still to be determined after 3 months	25%	15.38%	3%	12.38%	3%
8. Income maintenance payments for recent injuries:					
a. 2008–09 injuries (at 24 months development)	—	\$38,049	\$26,956	\$11,094	
b. 2009–10 injuries (at 12 months development)	—	\$101,209	\$13,918	\$87,291	

(a) Information available from IDEAS RS/SIMS (SIPS target report).

(b) Except for target 8, which is YTD, targets 5, 6c, 7a and 7b, performance is measured up to the previous quarter to allow reporting lag.

(c) Based on cumulative reduction from base at a constant quarterly figure. Note: notional targets were established based on 1048 full time equivalent (FTE) employees in the base year and employee numbers have since increased to 1555 FTEs as at June 2010. Absolute targets have not been adjusted to align with the increase in FTEs.

(d) This is the frequency of lost-time injury/disease for each one million hours worked. This frequency rate is calculated for benchmarking and is used by the WorkCover Corporation. Lost Time Injury frequency rate (new claims): Number of new cases of lost-time injury/disease for year x 1 000 000 number of hours worked in the year

(e) Based on figures for DTF Portfolio.

## Carers Recognition Act reporting

While the department is not required to report on compliance with section 6 of the *Carers Recognition Act 2005*, this task is carried out voluntarily and a report is provided to the Office for Carers in the Department for Families and Communities.

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# Disability Action Plan

This section details the performance of the department against the six outcome areas of the whole of government policy 'Promoting Independence — Disability Action Plans for South Australia'.

## Outcome 1 — Access to Services

**Portfolios and their agencies are to ensure access to their services and facilities to people with disabilities.**

As part of the department's accommodation strategy, tenancies are being modified in line with Government Office Accommodation Guidelines and Occupational Health, Safety and Welfare requirements. This is an ongoing process and includes the provision of suitable facilities for people with disabilities.

As a tenant of leased accommodation, the department relies on the Department for Transport, Energy and Infrastructure to conduct access audits of all existing and new tenancies. The department has additionally undertaken an extensive review of all departmental sites in relation to the *Disability Discrimination Act 1992* and the *Disability Services Act 1993*.

Disability access considerations are incorporated into the department's strategic accommodation planning and priority is given to addressing any issues identified for rectification.

Upgrade initiatives undertaken in 2009–10 involve the following:

- update international deafness and wheelchair signage in the State Administration Centre (SAC) and 12 Victoria Place
- install automatic glass sliding door on Level 2 South SAC
- purchase of an electronic sit/stand unit
- relocate reception phones
- update signage in disabled toilet.

Specific workplace modifications continue to be undertaken to provide employment opportunities for people with disabilities.

In addition, the department actively invites disability groups to working party meetings, seeking feedback on specific accessibility issues and areas for improvement.

## Outcome 2 — Information is inclusive

**Portfolios and their agencies ensure that information and communication about services and programs is inclusive of people with disabilities.**

*The department's Disability Action Plan (DAP) incorporates the requirement for publications to be accessible to people with disabilities. The department has adopted the whole of government branding guidelines for publications to ensure accessibility to services. Developed by the Worldwide Web Consortium (W3C), the Web Content Accessibility Guidelines (WCAG1.0) has been*

*used for over ten years as the main international benchmark for website accessibility for people with disability.*

An internal review of the department's website is planned for the 2010–11 financial year and additional guidelines specific to branding and accessibility requirements will be prepared.

The department's strategy on managing intranet and website content is through a content management system with rigid templates that ensures accessibility is maintained. Recent upgrades to the website have included accessibility information for users. The Disability Awareness section on the intranet provides useful links and information that can assist staff in relation to locating services, news items and publications, including the department's DAP.

The department's Client Service Charter and Client Service Strategy, which are available to internal and external clients, incorporate a feedback process in relation to services provided.

Staff are supported to attend workshops to develop skills and understanding of the standards and legislative requirements relating to accessibility for people with disabilities.

Individual branches provide interpreting services as required to members of the public and information in alternative formats when issuing correspondence, accounts etc.

The Human Resources section continues to work closely with branches in recruiting people with disabilities for vacancies at all levels in the department.

## Outcome 3 — Disability awareness

**Portfolios and their agencies deliver advice or services to people with disabilities with awareness and understanding of issues effecting people with disabilities.**

The Disability Awareness Training program, aimed at increasing general awareness and understanding of people with disabilities, has continued to deliver information to staff and managers throughout the department. The program is ongoing to ensure that all staff have the opportunity to participate and provide feedback on issues relevant to their workplace.

The government's Promoting Independence: Disability Action Plans for South Australia Seventh Progress Report has been promoted to senior management and staff via the intranet and through the internal working party, to facilitate further understanding of the issues, progress and achievements to date.

The disability working party continues to engage with external disability groups to encourage better understanding of available services and ensure appropriate consultation in policy development, planning and systems to meet the needs of people with disabilities.



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#### **Outcome 4 — Consultation and complaints process**

**Portfolios and their agencies provide opportunities for consultation with people with disabilities on service delivery and in the implementation of complaints and grievance mechanisms.**

The department has a Grievance Resolution Policy that is available to all staff via the intranet.

In conjunction with the department's Client Service Charter and Client Service Strategy there are established mechanisms to provide direct feedback to service areas of the department. The department's service areas also regularly survey clients on service delivery issues.

Feedback is sought on improvements in the workplace to support people with disabilities. Consultation also takes place with employees who have disclosed a disability to enhance work practices and service delivery.

#### **Outcome 5 — Compliance with relevant Acts**

**Each Portfolio Chief Executive will ensure that their portfolio has met the requirements of the Disability Discrimination Act 1992 and the Equal Opportunity Act 1994.**

The department's DAP is based on the six outcomes areas and is framed to ensure that it meets the requirements of *Commonwealth Disability Discrimination Act 1992* and the *SA Equal Opportunity Act 1984*. The plan has been registered on the Human Rights and Equal Opportunity Commission, Disability Rights Section and is transparent in terms of what the department has committed itself to achieving, and its implementation approach. The DAP is provided in a format suitable for access on the site.

#### **Outcome 6 — Increase Employment Rates (SASP Target T6:22)**

The department's DAP outlines its strategy and actions, which contribute to the SASP target and the department monitors its performance accordingly. Supporting this, the department adopts the processes outlined in Commissioner's Standard 2 — Quality Staffing with regards to employment considerations (Public Sector Special Employment Programs — Disability Employment Register).

The department also works collaboratively with disability groups in assisting with work experience placements for young people with disabilities, which contributes to possible longer term employment prospects.

Human resource procedures and processes for filling vacancies are discussed with managers and their administrative support staff, to ensure full consideration is given to the employment of people with disabilities, when vacancies for either short or long term duration occurs.

Selection panel training is provided to directors, managers, supervisors and nominated staff involved with the filling of positions within the department and includes a session on employing people with disabilities.

The department's role descriptions have been assessed and criteria modified to ensure language used is inclusive.

Human Resource staff have received training in recruitment and selection of people with disabilities. In addition, training in equal employment opportunity, occupational health, safety and welfare, diversity and ethics is conducted on a cyclical basis. New and amended legislation is tabled for discussion with the Human Resource section.

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## Appendix 5 — Account payment performance

Treasurer's Instruction 11 requires agencies to pay at least 90 per cent of all undisputed invoices within 30 days.

In April 2010, the department commenced using the SSSA e-procurement system. This resulted in a short-term decline in the number of accounts paid within 30 days. Payment results are returning to acceptable levels.

The following table demonstrates that the department paid 91 per cent of all invoices for the portfolio by the due date.

---

	<b>Number paid</b>	<b>%</b>	<b>Amount paid \$'000</b>
Paid by the due date	<b>62 533</b>	<b>91</b>	284 684
Paid less than 30 days after the due date	<b>4778</b>	<b>7</b>	33 683
Paid more than 30 days after the due date	<b>1720</b>	<b>2</b>	6422
<b>Total</b>	<b>69 031</b>		<b>324 788</b>

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## Appendix 6 — Revenue collections by RevenueSA

	2007-08 Amount \$	2008-09 Amount \$	2009-10 Amount \$
<b>Debits tax</b>	(44)	—	22
<b>Land tax</b>	365 890 245	466 581 706	553 256 251
<b>Payroll tax</b>	1 085 903 362	1 089 351 614	1 088 854 715
<b>Stamp duty</b>			
Annual licences (insurance)	236 320 674	257 409 573	277 255 356
Applications to register or transfer motor vehicles	147 743 674	124 836 456	159 305 819
Conveyance of property on sale	931 057 773	734 111 506	793 079 700
Conveyance of shares (excluding Stock Exchange)	11 234 982	5 917 276	5 159 104
Gaming machine surcharge	4 681 099	1 223 518	1 573 504
Hospital fund MV third parties	59 117 267	56 625 939	65 819 324
Insurance effected outside SA	6 371 979	7 722 025	9 239 594
Leases	2 530	628	—
Mortgages	48 867 497	23 432 252	2 457 600
Rental business	13 305 022	9 632 644	1 383 033
Voluntary conveyances of property	4 372 982	3 708 399	3 502 080
Other	7 040 242	(6 774 331)	(934 812)
Refunds, commissions etc	(105 364)	90 124	—
<b>Total stamp duty</b>	<b>1 470 010 356</b>	<b>1 217 936 010</b>	<b>1 317 840 302</b>
<b>Mirror taxes</b>			
Land tax	1 012 603	1 296 505	1 324 106
Payroll tax	19 004 414	19 059 166	19 050 153
Conveyance of property on sale	263 252	296 987	263 252
Leases	236	59	—
Rental business	342 565	248 004	35 608
<b>Total mirror taxes</b>	<b>20 623 070</b>	<b>20 900 721</b>	<b>20 673 119</b>
<b>Emergency Services Levy (fixed property)</b>			
ESL payments	77 066 454	86 713 755	89 697 562
Remission & concession	88 433 360	90 454 581	86 285 955
<b>Total ESL</b>	<b>165 499 813</b>	<b>177 168 336</b>	<b>175 983 517</b>
<b>Total RevenueSA collections</b>	<b>3 107 926 803</b>	<b>2 971 938 386</b>	<b>3 156 607 926</b>

## Appendix 7 — Use of consultants\*

Consultant	Purpose of consultancy	Number	Total \$
<b>Value below \$10 000</b>			
Various	Various		
Subtotal		15	67 498
<b>Value \$10 000–\$50 000</b>			
Mcintyre Robertson Scarborough	Sales option study for Penny Place property		
Workplace Solutions	Human Resources consulting for Fleet SA		
Finity Consulting Pty Ltd	Peer review for actuarial services		
Clayton Utz	Advice on new Royal Adelaide Hospital (NRAH) Public Private Partnership Projects		
Ian Beaver Consulting	Provide ongoing industry expertise and experience regarding Forestry SA		
Profectus Australia Pty Ltd	Accounts payable financial analysis project		
Stillwell Management	Project strategy development/psychometric testing		
Brett and Watson Pty Ltd	Actuarial services		
Creative Energy Solutions	To provide energy expert advice to assist in the development of procurement initiatives for natural gas		
Sinclair Knight Merz	Surveying services Victoria Place		
Master Plan SA Pty Ltd	Scoping study for sale of site		
Subtotal		11	277 632
<b>Value above \$50 000</b>			
McLachlan Hodge Mitchell (MHM) Pty Ltd	Integration of government ICT accounts receivable system into Shared Services SA Masterpiece		
	Financial systems changes for Fleet SA restructure		
	Migration of reporting from Crystal report to Business Objects		
PricewaterhouseCoopers	Review of Masterpiece contract extension and the Enterprise Resource Planning (ERP) 'Pathway to the Future' for the SA Government		
	Review of anti-money laundering practices		
The Trustee for Carmody	Sustainable Budget Commission chairman fees		
Royal Bank of Scotland	Market options scoping study ForestrySA		
Enclave Project Delivery Pty Ltd	Facilitation role for the new Royal Adelaide Hospital interactive tendering phase		
Ernst and Young	Provide advice on taxation issues related to the provision of government funding to Public Private Partnership Projects		
	Internal Audit project		
	Provide GST advise relating to Walkerville and Citi Centre		
	Review of the claims management process in terms of adequacy and effectiveness of controls		
	Review and implementation of GST process to ensure GST treatment of grants and loans is compliant		
Access Economics Pty Ltd	Revenue forecasting report for the Sustainable Budget Commission		
KPMG	Public Private Partnership advisory services for the New Royal Adelaide Hospital		
	Review of the GST financial supply provisions — the scope and rate of reduced input tax credits for the GST administrative subcommittee		
	Training on business continuity plan		
Poyry Forest Industry Pty Ltd	Market option scoping study		
Pitcher Partners Consulting Pty Ltd	Probity services for the New Royal Adelaide Hospital project		
Subtotal		10	1 216 781
<b>Total</b>		<b>36</b>	<b>1 561 911</b>

Note: Payments to consultants include amounts paid and payable at 30 June 2010.

\* Controlled only

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## Appendix 8 — Overseas travel

Destination	Number of employees	Reason for travel	Travel costs \$
USA & Europe	2	Meetings with defence companies regarding various projects	51 982
UK	1	To meet with, and make presentations to, overseas underwriters of government's catastrophe reinsurance program, with representatives of AON as part of the renewal	17 950
India	1	To attend and present at an Asian Development Bank Conference	1 445
USA (May 2009) <sup>(a)</sup>	1	Update on global economic outlook and meet with ratings agencies.	(1 217)
<b>Total</b>	<b>5</b>		<b>70 160</b>

(a) This is an adjustment to the figure reported in the department's 2008–09 Annual Report.

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## Appendix 9 — Fraud and corruption control

The department is not aware of any actual, suspected or alleged fraudulent activity affecting the department in 2009–10.

There have been no 'public interest disclosures' to a responsible officer of the agency under the *Whistleblowers Protection Act 1993* during 2009–10.

### Fraud and Corruption Control Framework

The department's Fraud and Corruption Control Framework consists of the:

- Fraud and Corruption Policy
- Fraud and Corruption Reporting Procedure
- Whistleblowers Policy
- Whistleblowers Procedure.

### Fraud and corruption control policy and reporting procedure

This policy and procedure was updated in January 2010 and reflects the requirements of the Australian Standard AS 8001:2003 Fraud and Corruption Control (AS 8001:2003).

Its purpose is to formalise and communicate the processes for preventing, detecting and responding to fraud and corruption within the department.

### Whistleblowers policy and procedure

This policy and procedure was updated in January 2010 to reflect the requirements of Commissioner's Standard 4 and AS 8004-2003 Whistleblower Protection Programs for Entities.

The purpose of this policy and procedure is to formalise and communicate the process for disclosure of maladministration and waste in the public sector, corrupt or illegal conduct generally and to make potential informants feel comfortable and protected should they have a matter to raise.

### Fraud Risk Assessment

The department conducts a detailed Fraud Risk Assessment every three years.

Ernst and Young was engaged in March 2010 to undertake a Fraud Risk Assessment. The findings from the fraud risk assessment form the basis of the department's fraud and corruption control plan for the next three years.

The results from the Fraud Risk Assessment were very positive, revealing the department takes the risk of fraud seriously and generally has a robust control environment to assist in the prevention and detection of fraud.

### Internal Audit and Risk Management

Audit and Risk Management Services has an annual risk-based internal audit program which focuses on key risk areas of the department.

The department's Risk Management Policy prescribes how risks will be identified, prevented, managed, monitored and treated. The department has incorporated risk management into the strategic and business planning processes. Through this process branches consider all risks within their area of operations which includes the risk of fraud. Branch risks are documented in a Branch Risk Register. All high and extreme risks which have a whole of department impact are reported at least annually to the Audit Committee and the Under Treasurer.

# Appendix 10 — Greening of government operations

## Energy management

The energy use of the Department of Treasury and Finance consists primarily of light and power in leased office accommodation within the central business district of Adelaide. The major buildings occupied are the State Administration Centre, Wakefield House and Westpac House. The department uses approximately 0.5 per cent of government's total energy use.

The department also supports the Treasurer in the administration of the electorate offices of state members of parliament. These offices are located throughout South Australia in small, leased shop front premises and multi-tenanted shopping complexes, with limited opportunities for energy savings.

## Energy performance

### 2000–01 base year<sup>(a)</sup>

Energy usage	12,220 GJ equating to 3,418 tonnes of CO <sub>2</sub>
Total staff	1019.1 FTEs
Energy efficiency <sup>(b)</sup>	11.99 GJ per FTE

### 2009–10 reporting year

Energy usage	15,118 GJ equating to 4,228 tonnes of CO <sub>2</sub>
Total staff	1,723.66 FTEs
Energy efficiency	8.77 GJ per FTE

### 2013–14 target

Energy efficiency	8.99 GJ per FTE
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(a) Energy efficiency is defined as the energy used per unit of business measure. The department is using the business measure of number of full time equivalents (FTE employees).

(b) The 2013–14 target is calculated on a 25% improvement in energy efficiency (2000–01) by 2013–14. 2009–10 is the ninth year of expected reduction in energy usage towards target. This is inline with South Australia's Strategic Plan Target T3.13 — Improve the energy efficiency of government buildings by 25% from 2000–01 levels by 2014.

## Energy management achievements against the Energy Efficiency Action Plan

Achievements during 2009–10 include:

- trialling and installing more efficient hot water systems
- installing more energy efficient lighting
- increasing staff awareness of energy efficiency.

Future energy saving initiatives include:

- extending the implementation of energy efficient hot water systems
- extending the installation of energy efficient lighting
- continue the de-lamping of floors within the State Administration Centre while maintaining correct lighting levels
- continue to educate staff concerning energy efficiency
- printer defaults to be set to double-sided printing, excluding formal documentation.

## Water conservation and wastewater management

The department will continue to consult with facilities management providers (in accordance with the whole of government Facilities Management Contract) and the Department of Transport, Energy and Infrastructure as building owner/manager to undertake environmental initiatives within accommodation sites leased by the department. The department has installed flow restrictors in kitchen and bathroom hardware in the State Administration Centre.

## Waste management

The Department of Transport, Energy and Infrastructure implemented a new cleaning contract in July 2009 that included a new Waste and Recycling Management Program. This program includes departmental accommodation located in the State Administration Centre, Wakefield House and 12 Victoria Place and measures the following waste and recycling streams:

- general waste
- recyclables
- organic
- paper/cardboard (general and confidential).

In the first 12 months of the program all agencies involved have been able to achieve 100 per cent 'zero waste to landfill'.

In addition to this program, the department has implemented recycling processes for toner cartridges and batteries.

# Appendix 11 — Freedom of Information Statement

## Information statement

This statement is published in accordance with the requirements of section 9(2) of the *Freedom of Information Act 1991* (FOI Act). Subject to certain restrictions, the FOI Act gives members of the public a legally enforceable right to access information held by South Australian government agencies, local government authorities and South Australian universities.

A comprehensive introduction to freedom of information can be found on the State Records website at [www.archives.sa.gov.au/foi](http://www.archives.sa.gov.au/foi)

## Description of documents held

Documents held by Treasury and Finance fall broadly into the categories described below. Most are held in hard copy format, although some are stored electronically. The listing of these categories does not necessarily mean all documents are accessible in full or in part under the Act:

- corporate files containing correspondence, memoranda and minutes on all aspects of the department's operations
- taxation documents including applications and returns required for the purpose of administering state taxation legislation
- accounting records including monthly and quarterly financial statements, and the Treasurer's annual financial statements and accounts
- personnel files relating to Treasury and Finance employees
- superannuation files relating to the administration of member superannuation benefits
- Treasurer's Instructions\*
- Treasury Circulars and RevenueSA Circulars\*
- publications/papers/reports
- actuarial files
- policies, procedures and guidelines prescribing the way various activities and programs are to be performed.

\* Available on the department's website [www.treasury.sa.gov.au](http://www.treasury.sa.gov.au)

## Statistics 2009–10

The department received 104 applications in accordance with the FOI Act. Requests came from:

Members of parliament	81
Media	9
Private businesses	7
Members of the public	7
<b>Total</b>	<b>104</b>

Applications for one internal and one external review were also received.

## Making an application

Applications under the FOI Act, either for access to information or to amend official records about personal affairs, must be made in accordance with the requirements of the Act, details of which can be found at [www.archives.sa.gov.au/foi](http://www.archives.sa.gov.au/foi) or by contacting:

The Accredited FOI Officer  
Department of Treasury and Finance  
GPO Box 1045  
ADELAIDE SA 5001

Telephone 8226 9500

Documents can be made available for inspection at:

Level 3, State Administration Centre  
200 Victoria Square  
ADELAIDE SA 5000

Telephone 8226 9500

9:00 am to 5:00 pm Monday to Friday