



Government
of South Australia

Report
of the
Auditor-General
Annual Report
for the
year ended 30 June 2016

Tabled in the House of Assembly and ordered to be published, 18 October 2016

Second Session, Fifty-Third Parliament

Appendix to the Annual Report
Volume 1

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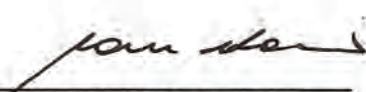
Treasurer's Statements

Financial report
for the year ended
30 June 2016

TREASURER'S STATEMENTS — STATEMENT A

SUMMARY OF THE CONSOLIDATED ACCOUNT FOR THE YEAR ENDED 30 JUNE 2016 (Section 22 (a) (i) *Public Finance and Audit Act 1987*) (Prepared on a Cash Basis)

	Budget \$	Actual \$
RECEIPTS		
Taxation	3 960 661 000	3 661 564 011
Commonwealth general purpose grants	5 517 500 000	5 613 933 806
Commonwealth specific purpose grants	277 270 000	300 907 634
Commonwealth National Partnership payments	24 584 000	35 329 940
Contributions from state undertakings	315 859 000	387 727 281
Fees and charges	525 551 000	482 281 185
Recoveries	53 737 000	319 309 027
Royalties	289 734 000	201 395 389
Other receipts	141 165 000	139 637 595
Total Receipts	11 106 061 000	11 142 085 868
PAYMENTS		
Appropriation Act	12 037 405 000	12 188 921 607
Specific appropriation authorised in various Acts	109 349 000	107 194 620
Total Payments	12 146 754 000	12 296 116 227
CONSOLIDATED ACCOUNT DEFICIT	1 040 693 000	1 154 030 359


T. KOUTSANTONIS, Treasurer

TREASURER'S STATEMENTS — STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL RECEIPTS TO THE CONSOLIDATED ACCOUNT OF THE GOVERNMENT OF SOUTH AUSTRALIA FOR THE YEAR ENDED 30 JUNE 2016 (Section 22 (a) (i) *Public Finance and Audit Act 1987*) (Prepared on a Cash Basis)

	Budget 2015-16	Actual 2015-16
Receipts	\$	\$
Taxation receipts		
Payroll tax	1 418 278 000	1 340 958 453
Commonwealth places mirror payroll tax ^(a)	24 800 000	23 442 359
Stamp duties	1 526 117 000	1 557 715 458
Commonwealth places mirror stamp duties ^(a)	300 000	284 312
Land tax	580 331 000	348 987 971
Commonwealth places mirror land tax ^(a)	1 400 000	1 408 870
Other taxes on property	—	24 578
Gaming machines tax	303 641 000	284 175 824
Contribution from SA Lotteries	78 502 000	78 178 059
Contribution from casino operations	20 750 000	20 192 868
Contribution from South Australian Totalizator Agency Board	3 900 000	3 558 225
Contribution from on-course totalizators, bookmakers and small lotteries	2 642 000	2 637 034
Total taxation receipts	3 960 661 000	3 661 564 011
Commonwealth general purpose payments		
GST revenue grants	5 517 500 000	5 613 933 806
Total Commonwealth general purpose payments	5 517 500 000	5 613 933 806
Commonwealth specific purpose payments ^(b)		
Council of Australian Governments funding arrangements	276 770 000	300 907 634
Natural Disaster Relief and recovery arrangements	500 000	—
Total Commonwealth specific purpose payments	277 270 000	300 907 634
Commonwealth National Partnership payments ^(c)		
Council of Australian Governments funding arrangements	24 584 000	35 329 940
Total Commonwealth National Partnership payments	24 584 000	35 329 940

(a) Taxes akin to state taxes are levied on activities conducted on Commonwealth places under the authority of Commonwealth mirror tax legislation. Revenue is retained by the state.

(b) Refers only to those Commonwealth specific purpose payments paid to the Consolidated Account.

(c) Refers only to National Partnership payments that are paid to the Consolidated Account. The remainder of National Partnership payments are paid into the Intergovernmental Agreement on Federal Financial Relations special deposit account for subsequent disbursement to the relevant line agencies.

TREASURER'S STATEMENTS — STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL RECEIPTS TO THE CONSOLIDATED ACCOUNT, 2015-16 — *continued*

	Budget 2015-16	Actual 2015-16
Receipts (continued)	\$	\$
Contributions from state undertakings		
Adelaide Venue Management Corporation ^(d)		
Dividend	—	1 583 204
Income tax equivalent	—	447 545
Arrangements with private electricity entities		
Local government rate equivalent	239 000	235 406
Department of Planning, Transport and Infrastructure		
Income tax equivalent	2 614 000	1 400 175
Local government rate equivalent	991 000	—
Flinders Ports		
Payment in lieu of other taxes	2 498 000	2 348 688
Funds SA		
Local government rate equivalent	221 000	—
HomeStart Finance		
Dividend	10 862 000	11 466 000
Income tax equivalent	4 623 000	4 863 835
Public Trustee Office		
Dividend	464 000	227 000
Income tax equivalent	6 000	314 694
Renewal SA		
Dividend	5 272 000	7 199 000
Income tax equivalent	—	—
Local government rate equivalent	1 312 000	—
SA Water Corporation		
Dividend	163 873 000	204 918 000
Income tax equivalent	66 970 000	107 272 726
Local government rate equivalent	1 564 000	—
Scope Global Pty Ltd (formerly Austraining Pty Ltd)		
Income tax equivalent	600 000	336 008
South Australian Government Employee Residential Properties		
Dividend	1 706 000	1 706 000
Income tax equivalent	465 000	675 000
South Australian Government Financing Authority		
Dividend	38 350 000	38 864 000
Income tax equivalent	13 200 000	3 870 000
West Beach Trust		
Income tax equivalent	29 000	—
Total contributions from state undertakings	315 859 000	387 727 281

(d) The Adelaide Entertainments Corporation and Adelaide Convention Centre merged to form Adelaide Venue Management Corporation effective 1 August 2015

TREASURER'S STATEMENTS — STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL RECEIPTS TO THE CONSOLIDATED ACCOUNT, 2015-16 — *continued*

	Budget 2015-16	Actual 2015-16
Receipts (continued)	\$	\$
Fees and charges ^(e)		
Auditor-General's Department — fees for audit and other sundry receipts	14 341 000	14 859 685
Court fines	55 211 000	52 952 381
Court regulatory fees	38 048 000	34 664 736
Guarantee fees	133 191 000	124 010 915
Infringement notice schemes — expiation fees	88 227 000	70 472 056
Land and business regulations	1 789 000	1 991 000
Land Services regulatory fees	194 546 000	183 224 954
Small lotteries	163 000	—
Sundry fees	35 000	105 458
Total fees and charges	525 551 000	482 281 185
Recoveries		
Department of Planning, Transport and Infrastructure — indentured ports	10 266 000	11 919 002
Department of Environment, Water and Natural Resources — Qualco Sunlands	250 000	—
Essential Services Commission of South Australia	7 529 000	7 528 666
Helicopter service — recovery of costs and sponsorships	1 085 000	2 036 822
Independent Gaming Corporation contribution to Gamblers Rehabilitation Fund	2 000 000	2 000 000
Metropolitan Drainage Fund	7 000	14 818
NRM Levy - Treasurer's Water Licences	—	353 431
National Tax Equivalent Program	50 000	—
Return of cash to Consolidated Account — cash alignment policy	—	291 790 400
Return of Deposit account balances	—	543 665
Return of deposit account balances — superannuation	30 000 000	—
Sale of government publications and subscriptions	200 000	6 546
Sundry recoupment	151 000	—
Unclaimed monies and personal property	2 199 000	3 115 677
Total recoveries	53 737 000	319 309 027

(e) Refers to only those fees and charges paid to the Consolidated Account.

TREASURER'S STATEMENTS — STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL RECEIPTS TO THE CONSOLIDATED ACCOUNT, 2015-16 — *continued*

	Budget 2015-16	Actual 2015-16
Receipts (continued)	\$	\$
Royalties		
Department of State Development	289 734 000	201 395 389
Total royalties	289 734 000	201 395 389
Other receipts		
Interest		
Interest on investments	78 959 000	74 095 516
Interest recoveries from general government entities	3 146 000	1 592 138
Interest recoveries from non-commercial public trading enterprises	—	61 780
Interest recoveries from the private sector	218 000	113 199
Repayment of advances		
Administered items for the Department of Planning, Transport and Infrastructure	209 000	297 225
Department for Health and Ageing	2 681 000	2 569 013
Department of Primary Industries and Regions	3 300 000	23 007 500
Renmark Irrigation Trust	75 000	71 515
Royal Zoological Society of South Australia	240 000	239 738
Repayment of equity		
Homestart Finance	15 610 000	15 610 000
Other		
Other recoveries	2 587 000	11 822 101
Sale of land and buildings	34 140 000	10 157 870
Total other receipts	141 165 000	139 637 595
Total Consolidated Account receipts	11 106 061 000	11 142 085 868

TREASURER'S STATEMENTS — STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL PAYMENTS FROM THE CONSOLIDATED ACCOUNT OF THE GOVERNMENT OF SOUTH AUSTRALIA FOR THE YEAR ENDED 30 JUNE 2016

(Section 22 (a) (i) *Public Finance and Audit Act 1987*)

(Prepared on a Cash Basis)

	Budget 2015-16	Actual 2015-16
	\$	\$
Payments for which specific appropriation is authorised in various Acts		
Salaries and allowances		
Agent-General — pursuant to <i>Agent-General Act 1901</i>	108 000	136 051
Auditor-General — pursuant to <i>Public Finance and Audit Act 1987</i>	315 000	317 068
Commissioners of Environment, Resource and Development Court — pursuant to <i>Remuneration Act 1990</i>	1 245 000	1 192 196
Commissioner of Police — pursuant to <i>Police Act 1998</i>	441 000	1 044 728
State Coroner and Deputy Coroner — pursuant to <i>Remuneration Act 1990</i>	881 000	909 723
Electoral Commissioner and Deputy Electoral Commissioner — pursuant to <i>Electoral Act 1985</i>	391 000	385 992
Electoral District Boundaries Commission — pursuant to <i>Constitution Act 1934</i>	570 000	290 000
Governor — pursuant to <i>Constitution Act 1934</i>	339 000	324 730
Health and Community Services Complaints Commissioner — pursuant to <i>Remuneration Act 1990</i>	123 000	109 483
Judges — pursuant to <i>Remuneration Act 1990</i> —		
Chief Justice	706 000	722 219
Judges and Masters	21 856 000	22 314 255
Magistrates — pursuant to <i>Remuneration Act 1990</i>	15 277 000	15 220 338
Members of various standing committees — pursuant to <i>Parliamentary Remuneration Act 1990 and Parliamentary Committees Act 1991</i>	853 000	502 848
Ombudsman — pursuant to <i>Ombudsman Act 1972</i>	392 000	373 791
Parliamentary salaries and electorate other allowances — pursuant to <i>Parliamentary Remuneration Act 1990</i>		
Ministers, officers and members of parliament	14 994 000	16 254 578
Senior Judge and judges of the Industrial Relations Court and Commission — pursuant to <i>Remuneration Act 1990</i>	2 493 000	2 300 073
Solicitor-General — pursuant to <i>Solicitor-General Act 1972</i>	639 000	792 263
South Australian Civil and Administrative Tribunal — pursuant to <i>Remuneration Act 1990</i>	534 000	444 551
Valuer-General — pursuant to <i>Valuation of Land Act 1971</i>	137 000	156 994
Total salaries and allowances	62 294 000	63 791 881
Other		
Compensation for injuries resulting from criminal acts — pursuant to <i>Victims of Crime Act 2001</i>	8 222 000	8 222 000
First Home Owner Grant — pursuant to <i>First Home and Housing Construction Grants Act 2000 (formerly First Home Owner Grant Act 2000)</i>	38 833 000	35 180 739
Total other	47 055 000	43 402 739
Total payments for which specific appropriation is authorised in various Acts	109 349 000	107 194 620

TREASURER'S STATEMENTS — STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL PAYMENTS FROM THE CONSOLIDATED ACCOUNT, 2015-16 — *continued*

	Budget (Appropriation Act 2015)			Actual ^(f)
	Initial Section 4(1)	Transfers Section 5	Balance	2015-16
Payments from Appropriation Act	\$	\$	\$	\$
Attorney-General's Department	109 678 000	—	109 678 000	112 358 000
Administered items for the Attorney-General's Department	98 533 000	—	98 533 000	59 822 000
Auditor-General's Department	16 598 000	—	16 598 000	16 598 000
Courts Administration Authority	94 361 000	—	94 361 000	94 361 000
Defence SA	18 636 000	—	18 636 000	18 636 000
Department for Communities and Social Inclusion	1 015 896 000	—	1 015 896 000	1 050 235 000
Administered items for the Department for Communities and Social Inclusion	190 374 000	—	190 374 000	187 611 000
Department for Correctional Services	280 964 000	—	280 964 000	280 964 000
Department for Education and Child Development	2 654 287 000	—	2 654 287 000	2 679 876 000
Administered items of the Department for Education and Child Development	244 596 000	—	244 596 000	244 596 000
Department for Health and Ageing	3 184 564 000	—	3 184 564 000	3 184 564 000
Department of Environment, Water and Natural Resources	155 185 000	—	155 185 000	155 185 000
Administered items for the Department of Environment, Water and Natural Resources	19 083 000	—	19 083 000	18 861 000
Department of Planning, Transport and Infrastructure	560 412 000	—	560 412 000	683 252 000
Administered items for the Department of Planning, Transport and Infrastructure	7 928 000	—	7 928 000	8 393 000
Department of Primary Industries and Regions	105 085 000	—	105 085 000	122 292 500
Administered items for the Department of Primary Industries and Regions	4 099 000	—	4 099 000	4 099 000
Department of the Premier and Cabinet	75 551 000	—	75 551 000	75 551 000
Administered items for the Department of the Premier and Cabinet	1 879 000	—	1 879 000	1 879 000
Department of State Development	674 320 000	—	674 320 000	637 737 000
Administered items for the Department of State Development	7 629 000	—	7 629 000	8 700 000
Department of Treasury and Finance	55 722 000	—	55 722 000	64 792 000
Administered items for the Department of Treasury and Finance	1 592 537 000	—	1 592 537 000	1 613 581 000
Electoral Commission of South Australia	5 819 000	—	5 819 000	4 800 000
Administered Items for Electoral Commission of South Australia	45 000	—	45 000	38 434
House of Assembly	9 103 000	—	9 103 000	7 095 986
Independent Gambling Authority	1 769 000	—	1 769 000	1 769 000
Joint Parliamentary Services	11 572 000	—	11 572 000	10 781 107
Legislative Council	6 102 000	—	6 102 000	4 929 579
Minister for Tourism	4 796 000	—	4 796 000	4 796 000
South Australia Police	757 567 000	—	757 567 000	757 567 000
Administered items for South Australia Police	177 000	—	177 000	177 000

(f) Actual payments includes those authorised under other provisions of the *Public and Finance Audit Act 1987* (refer to Statement K)

TREASURER'S STATEMENTS — STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL PAYMENTS FROM THE CONSOLIDATED ACCOUNT, 2015-16 — *continued*

	Budget			Actual ^(f)
	(Appropriation Act 2015)			2015-16
	Initial Section 4(1)	Transfers Section 5	Balance	
Payments (continued)	\$	\$	\$	\$
South Australian Tourism Commission	69 007 000	—	69 007 000	69 495 000
State Governor's Establishment	3 531 000	—	3 531 000	3 531 000
Total payments appropriated for administrative units, statutory authorities and ministers	12 037 405 000	—	12 037 405 000	12 188 921 607
Payments for which specific appropriation is authorised in various Acts	109 349 000	—	109 349 000	107 194 620
Total Consolidated Account payments	12 146 754 000	—	12 146 754 000	12 296 116 227

(f) Actual payments includes those authorised under other provisions of the *Public and Finance Audit Act 1987* (refer to Statement K)


T. KOUTSANTONIS, Treasurer

TREASURER'S STATEMENTS — STATEMENT B

SUMMARY OF MOVEMENTS OF FUNDS OF THE TREASURER DURING THE YEAR ENDED 30 JUNE 2016

(Section 22 (a) (ii) *Public Finance and Audit Act 1987*)

(Prepared on a Cash Basis)

	2015-16 \$'000	2014-15 \$'000
SOURCE OF FUNDS		
Consolidated Account Receipts —		
Taxation	3 661 564	3 863 278
Commonwealth General Purpose Grants	5 613 934	5 020 023
Commonwealth Specific Purpose Grants	300 908	285 738
Commonwealth National Partnership Payments	35 330	28 302
Contributions from State Undertakings	387 727	354 871
Fees and Charges	482 281	452 101
Recoveries	319 309	187 630
Royalties	201 395	238 527
Other Receipts	139 638	2 941 931
Total Receipts	11 142 086	13 372 401
Increase in balance of Special Deposit Accounts	689 976	1 455 847
Increase in balance of Deposits lodged with the Treasurer	99 711	213 643
Increase in borrowings from the South Australian Government Financing Authority ^(a)	1 154 030	—
Decrease in cash at bank	96 125	—
Decrease in deposits by the Treasurer with LGFA	1 525	3 590
Decrease in the value of cheques drawn but not presented/Deposits not credited	194	—
	<u>13 183 647</u>	<u>15 045 481</u>
APPLICATION OF FUNDS		
Consolidated Account Payments	12 296 116	11 726 685
Decrease in balance of Special Deposit Accounts	—	—
Increase in deposits by the Treasurer with SAFA	887 531	1 509 284
Increase in cash at bank	—	110 803
Repayment of borrowings to the South Australian Government Financing Authority ^(a)	—	1 645 716
Increase in the value of cheques drawn but not presented/Deposits not credited	—	52 993
	<u>13 183 647</u>	<u>15 045 481</u>

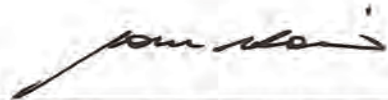
(a) As reported in Statement A and Statement J, the Consolidated Account deficit for 2015-16 was funded by the Treasurer's borrowings from the South Australian Government Financing Authority


T. KOUTSANTONIS, Treasurer

TREASURER'S STATEMENTS — STATEMENT C

FUNDS OF THE TREASURER AS AT 30 JUNE 2016
(Section 22 (a) (xiv) *Public Finance and Audit Act 1987*)

	2015-16 \$'000	2014-15 \$'000
BALANCE OF FUNDS		
CONSOLIDATED ACCOUNT — see Statement A	—	—
SPECIAL DEPOSIT ACCOUNT BALANCES — see Statement F	4 551 994	3 862 018
DEPOSITS LODGED WITH THE TREASURER — see Statement G	968 627	868 915
CHEQUES DRAWN BUT NOT PRESENTED/DEPOSITS NOT CREDITED	- 45 176	- 45 370
	<u>5 475 445</u>	<u>4 685 563</u>
REPRESENTED BY		
CASH AT BANK	289 455	385 579
DEPOSITS WITH SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY — see Statement J	5 162 354	4 274 823
DEPOSITS WITH LOCAL GOVERNMENT FINANCING AUTHORITY OF SA — see Statement E	23 304	24 829
DEPARTMENTAL IMPREST ACCOUNTS — see Statement H	332	332
	<u>5 475 445</u>	<u>4 685 563</u>



T. KOUTSANTONIS, Treasurer

TREASURER'S STATEMENTS — STATEMENT D

ABSTRACT OF CONSOLIDATED ACCOUNT RECEIPTS AND PAYMENTS FOR OPERATING ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2016 ^(a) (Section 22 (a) (iii) *Public Finance and Audit Act 1987*)

PAYMENTS FOR OPERATING ACTIVITIES MADE, AND RECOVERIES IN THE NATURE OF EARNINGS, FEES AND
RECOVERIES, IN CARRYING OUT THE VARIOUS STATE FUNCTIONS WERE AS UNDER—

	\$'000	\$'000	\$'000	\$'000
	Payments	Recoveries	Cost	
Department of the Premier and Cabinet	77 430	7	77 423	
State Governor's Establishment	3 531	—	3 531	
South Australian Tourism Commission	69 495	—	69 495	
Minister for Tourism	4 796	—	4 796	
Auditor-General's Department	16 598	14 860	1 738	
Department of Treasury and Finance	1 674 443	1 246 791	427 652	
Independent Gambling Authority	1 769	—	1 769	
Department of State Development	644 962	7 873	637 089	
Defence SA	18 636	—	18 636	
Department of Primary Industries and Regions	106 092	8 963	97 129	
Attorney-General's Department	172 178	72 204	99 974	
Courts Administration Authority	94 361	17 392	76 969	
Department for Correctional Services	272 515	141	272 374	
South Australia Police	757 744	69 632	688 112	
Electoral Commission of South Australia	4 643	277	4 366	
Department for Health and Ageing	3 006 316	—	3 006 316	
Department for Communities and Social Inclusion	1 237 846	—	1 237 846	
Department of Education and Child Development	2 924 472	—	2 924 472	
Department of Environment, Natural Resources and Water	174 046	3 183	170 863	
Department of Planning, Transport and Infrastructure	393 456	197 685	195 771	
Legislature	22 807	—	22 807	
Payments authorised under various acts	107 195	—	107 195	
Total	11 785 331	1 639 008	10 146 323	

TOTAL NET COST TO CONSOLIDATED ACCOUNT FOR OPERATING ACTIVITIES

10 146 323

(a) This statement meets the requirements of Section 22 (a) (iii) of the *Public Finance and Audit Act 1987*, which specifies a statement showing the 'net recurrent cost to the Consolidated Account'. The categorisation of Consolidated Account transactions as recurrent or capital has been replaced with classifications contained in the Generally Accepted Accounting Principles. Consequently amounts described in this statement as operating activities correspond to transactions of a 'recurrent' nature and similarly investing and financing activities correspond to the transactions of a 'capital' nature.

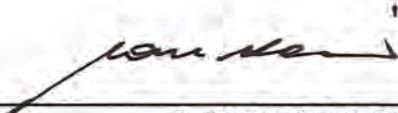
TREASURER'S STATEMENTS — STATEMENT D - *continued*

ABSTRACT OF CONSOLIDATED ACCOUNT RECEIPTS AND PAYMENTS FOR OPERATING ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2016 ^(a) (Section 22 (a) (iii) *Public Finance and Audit Act 1987*)

RECEIPTS FROM THE FOLLOWING SOURCES WERE APPLIED TOWARDS MEETING THE ABOVE NET COST—

	\$'000	\$'000	\$'000
State Taxation —			
Payroll tax	1 340 958		
Stamp duties	1 557 715		
Land tax	348 988		
Commonwealth places mirror tax	25 136		
Other taxes on property	25		
Gaming machines tax	284 176		
Contribution from Lotteries Commission	78 178		
Contribution from casino operations	20 193		
Contribution from Totalizator Agency Board	3 558		
Contribution from on-course totalizators, bookmakers and small lotteries	2 637		
Total Receipts from State Taxation		3 661 564	
Commonwealth government general purpose grants		5 613 934	
Royalties		201 395	
Total Direct Receipts			9 476 893
LEAVING A SURPLUS ON ACCOUNT OF OPERATING ACTIVITIES FOR THE YEAR OF			- 669 430
THIS WAS INCREASED BY THE NET OF —			
Payments for investing activities		- 506 856	
Payments for financing activities		- 3 929	
Receipts from investing activities		26 185	
			- 484 600
RESULTING IN A CONSOLIDATED ACCOUNT DEFICIT FOR THE YEAR OF			-1 154 030

(a) This statement meets the requirements of Section 22 (a) (iii) of the *Public Finance and Audit Act 1987*, which specifies a statement showing the 'net recurrent cost to the Consolidated Account'. The categorisation of Consolidated Account transactions as recurrent or capital has been replaced with classifications contained in the Generally Accepted Accounting Principles. Consequently amounts described in this statement as operating activities correspond to transactions of a 'recurrent' nature and similarly investing and financing activities correspond to the transactions of a 'capital' nature.


T. KOUTSANTONIS, Treasurer

TREASURER'S STATEMENTS — STATEMENT E

**ORGANISATIONS (OTHER THAN THE SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY)
WITH WHICH THE TREASURER HAS INVESTED FUNDS DURING
THE YEAR ENDED 30 JUNE 2016**

(Section 22 (a) (iv) Public Finance and Audit Act 1987)

Local Government Finance Authority of South Australia

As a result of an agreement between the Local Government Association and the Government, the Local Government Disaster Fund was established in August 1990 to fund assistance to the Stirling Council and to help meet the cost of providing assistance to local authorities which face unusually high expenditures as a result of natural disasters. As part of the arrangements agreed between the Treasurer, the Minister for Local Government Relations and the Local Government Association the majority of the balance in the Fund is invested with the Local Government Finance Authority of South Australia.

At 30 June 2016 the amount invested with the Local Government Finance Authority of South Australia under these arrangements was \$23.3 million.



T. KOUTSANTONIS, Treasurer

TREASURER'S STATEMENTS — STATEMENT F

SPECIAL DEPOSIT ACCOUNTS — BALANCES AT 30 JUNE 2016

(Section 22 (a) (v) (C) *Public Finance and Audit Act 1987*)

Account	Balance \$
Interest bearing—	
Adelaide Convention Centre Future Asset Replacement Account	25 719 961
Adelaide Convention Centre Operating Account	25 624 941
Adelaide Dolphin Sanctuary Fund	1 382
Adelaide Stormwater Project	—
ANZAC Day Commemoration Fund	36 689
Barossa Wine Industry Fund	669 592
Building the Education Revolution	3 268 543
Citrus Growers Fund	97 977
Clare Valley Wine Industry Fund	57 060
Commonwealth Funding for Specific Projects	2 472 825
Community Emergency Services Fund	35 052 299
Community Road Safety Fund	13 057 831
Coorong, Lower Lakes and Murray Mouth Recovery Project	21 099 711
Country Equalisation Scheme	17 988 671
Dog Fence Fund	229 923
Drought Loans Scheme Special Deposit Account	19 009 630
Electricity Sale/Lease Proceeds Account	—
Eyre Peninsula Grain Growers Rail Fund	17 601
Farm Finance Concessional Loan Fund	—
Gamblers Rehabilitation Fund	503 899
Governors' Pensions Account	9 588
Grain Industry Fund	2 154 888
Grain Industry Research and Development Fund	129 154
Health, Community and Disability Services Ministerial Council	24 461 582
HIH Builders' Indemnity Assistance Account	2 727 215
Homes for Incurables Trust	640 419
HomeStart Finance Account	—
Housing Loans Redemption Fund	11 303 702
Indigenous Program for Specific Projects	35 224 547
Judges' Pensions Account	21 684
Local Government Disaster Fund	3 286 822
Murray Futures Fund	6 318 525
National Landcare Program	535 635
National Rail Safety Reform Account	10 499
National Water Initiative Fund	53
Parliamentary Superannuation Scheme Account	27 679
Peter Stephens Trust	69 913
Planning and Infrastructure Urban Growth Fund — Developer Contributions	1 886 123
Playford Centre Operating Account	—
Police Superannuation Scheme Contribution Account	872 567
Public Trustee Office Operating Account	2 477 377
Regional Investment Funds (Eyre Peninsula Natural Resources Management Board)	—
Rural Finance Account	34 025 679
Rural Industry Adjustment and Development Fund	24 123 078
SA Grape Growers Industry Fund	420 708
School Loans Scheme	—
Shared Services SA	—
South Australian Aboriginal Heritage Fund	1 091 484
South Australian Ambulance Superannuation Scheme	531 297
South Australian Local Government Grants Commission Account	1 111 475
South Australian Lower Lakes Bioremediation and Revegetation	—

TREASURER'S STATEMENTS — STATEMENT F — *continued*

SPECIAL DEPOSIT ACCOUNTS — BALANCES AT 30 JUNE 2016

(Section 22 (a) (v) (C) *Public Finance and Audit Act 1987*)

Account	Balance \$
Interest bearing—<i>continued</i>	
South Australian River Murray Sustainability Fund	31 409 389
South Australian Riverland Floodplains Integrated Infrastructure Project	20 035 474
South Australian Superannuation Fund Account	6 537 241
Southern State Superannuation Fund Account	29 579 252
Supported Residential Facilities Indemnity Fund	46 818
Treasury — Asset Management Account	2 690 039
Victims of Crime Fund	242 575 993
Sub-Total	651 244 434
Non-interest bearing—	
Accrual Appropriation Excess Funds	824 474 398
Adelaide Oval Redevelopment	8 425 745
Administrative and Information Services Administered Items Account	—
Administrative and Information Services Operating Account	—
Attorney-General's Administered Items Account	67 330 423
Attorney-General's Operating Account	13 394 741
Auditor-General's Administered Items Account	575 585
Auditor-General's Operating Account	2 824 149
Charitable and Social Welfare Fund	421 588
CIMR Transitional Arrangements 1	1 800 640
CIMR Transitional Arrangements 2	2 907 429
CIMR Transitional Arrangements 3	1 294 764
CIMR Transitional Arrangements 4	2 501 325
Commonwealth Mirror Taxes on Commonwealth Places Revenue Account	—
Communities and Social Inclusion Administered Items Account	40 436 923
Communities and Social Inclusion Operating Account	15 030 429
Community Development Fund	—
Complementary State Natural Resource Management Program	306 030
Correctional Services Operating Account	6 592 347
Defence SA	3 891 162
Education and Child Development Administered Items Account	31 421 761
Education and Child Development Operating Account	11 104 474
Electoral Commission of South Australia Operating Account	4 124 293
Environment, Water and Natural Resources Administered Items Account	4 148 953
Environment, Water and Natural Resources Operating Account	36 150 402
Environment Protection Authority Operating Account	8 562 989
Essential Services Commission of SA	7 881 005
Further Education, Employment, Science and Technology Operating Account	—
Government Workers Rehabilitation and Compensation Fund	—
Health and Ageing Administered Items Account	9 204 302
Health and Ageing Operating Account	131 442 208
Health and Medical Research Fund	17 448 499
Highways Fund	1 722 989 144
Hospitals Fund	—
Industry Financial Assistance Account	38 506 996
Investment Attraction South Australia	2 881 026
Living Murray Fund, The	—
Local Government Concessions — Seniors Cardholders	—
Local Government Disaster Fund	23 303 921

TREASURER'S STATEMENTS — STATEMENT F — *continued*

SPECIAL DEPOSIT ACCOUNTS — BALANCES AT 30 JUNE 2016

(Section 22 (a) (v) (C) Public Finance and Audit Act 1987)

Account	Balance \$
Non-interest bearing—<i>continued</i>	
Minister for Finance - Super SA Select	—
Minister for Gambling's Responsible Gambling Working Party	—
Motor Vehicles — Clearing Account	54 142 259
NRAH Operating Account	—
NRM Alliance Fund	—
Office of Public Employment Operating Account	—
Office of the Venture Capital Board Operating Account	—
Planning and Local Government Administered Items Account	—
Planning and Local Government Operating Account	—
Planning, Transport and Infrastructure Administered Items Account	1 696 156
Planning, Transport and Infrastructure Operating Account	256 977 702
Police and Emergency Services Administered Items Account	8 529 059
Police Operating Account	35 597 973
Premier and Cabinet Administered Items Account	2 802 551
Premier and Cabinet Operating Account	53 273 493
Primary Industries and Regions Administered Items Account	1 446 516
Primary Industries and Regions Operating Account	21 067 989
Professional Standards Council Fund	—
Riverbank Authority Operating Account	1 415 000
SA Lotteries Commission Operations	665 760
Sale of Government Land and Property	1 191 937
Save the River Murray Fund	2 119 797
Save the River Murray Voluntary Contributions Fund	4 415
South Australian Electricity Supply Industry Planning Council Operating Account	—
South Australian Film Corporation Unclaimed Investor Returns Account	55 203
Sport and Recreation Fund	3 322 002
State Development Administered Items Account	1 538 433
State Development Operating Account	98 609 036
State Governor's Establishment Operating Account	389 879
State Procurement Board Account	908 741
Support Services to Parliamentarians	8 186 208
Surplus Cash Working Account	—
TAFE SA	72 259 345
Targeted/Voluntary Separation Package Schemes	—
Treasurer's Interest in the National Wine Centre	951 170
Treasury and Finance Administered Items — Intergovernmental Agreement on Federal Financial Relations	20 844 206
Treasury and Finance Administered Items Account	195 642 830
Treasury and Finance Operating Account	4 982 105
Treasury — Working Account	10 752 119
Water Administered Items Account	—
Water Operating Account	—
Sub-Total	3 900 749 535
TOTAL SPECIAL DEPOSIT ACCOUNTS	4 551 993 969


T. KOUTSANTONIS, Treasurer

TREASURER'S STATEMENTS — STATEMENT F (1) — *continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2016 — *continued* (Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Accrual Appropriation Excess Funds	To record all receipts and payments associated with surplus cash balances generated in agencies by the shift to accrual appropriations.
Adelaide Convention Centre Future Asset Replacement Account	To record all receipts and payments associated with surplus cash balances generated by the Adelaide Convention Centre for future asset replacement.
Adelaide Convention Centre Operating Account	To record receipts and disbursements relating to the operation of the Adelaide Convention Centre and borrowings by the Minister of Tourism.
Adelaide Dolphin Sanctuary Fund	To record receipts and payments related to the Adelaide Dolphin Sanctuary Fund in accordance with the <i>Adelaide Dolphin Sanctuary Act 2005</i> .
Adelaide Oval Redevelopment	To record and identify all money made available and expended for the Adelaide Oval redevelopment.
Adelaide Stormwater Projects Fund	To record the financial activities in relation to the stormwater projects funded jointly by South Australia and the Commonwealth Government's <i>Water for the Future initiative</i> .
Administrative and Information Services Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual <i>Appropriation Act</i> and to disburse the associated payments.
Administrative and Information Services Operating Account	To record all the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
ANZAC Day Commemoration Fund	To record the receipts and payments relating to the ANZAC Day Commemoration Fund in accordance with the <i>ANZAC Day Commemoration Act 2005</i> .
Attorney-General's Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual <i>Appropriation Act</i> and to disburse the associated payments.
Attorney-General's Operating Account	To record all of the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.
Auditor-General's Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual <i>Appropriation Act</i> and to disburse the associated payments.
Auditor-General's Operating Account	To record all activities of the Department (excluding those administered by the Auditor-General's Department) including recurrent expenditure, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Barossa Wine Industry Fund	To record receipts and payments relating to the Barossa wine industry in accordance with the Primary Industries Funding Schemes (Barossa Wine Industry Fund) Regulations.

TREASURER'S STATEMENTS — STATEMENT F (1) — *continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2016 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Building the Education Revolution	To record the activities in relation to the Bilateral Agreement on the Nation Building and Jobs Plan (Building the Education Revolution Program) for government schools.
Charitable and Social Welfare Fund	To record receipts and disbursements associated with the <i>Gaming Machines (Miscellaneous) Amendment Bill 1996</i> relating to supporting the work of not-for-profit charities and community based social welfare organisations.
CIMR Transitional Arrangements 1	To record all transitional activities associated with Compulsory Third Party Insurance Market Reforms (CIMR).
CIMR Transitional Arrangements 2	To record all transitional activities associated with Compulsory Third Party Insurance Market Reforms (CIMR).
CIMR Transitional Arrangements 3	To record all transitional activities associated with Compulsory Third Party Insurance Market Reforms (CIMR).
CIMR Transitional Arrangements 4	To record all transitional activities associated with Compulsory Third Party Insurance Market Reforms (CIMR).
Citrus Growers Fund	To receive funds and to make payments as prescribed by the <i>Primary Industries Funding Schemes (Citrus Growers Fund) Regulations 2005</i> .
Clare Valley Wine Industry Fund	To record the receipts and payments relating to the Clare Valley wine industry in accordance with the <i>Primary Industries Funding Schemes (Clare Valley Wine Industry Fund) Regulations</i> .
Commonwealth Funding Received for Specific Projects	To record all activities associated with funding provided by the Commonwealth for specific projects (interest bearing).
Commonwealth Mirror Taxes on Commonwealth Places Revenue Account	To receive amounts that are levied pursuant to the <i>Commonwealth Places (Mirror Taxes) Act 1998</i> of the Commonwealth as contemplated by the arrangements entered into by the State and the Commonwealth pursuant to that Act and to the <i>Commonwealth Places (Mirror Taxes Administration) Act 1999</i> of the State, and to deal with those amounts as contemplated by those Acts and arrangements.
Communities and Social Inclusion Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual <i>Appropriation Act</i> and to disburse the associated payments.
Communities and Social Inclusion Operating Account	To record all activities of the Department including recurrent and capital expenditure, revenues from various activities, injections of funds provided from the Consolidated Account and borrowings. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.
Community Development Fund	To record the receipts and disbursements associated with the <i>Gaming Machines (Miscellaneous) Amendment Bill 1996</i> relating to the provision of government health, welfare or education services and financial assistance for non government welfare agencies and community development.
Community Emergency Services Fund	To record all of the activities of the Community Emergency Services Fund as outlined in Parts 3 and 4 of the <i>Emergency Services Funding Act 1998</i> and any amendments as approved by Parliament.

TREASURER'S STATEMENTS — STATEMENT F (1) — *continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2016 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Community Road Safety Fund	To receive revenue derived from anti-speeding devices and other monies approved by both the Minister and the Treasurer and to make payments for road safety programs and policing.
Complementary State Natural Resource Management Program	To receive funds from the Commonwealth, State and other sources for application towards the Complementary State Natural Resources Management Program.
Coorong, Lower Lakes and Murray Mouth (CLLMM) Recovery Project	To record and identify all funds received and expended for the CLLMM Recovery Project.
Correctional Services Operating Account	To record all the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Country Equalisation Scheme	To record injections of funds provided from the Consolidated Account, and to make 'refund' payments to electricity retailers in accordance with the Country Equalisation Scheme.
Defence SA	To record all activities of Defence SA including operating and investing expenditures, revenue from various activities, injection of funds provided from the Consolidated Account and borrowings.
Dog Fence Fund	To record receipts and disbursements relating to the operation of the Dog Fence Board.
Drought Loans Scheme Special Deposit Account	To record all the financial transactions undertaken by PIRSA in respect of loan funds, and funds contributed towards scheme operating costs, received by the South Australian Government from the Federal Government and made available to PIRSA for the purpose of the delivery by PIRSA of the Federal Government's Drought Loan Schemes, including funds PIRSA receives and repays to the Consolidated Account and funds PIRSA pays to and receives from recipients of loans under the scheme.
Education and Child Development Administered Items Account	To receive various Commonwealth grants, administered items appropriation for the Department, the SACE Board of South Australia and the Education and Early Childhood Services Board of South Australia pursuant to the Annual Appropriation Act and to disburse the associated payments.
Education and Child Development Operating Account	To record all of the activities of the Department including operating and investing expenditures, revenue from the Consolidated Account, revenue from various activities, receipt of borrowings and receipt of various Commonwealth grants and associated payments.
Electoral Commission of South Australia Operating Account	To record all of the activities of the Office and those formerly carried on by the Electoral Department including recurrent and capital expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Electricity Sale/Lease Proceeds Account	To receive proceeds of sale/lease agreement, sale or lease under the <i>Electricity Corporations (Restructuring and Disposal) Act 1999</i> and other funds as approved by the Treasurer, and to receive interest payments from other interest bearing accounts in which sale/lease agreement proceeds are placed, and to invest those monies and to apply those monies, and income from their investment, towards the retirement of the State debt.

TREASURER'S STATEMENTS — STATEMENT F (1) — *continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2016 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Environment, Water and Natural Resources Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual <i>Appropriation Act</i> and to disburse the associated payments.
Environment, Water and Natural Resources Operating Account	To record all of the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Environment Protection Authority Operating Account	To record all of the activities of the Authority including recurrent and capital expenditures, revenue from various activities, injection of funds provided from Consolidated Account and borrowings.
Essential Services Commission of SA	To record the financial transactions of the Essential Services Commission of South Australia.
Eyre Peninsula Grain Growers Rail Fund	To record all receipts and expenditures related to the Eyre Peninsula Grain Growers Rail Fund as established by the <i>Primary Industry Funding Schemes (Eyre Peninsula Grain Growers Rail Fund) Regulations 2006</i> .
Farm Finance Concessional Loan Fund	To record all of the financial transactions undertaken by PIRSA in respect of loan funds, and funds contributed towards scheme operating costs, received by the South Australian Government from the Federal Government and made available to PIRSA for the purposes of the delivery by PIRSA of the Federal Government's Farm Finance Concessional Loan Scheme, including funds PIRSA receives from and repays to the Consolidated Account and funds PIRSA pays to and receives from recipients of loans under the scheme.
Further Education, Employment, Science and Technology Operating Account	To record all of the activities of the Department including operating and investing expenditures, revenue from the Consolidated Account, revenue from various activities, receipt of borrowings and receipt of various Commonwealth grants and associated payments.
Gamblers Rehabilitation Fund	To record receipts and disbursements relating to programs for the rehabilitation of addicted gamblers, for counselling such gamblers and their families and for the development of early intervention strategies.
Government Workers Rehabilitation and Compensation Fund	To provide for the funding of rehabilitation programs and payment of workers compensation benefits for Government workers in accordance with current workers compensation legislation and in respect of claims for damages at common law for injury or disease suffered as a result of work.
Governors' Pensions Account	To record receipts and payments for the Governors' Pensions Scheme.
Grain Industry Fund	To hold and disburse funds collected in accordance with Section 4 of the <i>Primary Industry Funding Scheme (Grain Industry Fund) Regulations 2012</i> .
Grain Industry Research and Development Fund	To hold and disburse funds collected in accordance with the <i>Primary Industry Funding Schemes (Grain Industry Research and Development Fund) Regulations 2013</i> .

TREASURER'S STATEMENTS — STATEMENT F (1) — *continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2016 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Health and Ageing Administered Items Account	To record administered monies received by the Department and their associated disbursement, pursuant to the requirements for their administration.
Health and Ageing Operating Account	To record all of the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Health and Medical Research Fund	To record a portion of receipts from the commercialisation of intellectual property by the Health portfolio and the payments of these funds to support health and medical research activities in South Australia.
Health, Community and Disability Services Ministerial Council	To record receipts and disbursements relating to programs and projects of the Health, Community and Disability Services Ministerial Council.
Highways Fund	To record all transactions associated with the <i>Highways Act 1926</i> including the receipt of State and Commonwealth funds and expenditure on the construction and maintenance of roads and bridges.
HIH Builders' Indemnity Assistance Account	To account for the expenditure of funds made available from the Budget and from an increase in building work contractor licence fees to assist consumers relying on builders' warranty indemnity insurance with the HIH Group and to cover administrative costs of the assistance scheme.
Homes for Incurables Trust	To record receipts and payments incurred within the terms of the Home for Incurables Trust.
HomeStart Finance Account	To provide for the administration of loans under the Home Ownership Made Easy and HomeStart schemes, including the administration of borrowings required to fund the scheme.
Hospitals Fund	To record receipts from the State Lotteries Commission, Totalizator Agency Board and from Stamp Duty on Third Party Insurance policies to be used for the purpose of maintenance, development and improvement of public hospitals, to refund unclaimed dividends from unauthorised Racing Clubs and to make payments to the Racing Clubs and Trotting Clubs for a share of tax on winning bets made with book-makers.
Housing Loans Redemption Fund	Established under the <i>Housing Loans Redemption Fund Act 1962</i> to control amounts received in respect of a low cost insurance scheme established by the South Australian Government, which is administered through various lending authorities.
Indigenous Program for Specific Projects	To record receipts and expenditure of Commonwealth funds (and associated interest earnings) related to the operation of projects under the <i>Terms and Conditions of Funding Agreement with State/Territory/Local Government Agencies Relating to Indigenous Programs</i> .
Industry Financial Assistance Account	To record the financial transactions of industry financial assistance administered on behalf of the Treasurer, including operating and financing expenditures, revenues from various activities and injection of funds provided by the Consolidated Account.

TREASURER'S STATEMENTS — STATEMENT F (1) — *continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2016 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Investment Attraction South Australia	To record all the activities of Investment Attraction South Australia including operating and investing expenditure, revenue from various activities, injections of funds from either the Commonwealth Government or consolidated account and borrowings.
Judges' Pensions Account	To record receipts and payments for the Judges' Pensions Scheme.
Living Murray Fund, The	To receive funds and make payments in relation to water recovery measures under the Living Murray initiative, including investments in, and/or received from, other Australian jurisdictions, together with proceeds generated through the temporary trade of water entitlements.
Local Government Concessions – Seniors Cardholders	To administer receipts and payments for Local Government Concessions — Seniors Cardholders.
Local Government Disaster Fund	To record transactions related to the administration of a local government disaster fund in a manner agreed between the Treasurer, the Minister of Local Government and the Local Government Association of South Australia.
Minister for Finance – Super SA Select	To record receipts and payments relating to the provision of funds from the Minister for Finance to the Southern Select Super Corporation for the purpose of establishing, and assisting in the establishment of Super SA Select Fund.
Minister for Gambling's Responsible Gambling Working Party	To record the financial transactions related to the operation of the Minister for Gambling's Responsible Gambling Working Party.
Motor Vehicles – Clearing Account	To record the majority of Motor Registration Division receipts pending clearance at the end of each month.
Murray Futures Fund	To record the activities in relation to the projects funded from the Commonwealth Government's Water for the Future initiative.
National Landcare Program	To receive funds from the Commonwealth, State and other sources for application towards the National Landcare Program.
National Rail Safety Reform Account	To receive revenue associated with the National Rail Safety Reform initiative and to disburse associated payments.
National Water Initiative Fund	To record receipts and expenditure of Commonwealth funds (and associated interest earnings) provided for projects funded from the Australian Government Water Fund, consistent with the funding agreement(s) entered into with the National Water Commission.
NRAH Operating Account	To record financial transactions of the Minister for Health and the Department of Health in respect of the NRAH PPP and financial arrangements associated with the securitisation structure set out in the NRAH PPP Project Documents.
NRM Alliance Fund	To receive funds and make payments in relation to initiatives relating to NRM science, technology and innovation, including investments in, and/or received from the NRM Alliance member organisations, together with proceeds generated through ancillary revenues.
Office of Public Employment Operating Account	To record all of the activities of the Office including operating and investing expenditures, revenues from various activities, injections of funds provided from the Consolidated Account and borrowings.

TREASURER'S STATEMENTS — STATEMENT F (1) — *continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2016 — *continued* (Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Office of the Venture Capital Board Operating Account	To record all the activities of the Office including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Parliamentary Superannuation Scheme Account	To record receipts and payments for the Parliamentary Superannuation Scheme.
Peter Stephens Trust	To record receipts and disbursements incurred within the terms of Peter Stephens Trust.
Planning and Infrastructure Urban Growth Fund — Developer Contributions	To record and identify all money made available between the Minister for Transport and Infrastructure and developers of Urban Growth areas regarding the payment and delivery of transport infrastructure to support the proposed urban development.
Planning and Local Government Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual <i>Appropriation Act</i> and to disburse the associated payments. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.
Planning and Local Government Operating Account	To record all activities of the Department including operating and investing expenditures, revenue from various activities, injection of funds provided from the Consolidated Account and Borrowings. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.
Planning, Transport and Infrastructure Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual <i>Appropriation Act</i> and to disburse the associated payments.
Planning, Transport and Infrastructure Operating Account	To record the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings other than those activities recorded in other specific deposit accounts. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.
Playford Centre Operating Account	To reflect all financial transactions of the Playford Centre in its objective to encourage development of the information industry in South Australia.
Police and Emergency Services Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual <i>Appropriation Act</i> and to disburse the associated payments.
Police Operating Account	To record all the activities of the Police Department including operating and investing expenditures, revenues from various activities, injections of funds provided from the Consolidated Account and borrowings.
Police Superannuation Scheme Contribution Account	To record receipts and payments for the Police Superannuation Scheme.
Premier and Cabinet Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual <i>Appropriation Act</i> and to disburse the associated payments.

TREASURER'S STATEMENTS — STATEMENT F (1) — *continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2016 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Premier and Cabinet Operating Account	To record all the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings and the receipt of Commonwealth funding for the APY Lands and associated payments. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.
Primary Industries and Regions Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual <i>Appropriation Act</i> and to disburse the associated payments.
Primary Industries and Regions Operating Account	To record all of the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.
Professional Standards Council Fund	Record receipts and payments related to the Professional Standards Council as set out in the <i>Professional Standards Act 2004</i> .
Public Trustee Office Operating Account	To record all the business and other activities of the Public Trustee Office including recurrent and capital expenditures, revenue raised from commercial activities, injections of funds provided from the Consolidated Account and borrowings.
Regional Investment Funds (Eyre Peninsula Natural Resources Management Board)	To record the receipt and expenditure of funds received by the Eyre Peninsula Natural Resources Management Board in accordance with the Regional Partnership Agreement.
Riverbank Authority Operating Account	To record all of the activities of the Riverbank Authority including operating and investing expenditures, revenue from various activities, injections of funds provided from consolidated account and borrowings.
Rural Finance Account	To provide for the administration of separate funds covering the agreement between the Commonwealth and the States relating to: - rural reconstruction entered into on 4 June 1971 - rural assistance entered into on 1 January 1977 - rural assistance entered into on 1 July 1985 - rural assistance entered into on 1 January 1989 - rural assistance entered into on 1 January 1993 - Marginal Dairy Farms and Dairy Adjustment; - loans under the Commercial Rural Loans Scheme; - loans made to producer Co-operatives and borrowings required to fund the scheme. To facilitate the Minister for Primary Industries becoming a unit holder in rural property trusts set up by the State Bank of South Australia to assist farmers on Eyre Peninsula and to make payments to the Rural Industry Adjustment and Development Fund and to make payments from profits on the Commercial Rural Loans Scheme to the Primary Industries Operating Account.
Rural Industry Adjustment and Development Fund	To record receipts and payments authorised by the <i>Rural Industry Adjustment and Development Act 1985</i> .

TREASURER'S STATEMENTS — STATEMENT F (1) — *continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2016 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
SA Grape Growers Industry Fund	To record receipts and payments relating to SA grape growers in accordance with the <i>Primary Industries Funding Schemes (SA Grape Growers Industry Fund) Regulations</i> .
SA Lotteries Commission Operations Account	To receipt and dispense funds associated with the Commissioner's regulatory, compliance and Master Agent contract management responsibilities under the <i>State Lotteries Act, 1966</i> and the transaction documents.
SA Lower Lakes Bioremediation and Revegetation	To record the activities in relation to SA's Lower Lakes bioremediation and revegetation projects in accordance with the Commonwealth Government Funding Deed — Bioremediation & Revegetation at South Australia's Lower Lakes.
SA Riverland Floodplains Integrated Infrastructure Program	To record receipts and payments relating to the South Australian Riverland Floodplains Integrated Infrastructure Program.
SA River Murray Sustainability Fund	To record receipts and payments relating to the South Australian River Murray Sustainability Fund.
Sale of Government Land and Property	To record all receipts and payments associated with the sale of Crown lands and other Government land and property.
Save the River Murray Fund	To receive the proceeds of the Save the River Murray Levy via Consolidated Account and make payments as prescribed by the <i>Waterworks (Save the River Murray Levy) Amendment Act 2003</i> .
Save the River Murray Voluntary Contributions Fund	To receive voluntary payments and donations in relation to the Save the River Murray Fund and make payments as prescribed by the <i>Waterworks (Save the River Murray Levy) Amendment Act 2003</i> .
School Loans Scheme	To administer loans to schools.
Shared Services SA	To record all of the activities of Shared Services SA including operating and investing expenditure, revenue from various activities, and injections of funds provided from the Consolidated Account and borrowings.
South Australian Aboriginal Heritage Fund	To receive funds from the Commonwealth, State and other sources for application towards the protection and preservation of Aboriginal heritage.
South Australian Ambulance Superannuation Scheme	To record receipts and payments for the South Australian Ambulance Service Superannuation Scheme.
South Australian Electricity Supply Industry Planning Council Operating Account	To record all financial transactions for the South Australian Electricity Supply Industry Planning Council.
South Australian Film Corporation Unclaimed Investor Returns Account	To record all of the activities related to unclaimed investor returns managed by the South Australian Film Corporation.
South Australian Local Government Grants Commission Account	To record all transactions associated with the <i>South Australian Local Government Grants Commission Act 1992</i> including the receipt and payment of Commonwealth funds and expenditure on the administration of the Act.
South Australian Superannuation Fund Account	To record receipts and payments in respect of funds managed by the South Australian Superannuation Board.

TREASURER'S STATEMENTS — STATEMENT F (1) — *continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2016 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Southern State Superannuation Fund Account	To record receipts and payments in respect of the Southern State Superannuation Fund.
Sport and Recreation Fund	To record receipts and disbursements associated with the <i>Gaming Machines (Miscellaneous) Amendment Bill 1996</i> relating to the provision of financial assistance to sporting and recreational organisations.
State Development Operating Account	To record all the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.
State Development Administered Items	To record receipts and payments relating to Mining Royalties and various other programs, as well as, to receive administered items appropriation for the Department for Manufacturing, Innovation, Trade, Resources and Energy pursuant to the annual <i>Appropriation Act</i> and to disburse the associated payments.
State Governor's Establishment Operating Account.	To record all the activities of the Establishment including recurrent and capital expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
State Procurement Board Account	To record all of the financial transactions associated with the State Procurement Board in accordance with the <i>State Procurement Act 2004</i> .
Supported Residential Facilities Indemnity Fund	To record the revenues and expenses of the Supported Residential Facilities Indemnity Fund.
Support Services to Parliamentarians	To record the financial transactions related to the administration of Support Services to Parliamentarians.
Surplus Cash Working Account	To record the movement of surplus cash to and from agencies' operating accounts, and to the Consolidated Account, in accordance with the requirements of the Cash Alignment Policy.
TAFE SA	To record receipts and disbursements incurred in relation to TAFE SA activities.
Targeted/Voluntary Separation Package Schemes	To administer the costs associated with the Targeted/Voluntary Separation Package Schemes.
Treasurer's Interest in the National Wine Centre	To record all of the financial transactions associated with the management of the <i>National Wine Centre (Restructuring and Leasing Arrangements) Act 2002</i> including injections of funds from the Consolidated Account.
Treasury and Finance Administered Items — Intergovernmental Agreement on Federal Financial Relations	To receive and disburse money paid to the State pursuant to the Intergovernmental Agreement on Federal Financial Relations for the National SPP purposes listed in Schedule F of that agreement and for the NPP payments for the purposes listed in Schedule G of that agreement.
Treasury — Asset Management Account	To record all financial transactions associated with the former South Australian Asset Management Corporation (SAAMC) and the dissolution of the SAAMC Board.

TREASURER'S STATEMENTS — STATEMENT F (1) — *continued*

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2016 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

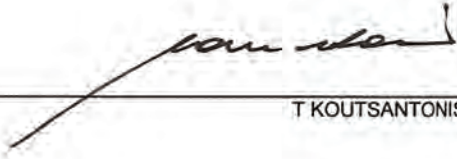
Account	Purpose
Treasury and Finance Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual <i>Appropriation Act</i> and to disburse the associated payments.
Treasury and Finance Operating Account	To record all the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.
Treasury – Working Account	To hold charges incurred by the Agent-General in London for semi-Government and non-Government bodies, to record receipts and payments for small lotteries, to record certain receipts and payments arising from various superannuation arrangements, to record certain interest receipts and payments, to effect accounting adjustments and transfers and to hold amounts in suspense pending determination of appropriate treatment.
Victims of Crime Fund	To provide for the receipt of fines, levies and recoveries from offenders and for payment of compensation/costs to victims of crime and any other payments approved by the Attorney-General as being in the interests of victims of crime.
Water Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual <i>Appropriation Act</i> and to disburse the associated payments.
Water Operating Account	To record all the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.


T KOUTSANTONIS, Treasurer

TREASURER'S STATEMENTS — STATEMENT F (2)

SPECIAL DEPOSIT ACCOUNTS OPENED DURING THE YEAR ENDED 30 JUNE 2016
(Section 22 (a) (v) (A) *Public Finance and Audit Act 1987*)

Account	Purpose
CIMR Transitional Arrangements 1	To record all transitional activities associated with Compulsory Third Party Insurance Market Reforms (CIMR).
CIMR Transitional Arrangements 2	To record all transitional activities associated with Compulsory Third Party Insurance Market Reforms (CIMR).
CIMR Transitional Arrangements 3	To record all transitional activities associated with Compulsory Third Party Insurance Market Reforms (CIMR).
CIMR Transitional Arrangements 4	To record all transitional activities associated with Compulsory Third Party Insurance Market Reforms (CIMR).
Investment Attraction South Australia	To record all the activities of Investment Attraction South Australia including operating and investing expenditure, revenue from various activities, injections of funds from either the Commonwealth Government or consolidated account and borrowings.


T KOUTSANTONIS, Treasurer

TREASURER'S STATEMENTS — STATEMENT G

DEPOSITS LODGED WITH THE TREASURER — BALANCES AT 30 JUNE 2016

(Section 22 (a) (vi) *Public Finance and Audit Act 1987*)

The balances listed below represent amounts held by the Treasurer (pursuant to Section 21 of the *Public Finance and Audit Act 1987*) on behalf of various bodies.

Account	Balance \$
Interest bearing—	
Adelaide and Mt Lofty Ranges Natural Resources Management Board	10 009 610
Adelaide Festival Centre Trust	14 283 208
Adelaide Hills Wine Industry Fund	382 500
Agents Indemnity Fund	69 370 842
Alinytjara Wilurara Natural Resources Management Board	3 301 679
Aquaculture Resource Management Fund	437 003
Art Gallery Board Account	539 188
Australian Council of State Emergency Services Fund	349 957
Bank of Tokyo-Mitsubishi Account	89 216
Bio Innovation SA	502 436
Boating Administration — Working Account	15 882 797
Botanic Gardens Board Endowment and Commercial Fund	2 566 161
Carrick Hill Trust	677 110
Cattle Compensation Fund	637 855
Cooperative Research Centre for Sustainable Aquaculture of Finfish	—
Correctional Services Prisoner Compensation Quarantine Fund Account	72 404
Crown Solicitor's Trust Account	3 062 867
CTPI Insurance Regulator	—
Daniel Livingston Scholarship	35 311
Deer Keepers' Compensation Fund	—
Disability Services - Trust Funds, Donations and Bequests	360 818
Distribution Lessor Corporation Account	30 958
District Court Suitors' Fund	3 103 245
Dog and Cat Management Fund	952 017
Domiciliary Care Services - Trust Funds, Donations and Bequests	595 210
Education Department — Scholarships and Prizes	192 632
Employment and Technical and Further Education — College Council Funds	153 866
Environment Protection Fund	7 008 266
Environment Resources and Development Court Suitors Fund	—
Eyre Peninsula Natural Resources Management Board	2 561 774
Facilities Fund (Marine)	8 613 220
Fleet SA	—
Generation Lessor Corporation Account	28 756
Grains Industry Levy Fund	—
History Trust of South Australia	4 330 666
Independent Gambling Authority	4 411 904
Industrial Court Commission	374 767
Institute of Medical and Veterinary Science	—
Kangaroo Island Natural Resources Management Board	1 148 638
Langhorne Creek Wine Industry Fund	403 004
Legal Practitioners Act	528 505
Libraries Board of South Australia	5 557 238
Lifetime Support Scheme Fund	934 838
Local Government Taxation Equivalents Fund	12 182
Market Projects Unit	3 133
McLaren Vale Wine Industry Fund	610 878

TREASURER'S STATEMENTS — STATEMENT G — *continued*

DEPOSITS LODGED WITH THE TREASURER — BALANCES AT 30 JUNE 2016

(Section 22 (a) (vi) *Public Finance and Audit Act 1987*)

Account	Balance
	\$
Interest bearing—<i>continued</i>	
Motor Accident Commission Account	1 091 407
Museum Board Account	1 773 839
National Action Plan for Salinity and Water Quality	35 877
National Parks General Reserves Account	1 358 535
National Sirex Fund	—
Native Vegetation Fund	3 849 822
Natural Heritage Trust Extension (NHT2)	—
Natural Resources Management Fund	2 317 097
Northern and Yorke Natural Resources Management Board	2 099 984
Onshore Petroleum Centre of Excellence	10 828
Outback Areas Community Development Fund	137 273
Passenger Transport Research and Development Fund	11 309
Phylloxera and Grape Industry Fund	1 347 984
Planning and Development Fund	29 657 216
Pleuro Pneumonia Fund	15 554
Police Superannuation Fund	110 554
Rail Transport Facilitation Fund	58 064 639
Real Property Act Assurance Fund	7 394 967
Real Property Act Trust Account	72 128
RESI Corporation Account	—
Residential Tenancies Fund	4 722 956
Retail Shop Leases Fund	278 867
Returned and Services League of Australia (South Australian Branch) Incorporated	—
Riverland Wine Industry Fund	344 861
SA BITS Funds Pty Ltd — Playford Centre Capital	—
SAFECOM Operating Account	17 104 402
SA Health Special Purpose Funds	126 874 289
Second-Hand Vehicles Compensation Fund	2 465 523
South Australian Apiary Industry Fund	239 810
South Australian Arid Lands Natural Resources Management Board	1 528 746
South Australian Country Arts Trust	6 634 576
South Australian Forestry Corporation	8 775 183
South Australian Government Financing Authority	45 704 375
South Australian Housing Trust	99 241 287
South Australian Murray Darling Basin Natural Resources Management Board	4 449 588
South Australian Pig Industry Fund	3 941 635
South Australian Sheep Industry Fund	3 697 789
South East Natural Resources Management Board	2 524 605
State Emergency Relief Fund	1 142 712
State Procurement Board — Gaming Machine Operations	—
Superannuation Funds Management Corporation Operating Account	5 671 708
Super SA Board	14 827 754
Super SA Flexible Rollover Product	8 478 183
Super SA Income Stream	17 993 076
Super SA Select	—
Supreme Court Sutors Fund	37 893 252

TREASURER'S STATEMENTS — STATEMENT G — *continued*

DEPOSITS LODGED WITH THE TREASURER — BALANCES AT 30 JUNE 2016

(Section 22 (a) (vi) *Public Finance and Audit Act 1987*)

Account	Balance \$
Interest bearing—<i>continued</i>	
Teachers' Registration Board	10 375 624
Transmission Lessor Corporation Account	21 112
Upper South East Dryland Salinity Project	—
Urban Renewal Authority	114 951 905
Urban Renewal Authority — Cheltenham Trust Account	298 054
Waste to Resources Fund	86 802 994
Wildlife Conservation Fund	505 346
Woods, Bagot, Jory and Laybourne-Smith — National War Memorial Account	2 354
Sub-Total	900 958 237
Non-Interest bearing—	
Agriculture — Research and Services Grants	17 956 302
Children's Services Office — Capital Assistance Fund	192 235
Coast Protection Fund	495 414
Companies Liquidation Account	94 244
Contractors' Deposits	32 565
Co-operatives Liquidation Account	64 993
Correctional Services — Prisoners' Monies	654 097
Courts Administration Authority	14 376 980
Extractive Areas Rehabilitation Fund	21 841 319
Fisheries — Research and Development Fund	5 206 974
Metropolitan Drainage Maintenance Fund	19 455
Natural Gas Authority of South Australia	—
Recreation and Sport Fund	1 452 708
South Australian Film Corporation Investors Returns Account	79 189
South Australian Tourism Commission	3 553 542
South Eastern Water Conservation and Drainage Board	220 721
State Heritage Fund	348 711
Unclaimed Salaries and Wages Account	505 097
Workmen's Liens	574 162
Sub-Total	67 668 707
TOTAL DEPOSITS LODGED WITH THE TREASURER	968 626 944


T. KOUTSANTONIS, Treasurer

TREASURER'S STATEMENTS — STATEMENT H

IMPREST ACCOUNTS

(Section 22 (a) (vii) *Public Finance and Audit Act 1987*)

These amounts represent monies advanced by the Treasurer to Chief Executive Officers pursuant to Section 9 of the *Public Finance and Audit Act 1987*. Imprest accounts provide funds to meet payments at short notice and are subsequently recovered from departmental monies.

By Whom Held	Agency	Unappropriated Funds Allocated
		\$
Chief Executive	Attorney-General's Department	44 020
Chief Executive	Department of Education and Child Development	285 000
Electoral Commissioner	Electoral Commission of South Australia	200
Chief Executive	Department of State Development	3 000
TOTAL		<u>332 220</u>


T. KOUTSANTONIS, Treasurer

TREASURER'S STATEMENTS — STATEMENT I

INDEBTEDNESS OF THE TREASURER AS AT 30 JUNE 2016 (Section 22 (a) (viii) *Public Finance and Audit Act 1987*)

As prescribed in Section 22 (a) (viii) of the *Public Finance and Audit Act 1987*, this statement provides details on the total indebtedness of the Treasurer.

Lending arrangements within the South Australian public sector give rise to a direct debt relationship between the South Australian Government Financing Authority (SAFA) and certain public non-financial corporations and the consolidation of general government sector debt with the Treasurer.

As the State's central financing authority, SAFA's main function is to develop and provide a range of borrowing, investment, and other financial services for South Australian public sector entities. The Treasurer has appointed SAFA to manage the portfolio forming the general government sector debt and is in turn indebted to SAFA.

As a result of these arrangements all of the Treasurer's indebtedness is to SAFA and the balance as at 30 June 2016 was \$10 221 million. Details on the management of the Treasurer's debt portfolio can be found in SAFA's Annual Report.

The Consolidated Account is the Treasurer's main operating account and it is through this Account that public monies are received and expended pursuant to the requirements of the *Public Finance and Audit Act 1987*. Each year the Treasurer borrows from SAFA an amount equal to the Consolidated Account financing requirement. If there is a negative Consolidated Account financing requirement then an equivalent amount of the Treasurer's debt to SAFA is repaid.

In 2015-16 the Consolidated Account deficit was \$1 154 million and was funded by borrowings of that amount from SAFA.

The indebtedness of the Treasurer to SAFA is serviced from the Consolidated Account and is recovered, in part, from loans provided by the Treasurer to public sector agencies and other bodies as described below. In addition, the Treasurer has provided equity contributions to certain agencies some of which pay dividends to the Consolidated Account as shown in Statement A.

The Treasurer's indebtedness to SAFA has been applied in the public accounts as follows:

	2015-16 \$'000	2014-15 \$'000
Loans to State Government Departments		
Department of Primary Industries and Resources—Rural Loans	3 753	8 553
Department of Primary Industries and Resources—Farm Finance Loans	450	10 450
Department of Primary Industries and Resources—Drought Concessional Loans	22 093	10 000
	<u>26 296</u>	<u>29 003</u>
Loans to Statutory Authorities and Other Bodies		
Flinders Medical Centre	13 494	16 063
Flinders Medical Centre Foundation	5 000	5 000
Renmark Irrigation Trust	511	582
Royal Adelaide Zoo	1 692	1 931
South Western Suburbs Drainage	567	840
Woodville, Henley and Grange Drainage	89	113
	<u>21 353</u>	<u>24 529</u>

TREASURER'S STATEMENTS — STATEMENT I — *continued*

INDEBTEDNESS OF THE TREASURER AS AT 30 JUNE 2016 — *continued* (Section 22 (a) (viii) *Public Finance and Audit Act 1987*)

	2015-16 \$'000	2014-15 \$'000
Equity Contributions		
Adelaide Convention Centre	78 294	78 294
Adelaide Entertainments Corporation	55 536	55 536
Department for Correctional Services	97 638	89 189
Courts Administration Authority	3 140	3 140
Defence SA	101 888	101 888
Distribution Lessor Corporation	28 273	28 273
Electoral Commission of South Australia	1 558	1 363
Generation Lessor Corporation	24 539	24 539
Department for Communities and Social Inclusion	74 325	74 325
Department for Health and Ageing	1 643 898	1 465 650
Department of Premier and Cabinet	916	916
Joint Parliamentary Services	2 903	2 903
National Electricity Administrator	93	93
National Electricity Market Management Company	490	490
SA Water Corporation	173 610	173 610
South Australian Film Corporation	8 460	8 460
Soluh Australian Housing Trust	83 800	60 876
South Australia Police	85 220	85 220
South Australian Tourism Commission	64	64
State Governor's Establishment	160	160
Urban Renewal Authority	242 938	107 938
Department of Treasury and Finance	547	547
Department of Planning, Transport and Infrastructure	3 096 330	2 798 141
Department of Environment, Water and Natural Resources	22 612	22 612
Department of State Development	11 738	10 263
	5 838 970	5 194 490
Other Indebtedness		
Debt associated with prior operations of the Consolidated Account	4 334 873	3 767 176
TOTAL TREASURER'S INDEBTEDNESS TO SAFA	10 221 492	9 015 198

Further information on the Treasurer's indebtedness to SAFA can be found in Statement J Financial Relationships and Transactions between the Treasurer and the South Australian Government Financing Authority.

TREASURER'S STATEMENTS — STATEMENT I — *continued*

INDEBTEDNESS OF THE TREASURER AS AT 30 JUNE 2016 — *continued* (Section 22 (a) (viii) *Public Finance and Audit Act 1987*)

The Treasurer is authorised or required under a number of Acts to guarantee credit arrangements (eg repayment of borrowings) of various bodies. In the event of default, payment is made from the Consolidated Account. There is, therefore, a contingent liability of the Treasurer.

These fall into two main categories:

- general guarantees in respect of the operations of certain statutory bodies; and
- guarantees to assist the development of an industry or service (eg in respect of the indebtedness of companies and individuals pursuant to the *Industries Development Act 1941*).

In addition, the Treasurer may incur contingent liabilities under the *Government Financing Authority Act 1982* arising from SAFA's role in financing the South Australian Public Sector. These liabilities arise as a result of guarantees and indemnities provided, together with swap contracts and forward foreign currency transactions.

The Treasurer has residual liabilities arising from the sale/lease of the State's electricity assets. These liabilities represent prepaid lease rental payments received by the Treasurer on behalf of the Transmission Lessor Corporation, Distribution Lessor Corporation and Generation Lessor Corporation. The Treasurer's liability to the corporations at 30 June 2016 was \$42.2 million. This amount will reduce over the remaining term of the lease, as lease rental revenue is brought to account. No cash payments are anticipated.



T. KOUTSANTONIS, Treasurer

TREASURER'S STATEMENTS — STATEMENT J

FINANCIAL RELATIONSHIPS AND TRANSACTIONS BETWEEN THE TREASURER AND THE SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY (Section 22 (a) (ix) *Public Finance and Audit Act 1987*)

The South Australian Government Financing Authority (SAFA) is an integral part of the management of the Government's finances. Transactions between SAFA and the Public Accounts are described below. —

The indebtedness of the Government to SAFA largely stems from ongoing operations of Government including; —

- direct loans from SAFA to the Government;
- indebtedness resulting from the assumption by SAFA of the obligations of the State to the Commonwealth Government under the Financial Agreement, Housing and other Specific Purpose Agreements;
- indebtedness resulting from debt rearrangements within the South Australian Public Sector whereby SAFA is assigned loan assets in return for assuming the associated debt servicing obligations of the South Australian Government; and
- the Government's assumption of obligations of semi-government authorities and Public Sector Financial Institutions for past loans from SAFA.

The overall movement in the Government's indebtedness to SAFA during 2015-16 is summarised as follows—

	\$million
Balance at 30 June 2015	9 015
Add — <i>Prior Year Adjustment</i>	57
Add — <i>Consolidated Account borrowings in 2015-16</i>	1 154
Add — <i>Realised Gain (net)</i>	1
Less — <i>Concessional Loans</i>	2
Less — <i>Repayment of borrowings</i>	4
Balance at 30 June 2016	10 221
Market value at 30 June 2016 ^(a)	10 530

(a) SAFA manages its financial assets and liabilities on a market value basis (net fair value).

Arrangements for the management of cash require that virtually all funds under the control of the Treasurer which are not immediately required, are deposited with SAFA each day on an at call basis. In respect of the remaining funds deposited with SAFA, the Treasurer received interest at a rate determined by reference to SAFA's overnight borrowing rate.

At 30 June 2016 the Treasurer's deposit with SAFA was \$5 162 million (SAFA's market valuation \$5 170 million).

Statement C shows details of the Treasurer's cash balances at 30 June 2016 and the form in which those balances were held.

SAFA's 2015-16 operating profit before income tax was \$16.5 million. SAFA operates within the Tax Equivalent Regime (TER) and under this arrangement the amount paid to the Consolidated Account in 2015-16, as reported in Statement A, was \$3.87 million.

After taking account of the retained surplus carried forward from previous years and the net profit after tax in 2015-16, the amount of SAFA's surplus potentially available for distribution at 30 June 2016 was \$365.8 million. The Treasurer determined that the distribution for 2015-16 would be \$38.864 million.

Similar to many other semi-government authorities, SAFA operates a Deposit Account — see Statement G. Any surplus funds otherwise standing to the credit of the account are invested by SAFA each day.

The State unconditionally guarantees all the liabilities of SAFA pursuant to Section 15 of the *Government Financing Authority Act 1982*. The Government does not foresee any circumstances in which the guarantee is likely to be called upon.

TREASURER'S STATEMENTS — STATEMENT J — *continued*

FINANCIAL RELATIONSHIPS AND TRANSACTIONS BETWEEN THE TREASURER AND THE SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY (Section 22 (a) (ix) *Public Finance and Audit Act 1987*)

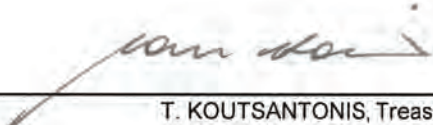
On 1 July 2006 the South Australian Government Insurance Corporation (SAICORP) was amalgamated with SAFA.

As part of the amalgamation arrangements, SAFA assumed the assets and liabilities of the South Australian Government Insurance and Risk Management (SAGIRM) Fund sections 1 and 2. Fund 3 commenced operations on 1 July 2013 to administer Building Indemnity Insurance (BII) offered to builders in South Australia. The Building Work Contractors Act 1995 (SA) and Regulations is compulsory in South Australia and requires builders to hold BII to protect home owners losses arising from the insolvency, death or disappearance of their builder up to a maximum sum insured of \$80,000 per building project.

With respect to SAICORP Insurance Funds 2 and 3, the Treasurer has agreed to indemnify SAFA for the financial outcomes of the Funds to reflect the risks SAFA has assumed on the Treasurer's behalf. At 30 June each year the financial position of Fund 2 and 3 will be calculated and the Treasurer will be liable for any deficiency in the Fund. Conversely, SAFA will be liable to pay to the Treasurer any surplus in the Funds.

SAICORP Insurance Fund 2 recorded an operating profit of \$4.5 million in 2015-16. The Treasurer has a net receivable from the Fund of \$14.2 million representing its outstanding liability of \$9.7 million as at 2014-15, plus the receivable of \$4.5 million for 2015-16.

SAICORP Insurance Fund 3 recorded an operating loss of \$2.3 million in 2015-16. The Treasurer has a net payable to the Fund of \$2.3 million in 2015-16.



T. KOUTSANTONIS, Treasurer

TREASURER'S STATEMENTS — STATEMENT K

STATEMENT OF APPROPRIATION AUTHORITIES

GOVERNOR'S APPROPRIATION FUND (Section 22 (a) (xi) (A) and (B) *Public Finance and Audit Act 1987*)

\$

Maximum amount that could have been appropriated from the Fund in 2015-16	344 889 000
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Purpose of Appropriation	Amounts Issued and Applied
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\$

Attorney-General's Department	2 678 000
Department for Communities and Social Inclusion	34 339 000
Department for Education and Child Development	25 589 000
Department of Planning, Transport and Infrastructure	122 840 000
Administered Items for the Department of Planning, Transport & Infrastructure	465 000
Department of Primary Industries and Regions	20 000 000
Administered Items for the Department of State Development	1 071 000
Department of Treasury & Finance	9 070 000
South Australian Tourism Commission	488 000
TOTAL	216 540 000

TREASURER'S STATEMENTS — STATEMENT K — *continued*

STATEMENT OF APPROPRIATION AUTHORITIES — *continued*

TRANSFERS AUTHORISED PURSUANT TO SECTION 13 OF THE *PUBLIC FINANCE AND AUDIT ACT 1987*
(Section 22 (a) (xii) *Public Finance and Audit Act 1987*)

No transfers were made during 2015-16

REDUCTIONS AUTHORISED PURSUANT TO SECTION 14 OF THE *PUBLIC FINANCE AND AUDIT ACT 1987*
(Section 22 (a) (xiv) *Public Finance and Audit Act 1987*)

No reductions were made during 2015-16

APPROPRIATION AUTHORISED PURSUANT TO SECTION 15 OF THE *PUBLIC FINANCE AND AUDIT ACT 1987*
(Section 22 (a) (xiii) *Public Finance and Audit Act 1987*)

\$

Administered Items for the Department of Treasury and Finance	21 044 000
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TOTAL	<u>21 044 000</u>
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APPROPRIATION AUTHORITIES FOR ACTUAL PAYMENTS FROM THE CONSOLIDATED ACCOUNT, 2015-16
(Section 22 (a) (xiii) *Public Finance and Audit Act 1987*)

	Appropriation Authority	Actual Payments
	\$	\$
<i>Appropriation Act 2015, Section 4</i>	12 037 405 000	11 951 337 607
<i>Public Finance and Audit Act 1987, Section 15</i>	<u>21 044 000</u>	<u>21 044 000</u>
	12 058 449 000	11 972 381 607
 <i>The Governor's Appropriation Fund —</i>		
<i>Public Finance and Audit Act 1987, Section 12</i>	<u>344 889 000</u>	<u>216 540 000</u>
	12 403 338 000	12 188 921 607
 <i>Specific appropriation authorised by various Acts</i>	<u>109 349 000</u>	<u>107 194 620</u>
 TOTAL	<u>12 512 687 000</u>	<u>12 296 116 227</u>


 T. KOUTSANTONIS, Treasurer

TREASURER'S STATEMENTS — STATEMENT L

STATEMENT OF OTHER TRANSFERS FROM THE ADMINISTERED ITEMS FOR THE DEPARTMENT OF TREASURY AND FINANCE FOR THE YEAR ENDED 30 JUNE 2016

(Section 22 (a) (xiv) *Public Finance and Audit Act 1987*)

Transfers were made to the following agencies:	\$
Attorney-General's Department	184 375
Auditor-General's Department	5 000
Bio Innovation SA	6 000
Courts Administration Authority	5 000
Defence SA	8 000
Department for Communities and Social Inclusion	11 589 000
Department for Correctional Services	60 000
Department for Education and Child Development	2 489 000
Administered Items for the Department for Education and Child Development	1 000
Department for Health and Ageing	69 562 000
Department of Environment, Water and Natural Resources	936 000
Department of Planning, Transport and Infrastructure	41 525 000
Department of Primary Industries and Regions	844 000
Department of State Development	5 012 630
Department of the Premier and Cabinet	3 576 521
Department of Treasury and Finance	11 887 515
Joint Parliamentary Services	124 000
Legislative Council	44 000
Lotteries Commission of South Australia	1 000
South Australia Police	9 325 000
South Australian Ambulance Service	9 000
South Australian Country Fire Service	3 000
South Australia Fire and Emergency Services Commission	2 000
South Australian Metropolitan Fire Service	1 000
South Australian State Emergency Service	3 000
South Australian Tourism Commission	1 821 000
TOTAL	<u>159 024 041</u>


 T. KOUTSANTONIS, Treasurer

Adelaide Festival Centre Trust

Financial report
for the year ended
30 June 2016

**ADELAIDE FESTIVAL CENTRE TRUST
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

		2016	2015
	Note	\$'000	\$'000
Expenses			
Staff benefits expenses	4	19,062	18,246
Supplies and services	5	23,958	23,665
Depreciation and amortisation expense	6	648	579
Net loss from the disposal of non-current assets	7	126	44
Borrowing costs		50	5
Total expenses		43,844	42,539
Income			
Revenues from fees and charges	8	25,599	25,743
Interest revenues	9	259	270
Total income		25,858	26,013
Net cost of providing services		17,986	16,526
Revenues from SA Government			
Revenues from SA Government	10	17,428	17,682
Net result		(558)	1,156
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Gain on revaluation of assets	14	578	358
Total other comprehensive income		578	358
Total comprehensive result		20	1,514

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

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

**ADELAIDE FESTIVAL CENTRE TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

		2016	2015
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents	11	15,080	13,633
Receivables	12	1,722	1,996
Inventories	13	175	147
Total current assets		<u>16,977</u>	<u>15,776</u>
Non-current assets			
Property, plant and equipment	14	5,406	4,736
Works of art	14	6,101	5,521
Intangible assets	14	777	1,003
Total non-current assets		<u>12,284</u>	<u>11,260</u>
Total assets		<u>29,261</u>	<u>27,036</u>
Current liabilities			
Payables	15	9,772	8,734
Staff benefits	16	2,811	2,174
Provisions	17	92	68
Other current liabilities	18	1,520	881
Total current liabilities		<u>14,195</u>	<u>11,857</u>
Non-current liabilities			
Payables	15	303	279
Borrowings	19	1,333	1,671
Staff benefits	16	3,065	2,960
Provisions	17	168	92
Total non-current liabilities		<u>4,869</u>	<u>5,002</u>
Total liabilities		<u>19,064</u>	<u>16,859</u>
Net assets		<u>10,197</u>	<u>10,177</u>
Equity			
Asset revaluation surplus	20	10,060	9,482
Accumulated surplus (deficit)	20	137	695
Total Equity		<u>10,197</u>	<u>10,177</u>
The total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	21		
Contingent assets and liabilities	22		

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

**ADELAIDE FESTIVAL CENTRE TRUST
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	Asset revaluation surplus \$ '000	Accumulated surplus/ deficits \$ '000	Total Equity \$ '000
Balance at 30 June 2014		9,124	(461)	8,663
Net result for 2014-15		-	1,156	1,156
Gain on revaluation of assets		358	-	358
Total comprehensive result for 2014-15		358	1,156	1,514
Balance at 30 June 2015	20	9,482	695	10,177
Net result for 2015-16		-	(558)	(558)
Gain on revaluation of assets		578	-	578
Total comprehensive result for 2015-16		578	(558)	20
Balance at 30 June 2016	20	10,060	137	10,197

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

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

**ADELAIDE FESTIVAL CENTRE TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

		2016 Inflows/ (Outflows) \$'000	2015 Inflows/ (Outflows) \$'000
Cash flows from operating activities	Note		
Cash outflows			
Staff benefit payments		(18,103)	(17,514)
Payments for supplies and services		(26,778)	(27,249)
Decrease in funds held on behalf of promoters		-	(639)
Interest Paid		(43)	-
Cash used in operations		(44,924)	(45,402)
Cash inflows			
Receipts from patrons and customers		28,989	27,707
Increase in funds held on behalf of promoters		950	-
Interest received		265	270
GST recovered from the ATO		301	145
Cash generated from operations		30,505	28,122
Cash flows from SA Government			
Receipts from SA Government		16,672	17,258
Cash generated from SA Government		16,672	17,258
Net cash (used in) provided by operating activities		2,253	(22)
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment and works of art		(468)	(2,062)
Net cash used in investing activities		(468)	(2,062)
Cash flows from financing activities			
Cash inflows			
Proceeds from borrowings		-	1,671
Cash outflows			
Repayment of borrowings		(338)	-
Net cash provided by financing activities		(338)	1,671
Net (decrease) increase in cash and cash equivalents		1,447	(413)
Cash and cash equivalents at the beginning of the period		13,633	14,046
Cash and cash equivalents at the end of the period	11	15,080	13,633

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

Adelaide Festival Centre Trust

Notes to and forming part of the financial statements

Note 1 Objectives of the Adelaide Festival Centre Trust

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

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

Note 2 Summary of Significant Accounting Policies

(a) Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

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

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

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgement, or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; 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:
 - i. expenses incurred as a result of engaging consultants;
 - ii. employee targeted voluntary separation package information;
 - iii. employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly, by the Trust to those employees; and
 - iv. board member and remuneration information, where a board member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented.

(c) Reporting entity

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

On 21 October 1999 the Adelaide Festival Centre Foundation (Foundation) was incorporated under the Associations Incorporation Act 1985, and is controlled by the Trust by virtue of clauses in the Foundation's constitution which requires its Board appointments to be approved by the Trust and also require the Foundation to act in accordance with directions from the Trust.

The financial statements and accompanying notes include the activities of the Trust and the Foundation. The activities of the Foundation are not material and therefore a full consolidated presentation has not been adopted. The effect of transactions between the Trust and the Foundation are eliminated in full. A summary of the Foundation's activities is given in Note 23.

(d) Transactions performed on behalf of promoters

The Trust provides services on behalf of event promoters under exclusive agency arrangements. The Trust charges a fee for these services that is recognised as revenue. The Trust does not control the revenue (net of fees charged) generated from promoter events and as such only recognises the changes in cash held in trust on behalf of promoters (shown at Note 11) and the requisite amount payable to those promoters (shown at Note 15) together with the net change in cash held in the Statement of Cash Flows as at 30 June.

(e) Comparative information

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

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

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

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

(f) Rounding

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

(g) Taxation

The Trust is not subject to income tax. The Trust is liable for payroll tax, 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 payables, which 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.

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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.

(h) Events after the reporting period

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

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

(i) Income

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

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

The following are specific recognition criteria:

Fees and charges

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

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

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

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

Revenues from SA Government

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

Net gain/loss on non-current assets

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

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

(j) Expenses

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

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

The following are specific recognition criteria:

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Staff benefits expenses

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

Superannuation

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

Prepaid production expenses

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

Borrowing costs

All borrowing costs are recognised as expenses.

Depreciation and amortisation

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

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

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

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

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

Land is not depreciated.

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

Class of asset	Useful life (years)
Buildings	15
Plant and equipment	5 - 25
Furniture and fittings	15
Leasehold equipment	5-15
Intangibles	5-10

(k) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle, even when they are not

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expected to be realised 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.

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

(I) Assets

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

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

Cash and cash equivalents

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

Receivables

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

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are generally settled within 14 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

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

Heritage assets

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

Inventories

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

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

Non-current assets

Acquisition and recognition

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

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

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

Revaluation of non-current assets

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

At least every five years, the Adelaide Festival Centre Trust revalues its non-current assets via a Certified Practising Valuer or internal estimates based on indices or recent transactions. 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.

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

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

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

Impairment

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

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

Intangible assets

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

The Trust only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets are reviewed on an annual basis.

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

Fair value measurement - Non-financial assets

In determining fair value, the Trust has taken into account the characteristic of the asset (eg. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Trust's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Trust did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a 'fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years' are deemed to approximate fair value.

Fair value measurement - Financial assets/liabilities

Adelaide Festival Centre Trust does not recognise any financial assets or financial liabilities at fair value.

(m) Liabilities

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

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

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Payables

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

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

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

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

Staff benefits on-costs include payroll tax and superannuation contributions in respect to outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

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

Leases

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

Operating leases

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

Staff benefits

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

Salaries and wages, annual leave, skills and experience retention leave and sick leave

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

The annual leave liability and the skills and experience retention leave liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid.

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

Long service leave

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

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

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

Borrowings/Financial liabilities

The Trust measures financial liabilities including borrowings/debt at historical cost, except for interest free loans (measured at the present value of expected repayments).

Provisions

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

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

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

(n) Unrecognised contractual commitments and contingent assets and liabilities

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

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

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

(o) State government funding

The financial statements are presented under the assumption of ongoing financial support to the Board by the state government.

Note 3 New and revised accounting standards and policies

The Trust did not voluntarily change any of its accounting policies during 2015-16.

Adelaide Festival Centre Trust

	2016 \$'000	2015 \$'000
4 Staff benefits expenses		
Salaries and wages	14,694	14,338
Long service leave	544	415
Annual leave	920	889
Skills and experience retention leave	18	16
Employment on-costs - superannuation	1,473	1,409
Employment on-costs - other	1,013	940
Board fees	31	44
Other staff related expenses	369	195
Total staff benefits expenses	19,062	18,246

(a) Remuneration of staff excluding performance bonus

The number of staff who received remuneration within the following bands are:

	2016 Number	2015 Number
\$141 500 to \$145 000	-	1
\$145 001 to \$155 000	2	2
\$155 001 to \$165 000	1	-
\$165 001 to \$175 000	-	1
\$175 001 to \$185 000	3	1
\$185 001 to \$195 000	-	1
\$195 001 to \$205 000	1	-
\$205 001 to \$215 000	-	-
\$245 001 to \$255 000	-	1
\$255 001 to \$265 000	1	-
\$325 001 to \$335 000	-	1
\$355 001 to \$365 000	1	-
Total	9	8

(b) Performance bonus remuneration of staff

The number of staff who received performance bonus remuneration within the following bands are:

	2016 Number	2015 Number
\$ 21,500 to \$ 31,499	1	1
\$ 31,500 to \$ 41,499	1	-
Total	2	1

Table (a) includes all staff who received total remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits, fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. Total remuneration received for the year, included in Tables (a) and (b) was \$1.87 m (\$1.59m).

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	2016	2015
	\$'000	\$'000
5 Supplies and services		
Accommodation	10,256	9,720
Advertising and marketing	1,906	2,415
Artistic production	5,262	5,066
Communications and IT	1,610	920
Professional expenses	1,204	1,029
Repairs and maintenance	271	638
Sponsorship	149	218
Supplies	1,899	2,516
Travel and entertainment	367	295
Other	1,034	848
Total supplies and services	23,958	23,665

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

Consultants

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

	2016		2015	
	No.	\$'000	No.	\$'000
Below \$10,000	0	0	15	62
Above \$10,000	2	36	4	252
Total paid / payable to consultants engaged	2	36	19	314

6 Depreciation and amortisation expense

	\$'000	\$'000
Depreciation		
Buildings	29	4
Plant and equipment	368	344
Leasehold equipment	7	5
Furniture and Fittings	18	18
Amortisation		
Intangible assets	226	208
Total depreciation and amortisation	648	579

7 Net loss from the disposal of non-current assets

Plant and equipment		
Proceeds from disposal	2	3
Less net book value of assets disposed	128	47
Net loss from disposal of plant and equipment	(126)	(44)

	2016	2015
	\$'000	\$'000
8 Revenues from fees and charges		
Theatre services	7,252	8,512
Ticketing	4,605	4,016
Car park	1,379	1,298
Box office	5,977	5,739
Sponsorship	762	1,027
Catering and functions	3,302	3,159
Other	2,322	1,992
Total fees and charges	25,599	25,743

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9 Interest revenues

Interest received	259	270
Total interest revenues	259	270

10 Revenues from SA Government

Grants received:

Operating base	16,675	17,348
Capital replacement	753	334

Total revenues from SA Government	17,428	17,682
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The revenue derived from the Government is significant, and without it the Adelaide Festival Centre Trust would not be able to continue its operations.

Capital assets received free of charge were nil (\$334,000).

11 Cash and cash equivalents

Cash at bank and on hand	7,967	7,470
Cash held in trust for promoters	7,113	6,163
Total cash and cash equivalents	15,080	13,633

12 Receivables

Current

Receivables	644	1,269
Less allowance for doubtful debts	(4)	(2)
Prepayments	1,061	491
Accrued interest	21	26
GST input tax recoverable	-	212
Total current receivables	1,722	1,996

Movement in the allowance for doubtful debts

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

Carrying amount at the beginning of the period	2	23
Increase in the allowance	4	-
Amounts recovered during the year	-	(1)
Amounts written off	(2)	(20)
Carrying amount at the end of the period	4	2

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

An allowance for impairment loss of \$Nil (\$nil) has been recognised in 'other expenses' in 'supplies and services' (refer note 5) for specific debtors for which such evidence exists.

	2016 \$'000	2015 \$'000
13 Inventories		
Theatre set construction work in progress at cost	18	6
Materials at cost	157	141
Total inventories	175	147

Cost of inventories

The costs recognised as an expense for raw materials and consumables is \$1.525m (\$2.103m).

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14 Non-current assets

Land and buildings

Land at cost (deemed fair value)	1,440	1,440
Buildings at cost (deemed fair value)	440	440
Accumulated depreciation at the end of the period	(33)	(4)
Total land and buildings	1,847	1,876

Plant and equipment

Plant and equipment at fair value	2,122	2,261
Accumulated depreciation at the end of the period	(740)	(521)
Plant and equipment at cost (deemed fair value)	1,773	796
Accumulated depreciation at the end of the period	(135)	(66)
Total plant and equipment	3,020	2,470

Capital works in progress

Capital works in progress at cost (deemed fair value)	148	65
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Furniture and fittings

Furniture and fittings at cost (deemed fair value)	274	274
Accumulated depreciation at the end of the period	(36)	(18)
Total furniture and fittings	238	256

Leasehold equipment

Leasehold equipment at cost (deemed fair value)	165	74
Accumulated depreciation at the end of the period	(12)	(5)
Total leasehold equipment	153	69

Total property, plant and equipment

5,406	4,736
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Works of art

Works of art at fair value	6,098	5,517
Works of art at cost (deemed fair value)	3	4
Total works of art	6,101	5,521

Intangible assets

Intangibles at cost	1,908	1,908
Accumulated amortisation	(1,131)	(905)
Total intangible assets	777	1,003
Total non-current assets	12,284	11,260

Valuation of non-current assets

Plant and equipment

Valuation of theatre-related plant and equipment was carried out at 30 June 2015 by Maloney Field Services (Australia) Pty Ltd resulting in a revaluation increment of \$358,000. The valuer arrived at the fair value of the assets by using the market approach under AASB 13 and also considering the 'highest and best use' of each item. The market approach requires the valuer to observe the market for similar or identical assets to reach an opinion of value. Level 2 of the 'fair value hierarchy' under AASB 13 has been used and observable inputs such as publications, websites and sale prices relied on to determine fair values of each item. A valuation of plant and equipment, comprising computers, catering, and theatre set construction equipment, was carried out by Maloney Field Services (Australia) Pty Ltd as at 30 June 2014.

Works of art

A valuation of works of art was carried out by Theodore Bruce Auctions Pty Ltd as at 30 June 2014, estimating fair value of the pieces in the collection by using the market approach under AASB 13 and also considering the 'highest and best use' of each item. This approach required observation of the market for identical or similar assets to reach an opinion of value. A review of the valuation of this class of assets by the same valuer as at 30 June 2016 resulted in a revaluation increment of \$578,000 for the Barbara Hepworth Ultimate form.

Carrying amount of non-current assets

Adelaide Festival Centre Trust

The carrying amount of all non-current assets that have not been revalued are deemed to approximate fair value.

Non-current assets classified as held for sale

No assets have been classified as held for sale.

Impairment

There were no indications of impairment of non-current assets at 30 June 2016.

Reconciliation of non-current assets

The following table shows the movements of non-current assets during 2015-16:

	Plant and Equipm't \$'000	Works of Art \$'000	Intan- gibles \$'000	Furniture and fittings \$'000	Land and building \$'000	Lease hold \$'000	Capital WIP \$'000	Total \$'000
Carrying amount at the beginning of the period	2,470	5,521	1,003	256	1,876	69	65	11,260
Acquisitions	90	2	-	-	-	-	1,130	1,222
Transfers between asset classes	888	-	-	-	-	91	(979)	-
Disposals	(60)	-	-	-	-	-	(68)	(128)
Depreciation and amortisation	(368)	-	(226)	(18)	(29)	(7)	-	(648)
Revaluation increment/(decrement)	-	578	-	-	-	-	-	578
Carrying amount at the end of the period	3,020	6,101	777	238	1,847	153	148	12,284

Plant and equipment additions of nil (\$334,000) were received free of charge as a capital grant from Arts SA.

15 Payables	\$'000	\$'000
Current		
Creditors	911	556
Accrued expenses	1,283	1,647
Amounts payable to promoters	7,113	6,163
Staff on-costs	461	368
GST input tax payable	4	-
Total current payables	9,772	8,734
Non-current		
Staff on-costs	303	279
Total payables	10,075	9,013

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2015 rate (37%) to 40% and the average factor for the calculation of employer superannuation cost on-cost has also changed from the 2015 rate (10.3%) to 10.2%. These rates are used in the employment on-cost calculation.

Adelaide Festival Centre Trust

	2016 \$'000	2015 \$'000
16 Staff benefits		
Current		
Annual leave	1,247	1,193
Long service leave	420	320
Accrued salaries and wages	1,022	558
Skills and experience retention leave	122	103
Total current staff benefits	2,811	2,174
Non-current		
Long service leave	2,715	2,683
Accrued salaries and wages	350	277
Total non-current staff benefits	3,065	2,960
Total staff benefits	5,876	5,134

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a set level of liability for the measurement of long service leave.

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has decreased from 3% in 2015 to 2% in 2016.

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect in the current financial year of the decrease in the discount rate and the salary inflation rate is an increase in the long service leave liability of \$210,000 and employee benefit expense of \$210,000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

17 Provisions	2016 \$'000	2015 \$'000
Current		
Provision for workers compensation	92	68
Total current provisions	92	68
Non-current		
Provision for workers compensation	168	92
Total provisions	260	160
Provision for workers compensation		
Carrying amount at the beginning of the period	160	94
Additional provisions recognised	170	107
Reductions arising from payments	(70)	(41)
Carrying amount at the end of the period	260	160

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Office for the Public Sector (a division of the Department of the Premier and Cabinet). These claims are expected to be settled within the next financial year.

Adelaide Festival Centre Trust

18 Other liabilities	2016	2015
	\$'000	\$'000
Current		
Venue hire deposits	602	444
Other deposits	9	9
Income in advance	902	410
Unclaimed monies	7	18
Total other liabilities	1,520	881

Income in advance

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

19 Borrowings

Non-current

Loan from SA Financing Authority

1,333	1,671
1,333	1,671

Total non-current borrowings

This is an unsecured, interest only loan on terms agreed to by the Minister for the Arts.

20 Equity

Asset revaluation surplus

Plant and equipment

4,348	4,348
5,712	5,134
10,060	9,482

Works of art

Accumulated surplus/(deficit)

137	695
10,197	10,177

Total equity

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

During 2016, a valuation of Barbara Hepworth Ultimate form bronze statue was done resulting in revaluation increment of \$578,000

Adelaide Festival Centre Trust

21 Unrecognised contractual commitments	2016	2015
	\$'000	\$'000
Expenditure commitments - other		
The Trust's other commitments are payable as follows:		
Within one year	1,239	745
Later than one year but not longer than five years	1,657	119
Total other commitments	2,896	864

Amounts disclosed include contracts for rental of office equipment, maintenance of computer systems, provision of artistic services and provision of facilities related services.

Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but

Within one year	6,219	6,018
Later than one year and not longer than five years	26,031	24,995
Later than five years	50,644	57,191
Total operating lease commitments	82,894	88,204

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

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

22 Contingent assets and liabilities

The Trust is not aware of any contingent assets or contingent liability.

23 Controlled entity

The consolidated financial statements at 30 June 2016 include the following controlled entity:
The Adelaide Festival Centre Foundation Incorporated

Significant items in the financial report of the Foundation are:

Revenue	471	672
Expenses	391	598
Surplus	80	74
Cash at bank	419	338

24 Remuneration of Trustees

Trustees of the Trust during the 2016 financial year were:

Mr Michael Abbott (Chairperson)

Ms Susan Clearihan

Ms Carolyn Mitchell

Mr James Hazel

Mr Philip Hoffmann AM (Appointed 3/9/2015)

Ms Kate Thiele (Appointed 21/04/2016)

Mr William Spurr (Resigned 31/07/2015)

Ms Zannie Flanagan (Resigned 20/1/2016)

Ms Irena Zhang (Resigned 10/6/2016)

Mr Donald Farrell (Resigned 27/05/2016)

	2016	2015
	Number	Number
The number of Trustees whose remuneration received or receivable falls within the following bands:		
\$0 - \$9,999	8	10
Total	8	10

Remuneration of members reflects all costs of Trustee duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by Trustees was \$34,000 (\$48,000).

Adelaide Festival Centre Trust

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

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

25 Financial risk management/Financial instruments

Financial risk management

Risk management is managed by the Trust's corporate services section and risk management policies are in accordance with the Risk Management Policy Statement issued by the Premier and Treasurer and the principles established in the Australian Standard Risk Management Principles and Guidelines. The Trust is exposed to financial risk – liquidity risk, credit risk and market risk.

Categorisation of financial instruments

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

The carrying amounts of each of the following categories of financial assets and liabilities: held-to-maturity investments; loan and receivables; and financial liabilities measured at cost are detailed below:

Category of financial asset and financial liability	Notes	2016 Carrying amount/fair value \$'000	2015 Carrying amount/fair value \$'000
Financial assets			
<i>Cash and cash equivalent</i>			
- Cash and cash equivalent	11	15,080	13,633
<i>Loans and receivables</i>			
- Receivables ⁽¹⁾⁽²⁾	12	665	1,295
Total financial assets		15,745	14,928
Financial liabilities			
<i>Financial liabilities at cost</i>			
- Payables ⁽¹⁾	15	9,201	8,228
- Borrowings	19	1,333	1,671
Total financial liabilities		10,534	9,899

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). 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 levies, tax and equivalents etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 12 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. Prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

ADELAIDE FESTIVAL CENTRE TRUST
CERTIFICATION OF FINANCIAL STATEMENTS

We certify that the attached general purpose financial statements for the Adelaide Festival Centre Trust:

- 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 Adelaide Festival Centre Trust; and
- present a true and fair view of the financial position of the Adelaide Festival Centre Trust as at 30 June 2016 and the results of its operation and cash flows for the financial year.

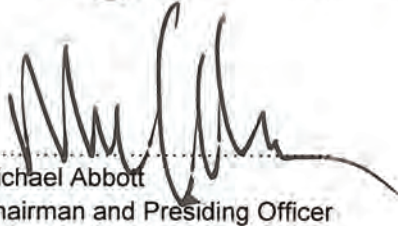
We certify that the internal controls employed by the Adelaide Festival Centre Trust for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



.....
Carlo D'Ortenzio
Chief Financial Officer



.....
Douglas Gautier
Chief Executive Officer and Artistic Director



.....
Michael Abbott
Chairman and Presiding Officer

Date: 13 September 2016



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**To the Chairman and Presiding Officer
Adelaide Festival Centre Trust**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, section 24(3) of the *Adelaide Festival Centre Trust Act 1971* and section 32(4) of the *Public Corporations Act 1993*, I have audited the accompanying financial report of the Adelaide Festival Centre Trust for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chairman and Presiding Officer, the Chief Executive Officer and Artistic Director, and the Chief Financial Officer.

The Trust's responsibility for the financial report

The members of the Trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the members of the Trust determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial report 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 comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

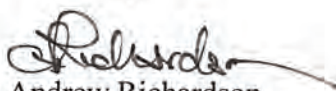
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 members of the Trust, as well as evaluating the overall presentation of the financial report.

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

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on the Adelaide Festival Centre Trust's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion the financial report gives a true and fair view of the financial position of the Adelaide Festival Centre Trust as at 30 June 2016, 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.



Andrew Richardson

Auditor-General

14 September 2016

Adelaide Festival Corporation

Financial report
for the year ended
30 June 2016

Adelaide Festival Corporation
Financial Statements for the year ended 30 June 2016

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Note No.	2016 \$'000	2015 \$'000
Expenses			
Staff benefit expense	4	3,632	3,570
Supplies and services	5	8,836	9,228
Depreciation expense		89	88
Total expenses		12,557	12,886
Income			
Grants from Non SA Government	6	353	56
Box Office sales		2,435	1,784
Other sales		315	436
Interest revenues		80	88
Sponsorship	7	1,230	1,577
Other income	8	676	373
Total income		5,089	4,314
Net cost of providing services		(7,468)	(8,572)
Revenue from SA Government			
Revenue from SA Government	6	8,417	8,257
Net result		949	(315)
Total comprehensive result		949	(315)

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.

Adelaide Festival Corporation
Financial Statements for the year ended 30 June 2016

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note No.	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	9	1,539	285
Receivables	10	203	79
Total current assets		1,742	364
Non-current assets			
Plant and equipment	11	200	206
Total non-current assets		200	206
Total assets		1,942	570
Current liabilities			
Payables	12	584	158
Staff benefits	13	284	283
Provisions	14	3	2
Total current liabilities		871	443
Non-current liabilities			
Payables	12	5	5
Staff benefits	13	53	57
Provisions	14	5	6
Total non-current liabilities		63	68
Total liabilities		934	511
Net Assets		1,008	59
Equity			
Retained earnings		1,008	59
Total Equity		1,008	59
The total equity is attributable to the SA Government as owner.			
Unrecognised contractual commitments	15		
Contingent assets and liabilities	17		

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

Adelaide Festival Corporation
Financial Statements for the year ended 30 June 2016

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	Retained earnings \$'000	Total Equity \$'000
Balance at 30 June 2014	374	374
Net Result for 2014-15	(315)	(315)
Total Comprehensive Result for 2014-15	(315)	(315)
Balance at 30 June 2015	59	59
Net Result for 2015-16	949	949
Total Comprehensive Result for 2015-16	949	949
Balance at 30 June 2016	1,008	1,008

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

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

Adelaide Festival Corporation
Financial Statements for the year ended 30 June 2016

STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	Note No.	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Cash outflows			
Staff benefit payments		(3,509)	(3,617)
Payments for supplies and services		(8,470)	(9,131)
Payments for paid parental leave scheme		(4)	(19)
Cash used in operations		(11,983)	(12,767)
Cash inflows			
Receipts from patrons, sponsors, donors and others		4,082	3,660
Receipts from Commonwealth		325	25
Interest received		77	88
Receipts for paid parental leave scheme		4	22
GST recovered from the ATO		415	589
Cash generated from operations		4,903	4,384
Cash flows from SA Government			
Receipts from SA Government		8,417	8,257
Net cash provided by/(used in) operating activities		1,337	(126)
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(83)	(58)
Cash used in investing activities		(83)	(58)
Net increase/(decrease) in cash and cash equivalents		1,254	(184)
Cash and cash equivalents at the beginning of the period		285	469
Cash and cash equivalents at the end of the period	9	1,539	285

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

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2016

Note 1 Functions of the Adelaide Festival Corporation

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

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

Note 2 Statement of Significant Accounting Policies

2.1 Statement of compliance

The Adelaide Festival Corporation has prepared these financial statements in compliance with section 23 of the Public Finance and Audit Act 1987.

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

The Adelaide Festival Corporation has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Corporation is a not-for-profit entity.

2.2 Basis of Preparation

The preparation of the financial statements requires:

- The use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Corporation'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) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income);
 - b) employee targeted voluntary separation package information;

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2016

- c) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and
- d) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket expense reimbursement.

The Corporation's Statement of Comprehensive Income, Statement of Financial Position, and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention. 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 2016 and the comparative information presented.

2.3 Rounding

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

2.4 Taxation

The Corporation is not subject to income tax. The Corporation is liable for payroll tax, 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 payables, which 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.

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2016

2.5 Events after the reporting period

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

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

2.6 Income

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

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

The following are specific recognition criteria:

Operating and Performing Arts Grants

In accordance with Department of Treasury and Finance Accounting Policy Framework V, 'Income', all grants are recognised as revenue when received.

Sponsorship, Sundry Income and Interest

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

The Adelaide Festival Corporation has a sponsorship arrangement with the Australian Broadcasting Corporation (ABC) that is not recognised in the financial statements. Given the non-commercial status of the ABC network, the capacity to document a reliable measurement of the relationship for the purposes of inclusion in the financial statements has proven problematic.

Box Office

All Box Office income is recognised as revenue when received.

Donations

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

2.7 Expenses

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

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

The following are specific recognition criteria:

Staff benefits expenses

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

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2016

Consistent with the Public Sector Act 2009, the Chief Executive of the Department of State Development has delegated all of his powers and functions relating to the employment of staff to the Corporation. The Treasurer, pursuant to the Public Sector Act, has also issued a direction to the Corporation to make payments with respect to any matter arising in connection with the employment of a person under the Adelaide Festival Corporation Act 1998.

Salaries, Wages and Compensated Absences

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

Superannuation

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

Depreciation

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

2.8 Foreign Exchange

All transactions undertaken in a foreign currency are translated into the functional currency of the Corporation. Foreign Exchange transactions are recorded on initial recognition by applying the foreign currency amount at the spot exchange rate at the date of the transaction. The date of transaction is the date on which the transaction first qualifies for recognition. Gains or losses arising from translation are taken directly to revenues or expenses.

2.9 Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 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.

2.10 Assets

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

Cash and cash equivalents

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

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2016

Receivables

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

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

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

Plant and Equipment

Office furniture and equipment is valued at cost (deemed fair value). Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. All non-current tangible assets with a value equal to or in excess of \$1 000 are capitalised.

Leasehold Improvements

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

2.11 Liabilities

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

Payables

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

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

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

Staff Benefits

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

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

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

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

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

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2016

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

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

2.12 Workers Compensation

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

For the period 1 July 2015 to 30 June 2016, the Corporation processed two (2015: three) workers compensation claims.

A provision for workers compensation liabilities has been included as at 30 June 2016 (Note 14) and is an actuarial estimate of the outstanding liability as at 30 June 2016 provided by a consulting actuary engaged through the Officer for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

2.13 Economic Dependency

The normal business activity of the Adelaide Festival Corporation is dependent on the contribution of grants from the State Government at the appropriate levels. The ongoing support of the State Government for the presentation of the Adelaide Festival biennially from 1960 and annually since 2012 underpins the decision to prepare this financial report on a going concern basis.

In October 2014 the Premier released a report reflecting its intended reform of government boards and committees, which included the Board of the Adelaide Festival Corporation.

This report advised that a merger between the Boards of the Adelaide Festival Corporation and the Adelaide Festival Centre Trust requires further consultation with key stakeholders.

A report of findings or recommendations based on the consultation has not been released.

However, the proposal has not been pursued and was not included within the *Statutes Amendment (Boards and Committees - Abolition and Reform) Bill 2015* which gave effect to other recommendations of the Government's Board and Committee review.

2.14 Comparative Figures

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

Note 3 New and Revised Accounting Standards and Policies

The Corporation did not voluntarily change any of its accounting policies during 2015-16.

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2016

Note 4 Staff Benefits Expense

	2016 \$'000	2015 \$'000
Salaries and Wages	3,181	3,137
Workers compensation	-	(32)
Staff on-costs Superannuation	288	295
Staff on-costs Other	128	142
Board Fees	35	28
	<u>3,632</u>	<u>3,570</u>

Remuneration of Staff

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

	2016 Number of staff	2015 Number of staff
\$145 001 to \$155 000	1	-
\$185 001 to \$195 000	1	-
\$205 001 to \$215 000	-	1
\$225 001 to \$235 000	-	1
\$285 001 to \$295 000	1	-
\$325 001 to \$335 000	1	-
Total	<u>4</u>	<u>2</u>

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these staff for the year was \$944 000 (2015: \$435 000).

The increase in the number of staff in this category is reflective of the planned changeover of Artistic Director from David Sefton (2013 to 2016 Festivals) to the joint Artistic Directors appointed for the 2017 to 2019 Festivals, Rachel Healy and Neil Armfield.

David Sefton received a lump sum backpay in the 2015/16 year for previously unpaid annual executive remuneration increases approved since the commencement of his term as Artistic Director (2011).

There was a termination payment included in the salary total of the former Chief Executive.

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2016

Remuneration of Board Members

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

Members during the 2016 financial year were:

Mr Richard Ryan AO (Chair term expired April 2016)
 Ms Judy Potter (commenced as Chair April 2016)
 Ms Christie Anthoney (term expired May 2016)
 Ms Amanda Duthie (term expired June 2016)
 Mr Peter Goers
 Ms Megan Hender
 Ms Ulrike Klein (term commenced December 2015)
 Mr David Knox (term commenced May 2016)
 Mr Mark Roderick (term commenced April 2016)
 Mr Graham Walters AM (term expired October 2015)
 Mr Jim Whalley

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

	2016	2015
Nil - \$9 999	11	9
<i>Total number of members</i>	<u>11</u>	<u>9</u>

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

The aggregate remuneration referred to in the above table for Board Members is \$35 000 (2015: \$31 000).

The aggregate superannuation paid on behalf of the Board Members included in the above was \$3 000 (2015: \$3 000).

In accordance with the Department of the Premier and Cabinet Circular No. 016, government employees did not receive remuneration for board/committee duties during the financial year.

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

From time to time, Board Members will receive complimentary tickets to shows or events conducted by the Adelaide Festival Corporation. These benefits are provided to attend Festival events solely for the purpose of the execution of duties of office and direct hosting of guests, sponsors and donors.

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2016

Note 5 Supplies and Services

	2016 \$'000	2015 \$'000
Artist Fees & Payments	1,946	1,699
Artist Travel & Accommodation	964	1,125
Royalty & License Fees	137	32
Event Staging & Contracts	2,575	3,173
Marketing, Advertising & Media	1,088	1,288
Design, Printing and Distribution costs	408	374
Hospitality, Sponsorship & Ticketing	310	332
Cost of goods for sale	421	317
Property Costs	229	225
Communications and IT	89	119
Insurance	99	99
Other expenditure	570	445
<i>Total Supplies and Services</i>	<u>8,836</u>	<u>9,228</u>

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

	No.	2016 \$'000	No.	2015 \$'000
Above \$10 000	1	38	-	-
Total paid/payable to consultants	<u>1</u>	<u>38</u>	<u>-</u>	<u>-</u>

Note 6 Grants from Government

	2016 \$'000	2015 \$'000
<i>Grants from SA Government</i>	<u>8,417</u>	<u>8,257</u>
Commonwealth Grants	325	25
Grants from Overseas Governments	28	31
<i>Grants from Non-SA Governments</i>	<u>353</u>	<u>56</u>
<i>Total Grants from Government</i>	<u>8,770</u>	<u>8,313</u>

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2016

Note 7 Sponsorship

	2016 \$'000	2015 \$'000
Sponsorship – Cash	726	893
Sponsorship – In-kind	504	684
<i>Total Sponsorship</i>	<u>1,230</u>	<u>1,577</u>

Note 8 Other Income

	2016 \$'000	2015 \$'000
Sundry	410	231
Friends Membership	37	35
Donations	229	107
<i>Total Other Income</i>	<u>676</u>	<u>373</u>

Note 9 Cash and Cash Equivalents

	2016 \$'000	2015 \$'000
Cash on hand	1	1
Cash at bank	415	283
Short-term deposits with SAFA	1,123	1
	<u>1,539</u>	<u>285</u>

Deposits are recognised at their nominal amounts. All deposited funds attract interest. Interest is credited to revenue as it accrues. Rates are determined by the bank and SAFA. Interest is received monthly.

Note 10 Receivables

	2016 \$'000	2015 \$'000
Trade debtors	119	22
Prepayments and accrued revenue	55	21
Other receivables (GST)	29	36
	<u>203</u>	<u>79</u>

Standard credit terms are 30 days.

Receivables are recognised at their nominal amounts and is non-interest bearing. Amounts are recognised when services are provided.

Collectability of debts is assessed at balance date with any bad debts being written off prior to balance date.

No receivables are impaired.

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2016

Note 11 Plant and Equipment

	2016 \$'000	2015 \$'000
Plant and Equipment		
Office equipment and furniture at cost (deemed Fair Value)	832	749
Less: Accumulated depreciation	632	543
<i>Written Down Value</i>	<u>200</u>	<u>206</u>
 Leasehold Improvements		
Leasehold Improvements at cost (deemed Fair Value)	334	334
Less: Accumulated depreciation	334	334
<i>Written Down Value</i>	<u>-</u>	<u>-</u>
 <i>Total Plant and Equipment Written Down Value</i>	 <u>200</u>	 <u>206</u>

Reconciliation of carrying amounts of plant & equipment:

	2016 \$'000
Balance as at 1 st July	1,083
Plus: Additions (Plant and Equipment)	83
<i>Balance as at 30th June</i>	<u>1,166</u>
 Accumulated Depreciation/Amortisation	
Balance as at 1 st July	877
Plus: Depreciation expense (P&E)	89
<i>Balance as at 30th June</i>	<u>966</u>
 <i>Net Book Value</i>	 <u>200</u>

Carrying amount of plant and equipment

All items of plant and equipment had a 'fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years', and have not been revalued in accordance with APF III. The carrying value of these items is deemed to approximate fair value.

Impairment

There were no indications of impairment of plant and equipment at 30 June 2016.

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2016

Note 12 Payables

	2016 \$'000	2015 \$'000
Current		
Trade creditors and accruals	549	124
Staff on-costs	35	34
	<u>584</u>	<u>158</u>
Non-Current		
Staff on-costs	5	5
	<u>5</u>	<u>5</u>

Creditors are generally paid within 30 days.

Creditors are recognised at their nominal amounts and are non-interest bearing. Liabilities are recognised once the goods or services have been received.

Note 13 Staff Benefits

	2016 \$'000	2015 \$'000
Current		
Accrued Salaries and Wages	66	46
Annual Leave	104	107
Long Service Leave	114	130
	<u>284</u>	<u>283</u>
Non-Current		
Long Service Leave	53	57
	<u>53</u>	<u>57</u>

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2016

Note 14 Provisions

	2016 \$000	2015 \$000
Current		
Provision for workers compensation (self-insurance)	3	2
	<u>3</u>	<u>2</u>
Non-current		
Provision for workers compensation (self-insurance)	5	6
	<u>5</u>	<u>6</u>

Note 15 Unrecognised Contractual Commitments

Operating Lease commitments

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

	2016 \$'000	2015 \$'000
Not later than one year	232	69
Later than one year and not later than five years	822	-
<i>Total operating lease commitments</i>	<u>1,054</u>	<u>69</u>
Representing:		
Non-cancellable operating leases	310	69
<i>Total operating lease commitments</i>	<u>310</u>	<u>69</u>

The Corporation's operating lease is for office accommodation. Office accommodation is leased from Shahin Holdings Pty Ltd. The lease was renewed in 2015 and expires in October 2020 with an option for the Festival to cease the lease in October 2017 with a minimum notice period. Rent is payable in advance.

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2016

Note 16 Financial Instruments / Financial Risk Management

Table 16.1 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 assets, financial liability and equity instrument are disclosed in note 2.

Category of financial asset and financial liabilities	Statement of Financial Position line item	Note	Carrying Amount	
			2016 \$'000	2015 \$'000
Financial Assets				
Cash and cash equivalents	Cash and cash equivalents	9	1,539	285
Receivables	Receivables ^{(1) (2)}	10	119	22
Total financial assets			1,658	307
Financial liabilities				
Financial liabilities at cost	Payables ⁽¹⁾	12	462	101
Total financial liabilities			462	101

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

⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in Note 10 as Receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Note 17 Contingent Assets and Liabilities

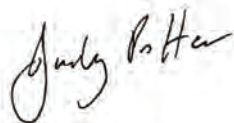
The Board is not aware of any contingent assets and liabilities.

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Adelaide Festival Corporation:

- 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 Adelaide Festival Corporation; and
- present a true and fair view of the financial position of the Adelaide Festival Corporation as at 30 June 2016 and the results of its operation and cash flows for the financial year.

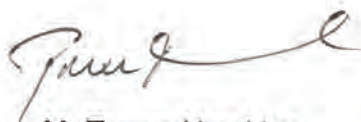
We certify that the internal controls employed by the Adelaide Festival Corporation for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Ms Judy Potter
Chair
9th September 2016



Ms Sandy Verschoor
Chief Executive
9th September 2016



Mr Trevor Horskins
Finance & Administration Director
9th September 2016



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**To the Chair of the Board
Adelaide Festival Corporation**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 19(3) of the *Adelaide Festival Corporation Act 1998*, I have audited the accompanying financial report of the Adelaide Festival Corporation for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chair, the Chief Executive and the Finance and Administration Director.

The Board's responsibility for the financial report

The Members of the Board of the Adelaide Festival Corporation are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the Members of the Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial report 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 comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

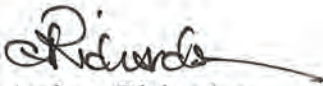
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 Members of the Board, as well as evaluating the overall presentation of the financial report.

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

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on the Adelaide Festival Corporation's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Adelaide Festival Corporation as at 30 June 2016, 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.

A handwritten signature in black ink, appearing to read 'Richardson', with a long horizontal stroke extending to the right.

Andrew Richardson

Auditor-General

20 September 2016

Adelaide Oval SMA Limited

Financial report
for the year ended
31 October 2015

Adelaide Oval SMA Limited

ABN 46 141 259 538

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE 12 MONTHS ENDED 31 OCTOBER 2015**

	Note	31 Oct 2015	31 Oct 2014
		\$	\$
Income from Trading Activities			
Revenues from fees and charges		10,277,319	10,695,161
Revenues from Sales attributable to AOSMA		46,818,115	42,435,774
Interest Revenues		2,659	65,622
Other Revenues		1,296,895	751,655
Total Income from Trading Activities	2a	58,394,988	53,948,212
Expenses from Trading Activities			
Employee Benefits Expense		22,748,883	19,514,158
Raw materials and consumables consumed	5b	13,624,967	13,143,482
Supplies and services	2b	9,365,945	9,915,060
Building maintenance costs		2,789,242	1,936,637
Borrowing Costs		172,557	172,491
Audit expenses	2b	90,000	86,000
Other expenses	2b	7,330,390	9,523,148
Depreciation and amortisation expense	7	3,492,232	1,666,702
Total Expenses from Trading Activities		59,614,216	55,957,678
Profit / (Loss) from Trading Activities		(1,219,228)	(2,009,466)
Stakeholder Contributions			
Contributions from related parties	17	6,263,101	3,964,814
Contributions to related parties	17	(7,571,603)	(5,642,309)
Total Stakeholder Contributions		(1,308,502)	(1,677,495)
Total Trading Result after Stakeholder Contributions		(2,527,730)	(3,686,961)
Income from Government Related Items			
State Government grants and other contributions		3,958,454	15,719,009
Total Income from Government Related Items		3,958,454	15,719,009
Expenses from Government Related Items			
Acquisition of capital assets for the government		333,647	8,801,004
Write off of receivable		1,816,591	-
Total Expenses from Government Related Items		2,150,238	8,801,004
Profit / (Loss) from Government Related Items		1,808,216	6,918,005
Total Comprehensive Result		(719,514)	3,231,044

The accompanying notes form part of these financial statements.

Adelaide Oval SMA Limited
ABN 46 141 259 538

STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2015

	Note	31 Oct 2015 \$	31 Oct 2014 \$
Assets			
Current Assets			
Cash and cash equivalents	3	2,323,320	1,517,447
Trade and other receivables	4	7,201,588	8,756,430
Inventories	5a	1,225,734	1,077,581
Other assets	6	253,195	232,469
Total Current Assets		11,003,837	11,583,927
Non-Current Assets			
Property, plant and equipment	7	14,655,905	14,353,955
Software Licences	7	382,127	495,420
Total Non-Current Assets		15,038,032	14,849,375
Total Assets		26,041,869	26,433,302
Liabilities			
Current Liabilities			
Trade and other payables	9	9,291,198	7,560,425
Loans and borrowings	10	180,904	163,706
Provisions	11	1,403,955	1,202,969
Deferred income	12	3,240,557	1,610,005
Other liabilities		401,468	837,871
Total Current Liabilities		14,518,082	11,374,976
Non-Current Liabilities			
Loans and borrowings	10	5,436,048	8,353,522
Deferred income	12	2,897,198	2,794,749
Total Non-Current Liabilities		8,333,246	11,148,271
Total Liabilities		22,851,328	22,523,247
Net Assets		3,190,541	3,910,055
Equity			
Retained Earnings		3,190,541	3,910,055
Total Equity		3,190,541	3,910,055

The accompanying notes form part of these financial statements.

Adelaide Oval SMA Limited
ABN 46 141 259 538

STATEMENT OF CHANGES IN EQUITY
FOR THE 12 MONTHS ENDED 31 OCTOBER 2015

	Retained Earnings	Total
	\$	\$
Balance at 1st November 2013	679,011	679,011
Total comprehensive result	3,231,044	3,231,044
Balance at 31st October 2014	3,910,055	3,910,055
Balance at 1st November 2014	3,910,055	3,910,055
Total comprehensive result	(719,514)	(719,514)
Balance at 31st October 2015	3,190,541	3,190,541

The accompanying notes form part of these financial statements.

Adelaide Oval SMA Limited
ABN 46 141 259 538

STATEMENT OF CASH FLOWS
FOR THE 12 MONTHS ENDED 31 OCTOBER 2015

	Note	31 Oct 2015	31 Oct 2014
		\$	\$
Cash Flow From Operating Activities			
Receipts from customers, grants, other contributions and other income		80,070,824	68,133,925
Payments to suppliers and employees		(73,903,281)	(71,695,352)
Interest received		2,659	65,622
Finance costs		(172,557)	(172,491)
Net movement in funds held on behalf of related parties		(87,269)	360,782
Net cash flow from operating activities	18b	5,910,376	(3,307,514)
Cash Flow From Investing Activities			
Purchase of property, plant and equipment		(2,204,227)	(10,808,779)
Net cash flow from investing activities		(2,204,227)	(10,808,779)
Cash Flow From Financing Activities			
(Decrease) / Increase in loans and borrowings		(2,900,276)	4,967,228
Net cash flow from financing activities		(2,900,276)	4,967,228
Net increase / (decrease) in cash held		805,873	(9,149,065)
Cash and cash equivalents at beginning of the financial period		1,517,447	10,666,512
Cash and cash equivalents at the end of the financial period	3	2,323,320	1,517,447

The accompanying notes form part of these financial statements.

Adelaide Oval SMA Limited

ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

The financial statements are for Adelaide Oval SMA Limited (AOSMA) as an individual entity, incorporated and domiciled in Australia. AOSMA is a joint arrangement of the South Australian Cricket Association (SACA) and the South Australian National Football League (SANFL) and is a non-profit public company limited by guarantee. AOSMA manages the Adelaide Oval which it leases from the South Australian Government. The Statement of Comprehensive Income includes only the incomes and expenses that AOSMA controls. It does not include monies that AOSMA receives and distributes as agent of SACA, SANFL, Australian Football League, Cricket Australia, football clubs or other promoters.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and relevant Australian Accounting Standards of the Australian Accounting Standards Board (AASB). AOSMA has applied Australian Accounting Standards that are applicable for not-for-profit entities.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 24th February 2016 by the Directors of the company.

Going Concern

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

AOSMA had a net comprehensive result of (\$719,514) (October 2014: \$3,231,044) and has a net working capital deficiency of \$3,514,245 (October 2014: net working capital of \$208,951). Negative net working capital is primarily due to offsetting long term debt with excess cash as at October 2015.

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

- The Promoters Agreement is an agreement between the SANFL, SACA and AOSMA, and details the rights and obligations of each party. Clause 14.4 of the agreement provides a vehicle for financial support from SANFL and SACA in the event of AOSMA experiencing financial difficulty.
- AOSMA has entered into a funding facility agreement with Commonwealth Bank of Australia. This facility provides funding up to \$12.65 million (2014: \$11.14 million). At the time of this report, AOSMA had funds available to draw down of \$4.7 million, due to repayments of non-current debts of \$2.9 million during the year.

Accounting Policies

a. Revenue

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

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

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

Adelaide Oval SMA Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue from trading operations carried out during the period is recognised on an accruals basis. Revenue includes amounts rechargeable from related parties, and is recognised on an accruals basis. Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

b. Inventories

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

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

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

Inventories include food and beverage stock plus merchandise held for resale.

c. Property, Plant, Equipment and Software Licences

Each class of property, plant, equipment and software licences is stated at fair value and is carried at cost, less, where applicable, accumulated depreciation or amortisation and impairment losses.

Plant and Equipment and Motor Vehicles

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

Software Licences

Purchased software for the purpose of operations is capitalised. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. The carrying amount of Software Licences is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Non-current asset acquisition and recognition

Assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revaluation of non-current assets

All non-current tangible assets are valued at written down current cost (a proxy for fair value); and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than 3 years.

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

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

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

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

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

Fair value measurement

All assets acquired, including property, plant, equipment and software licences, are stated at cost less accumulated depreciation or amortisation and accumulated impairment losses, which is deemed to be fair value.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Fair value of non-financial assets, which must be estimated for recognition or for disclosure purposes, is measured using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

Level 3: not traded in an active market and are derived from unobservable inputs.

AOSMA had no valuations categorised into levels 1 or 2.

In determining fair value the characteristic of the asset (eg condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible) has been taken into account.

Current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As no factors were identified to suggest an alternative use, fair value measurement was based on current use.

Adelaide Oval SMA Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

The useful lives used for each class of depreciable assets are:

Class of Fixed Asset	Useful life
Plant and equipment	4-30 years
Software licences	3 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

d. Financial Instruments

Initial recognition and measurement

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

Classification and subsequent measurement

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Amortised cost is calculated as:

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

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

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

i *Financial assets at fair value through profit or loss*

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

ii *Loans and receivables*

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

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

iii *Held-to-maturity investments*

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

iv *Available-for-sale financial assets*

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

v *Financial liabilities*

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

Impairment

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

Derecognition

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

e. **Impairment of Assets**

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

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

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

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

f. **Employee Benefits**

Employee benefits comprise wages and salaries, annual and long service leave, and contributions to superannuation plans.

Adelaide Oval SMA Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The liability for long service leave is recognised in the provision for long service leave and measured as the value of the expected future payments to be made in respect of services provided by employees up to the reporting date for all staff with greater than 5 years' service. Consideration is given to current salary and wage levels and employee on-costs.

g. **Cash and Cash Equivalents**

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

h. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows from investing and financing activities is classified as part of operating cash flows.

i. **Income Tax**

The entity is exempt from income tax under section 50-1 of the *Income Tax Assessment Act 1997* as the entity has been established for the encouragement of sport.

j. **Provisions**

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

k. **Comparative Figures**

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

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

l. **Trade and Other Payables**

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

m. Grant income

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

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

During the year, AOSMA received and spent Government grant funding relating to safety, security and stadium operations totalling \$1.8m.

n. Funds held on behalf of related parties

AOSMA holds, but does not control, memberships and supply rights on behalf of SACA and SANFL. In doing so, it has the responsibility and is accountable for administering related transactions and items, which are subject to the normal internal controls. The receipts and payments relating to these items are not reflected in the Statement of Comprehensive Income of AOSMA.

o. Critical Accounting Estimates and Judgments

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

p. Economic Dependence

- i The South Australian Government have committed to fund the Adelaide Oval redevelopment, and as such operations of AOSMA are dependent on the completion of these capital works. At the date of this report the Board of Directors have no reason to believe that the South Australian Government will not continue to support these capital works.
- ii The operations of AOSMA are dependent on SANFL and SACA pursuant to clause 14.4 of the Promoters Agreement.

q. New Accounting Standards for Application in Future Periods

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by AOSMA for the period ending 31 October 2015. AOSMA 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 entity.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTE 2: REVENUE, OTHER INCOME, AND EXPENSES

	31 Oct 2015	31 Oct 2014
	\$	\$
a. Income from Trading Activities		
- Fees and charges	10,277,319	10,695,161
- Sales	46,818,115	42,435,774
- Interest received	2,659	65,622
- Other Revenue	1,296,895	751,655
Total Income from Trading Activities	58,394,988	53,948,212
b. Expenses from trading activities		
Supplies and services expenses		
- Stadium operating	7,156,267	7,362,721
- Servicing costs	1,095,379	1,121,858
- Carpark	346,500	251,913
- Administration	767,799	1,178,568
Total supplies and services expenses	9,365,945	9,915,060
Auditor's Remuneration		
- Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	90,000	86,000
Total Auditor's Remuneration	90,000	86,000
Other Expenses		
- Marketing and public relations	743,407	582,215
- Other employee benefits	838,782	826,057
- Laundry, Linen & Uniforms	415,959	475,589
- IT	573,033	584,101
- Insurance and legal fees	545,411	715,935
- Stadium servicing Costs	1,106,189	4,187,359
- General	3,107,609	2,151,892
Total other expense	7,330,390	9,523,148

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTE 3: CASH AND CASH EQUIVALENTS

	Note	31 Oct 2015	31 Oct 2014
		\$	\$
Current			
Cash at bank		2,056,405	1,146,447
Cash on hand		266,915	371,000
Total cash and cash equivalents	18,19	2,323,320	1,517,447

NOTE 4: TRADE AND OTHER RECEIVABLES

	Note	31 Oct 2015	31 Oct 2014
		\$	\$
Current			
Trade and other receivables		4,796,621	6,512,504
Provision for impairment		(77,911)	(34,363)
Due from related party		2,482,878	2,278,289
Total current trade and other receivables	19	7,201,588	8,756,430

	Gross amount	Past due and impaired	< 30	Past due but not impaired (days overdue)		
	\$	\$	\$	30-60	61-90	> 90
	\$	\$	\$	\$	\$	\$
October 2015						
Trade and term receivables	5,970,184	77,911	4,172,205	920,870	330,074	469,124
Other receivables	1,309,315	-	1,309,315	-	-	-
Total	7,279,499	77,911	5,481,520	920,870	330,074	469,124
October 2014						
Trade and term receivables	7,025,565	34,363	1,906,175	644,113	880,547	3,560,367
Other receivables	1,765,228	-	1,765,228	-	-	-
Total	8,790,793	34,363	3,671,403	644,113	880,547	3,560,367

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTE 5: INVENTORIES

	31 Oct 2015	31 Oct 2014
	\$	\$
a. Main types of inventories held		
- Beverage	1,015,464	887,656
- Food	139,953	106,947
- Consumables	70,317	82,978
Total inventories	1,225,734	1,077,581

	31 Oct 2015	31 Oct 2014
	\$	\$
b. Inventories recognised as expense		
- Beverage	7,021,397	7,363,293
- Food	5,722,775	4,881,943
- Consumable	880,795	898,246
Total inventories recognised as expense	13,624,967	13,143,482

NOTE 6: OTHER ASSETS

	31 Oct 2015	31 Oct 2014
	\$	\$
Current		
Prepayments	227,586	226,934
Other	25,609	5,535
Total current other assets	253,195	232,469

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTE 7: PROPERTY, PLANT, EQUIPMENT AND SOFTWARE LICENCES

	31 Oct 2015 \$	31 Oct 2014 \$
Plant and Equipment		
Plant and equipment at cost	19,135,764	15,768,413
Less accumulated depreciation	(4,680,035)	(1,535,619)
Total plant and equipment	14,455,729	14,232,794
Motor Vehicles		
Motor Vehicles at cost	151,250	151,250
Less accumulated depreciation	(48,234)	(30,089)
Total motor vehicles	103,016	121,161
Software Licences		
Software licences at cost	814,091	614,594
Less accumulated amortisation	(431,964)	(119,174)
Total software licences	382,127	495,420
Capital works in progress	97,160	-
Total property, plant, equipment and software licences	15,038,032	14,849,375

Movements in Carrying Amounts

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

	Capital works in progress \$	Motor Vehicles \$	Software Licences \$	Plant and Equipment \$	Total \$
October 2014					
Balance at the beginning of the period	5,704,810	-	-	2,489	5,707,299
Additions at cost	9,407,931	151,250	-	1,249,597	10,808,778
Disposals	-	-	-	-	-
Transfers	(15,112,741)	-	614,594	14,498,147	-
Depreciation or amortisation expense	-	(30,089)	(119,174)	(1,517,439)	(1,666,702)
Carrying amount at end of period	-	121,161	495,420	14,232,794	14,849,375
October 2015					
Balance at the beginning of the period	-	121,161	495,420	14,232,794	14,849,375
Additions at cost	97,160	-	2,427	1,732,094	1,831,681
Disposals	-	-	-	-	-
Transfers in / adjustments	-	12,105	155,395	1,681,708	1,849,208
Depreciation or amortisation expense	-	(30,250)	(271,115)	(3,190,867)	(3,492,232)
Carrying amount at end of period	97,160	103,016	382,127	14,455,729	15,038,032

Adelaide Oval SMA Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTE 8: FAIR VALUE MEASUREMENT

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. AOSMA categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement. Fair value measurements recognised in the balance sheet are categorised into the following levels at 31 October 2015. AOSMA had no valuations categorised into level 1 or 2.

Fair value measurements at 31 October 2015	NOTE	Level 3 31 Oct 2015 \$	Level 3 31 Oct 2014 \$
Plant and equipment	7	14,455,729	14,232,794
Motor vehicles	7	103,016	121,161
Software Licences	7	382,127	495,420
Work in progress	7	97,160	-
Total recurring fair value measurements		15,038,032	14,849,375

Valuation techniques and inputs

Valuation techniques used to derive level 3 fair values are at note 7. There were no changes in valuation techniques during 2015. The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Reconciliation of fair value measurements - Level 3

	Capital works in progress	Motor Vehicles	Software Licences	Plant and Equipment	Total
	\$	\$	\$	\$	\$
Balance at the beginning of the period	5,704,810	-	-	2,489	5,707,299
Additions at cost	9,407,931	151,250	-	1,249,597	10,808,778
Disposals	-	-	-	-	-
Transfers	(15,112,741)	-	614,594	14,498,147	-
Depreciation or amortisation expense	-	(30,089)	(119,174)	(1,517,439)	(1,666,702)
Closing balances as at October 2014	-	121,161	495,420	14,232,794	14,849,375
Balance at the beginning of the period	-	121,161	495,420	14,232,794	14,849,375
Additions at cost	97,160	-	2,427	1,732,094	1,831,681
Disposals	-	-	-	-	-
Transfers in / adjustments	-	12,105	155,395	1,681,708	1,849,208
Depreciation or amortisation expense	-	(30,250)	(271,115)	(3,190,867)	(3,492,232)
Closing balances as at October 2015	97,160	103,016	382,127	14,455,729	15,038,032

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTE 9: TRADE AND OTHER PAYABLES

	Note	31 Oct 2015	31 Oct 2014
		\$	\$
Current			
Trade payables	9a	2,428,305	3,519,819
Other current payables	9a	5,197,448	2,111,379
Funds held on behalf of related parties	17, 9a	679,503	766,772
Due to related party – Other	17, 9a	985,942	1,161,455
Total current trade and other payables		9,291,198	7,560,425
 a. Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total current		9,291,198	7,560,425
— Total non-current		-	-
 Financial liabilities as trade and other payables		9,291,198	7,560,425

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

NOTE 10: LOANS AND BORROWINGS

	Note	31 Oct 2015	31 Oct 2014
		\$	\$
Current			
Finance lease		180,904	163,706
Total current loans and borrowings		180,904	163,706
Non-current			
Due to related party (unsecured)	17	1,250,000	-
Secured bank loans		3,331,088	7,350,000
Finance lease		854,960	1,003,522
Total non-current loans and borrowings		5,436,048	8,353,522

NOTE 11: PROVISIONS

	31 Oct 2015	31 Oct 2014
	\$	\$
Current		
Annual leave	874,012	764,459
Long Service Leave	529,943	438,510
Total current provisions	1,403,955	1,202,969

Adelaide Oval SMA Limited

ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTE 12: DEFERRED INCOME

	Note	31 Oct 2015	31 Oct 2014
		\$	\$
Current			
Other unearned income		3,240,557	1,610,005
Total current deferred income		3,240,557	1,610,005
Non-current			
Other unearned income		2,897,198	2,794,749
Total non-current deferred income		2,897,198	2,794,749

NOTE 13: EXPENDITURE COMMITMENTS

Operating lease

The operating leases arrangement in place as at the 31st October 2015 include the annual sublease with the Minister of Transport in accordance with the Adelaide Oval Redevelopment and Management Act 2011 valid until 2091, and the photocopier lease with Macquarie expiring in 2016.

At the end of the financial year, the future minimum lease payments under non-cancellable operating leases are payable as follows:

	31 Oct 2015	31 Oct 2014
	\$	\$
Less than one year	272,787	72,786
Between one and five years	3,004,590	2,277,417
More than five years	71,000,000	72,000,000
Total operating lease	74,277,377	74,350,203

Adelaide Oval SMA Limited

ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTE 13: EXPENDITURE COMMITMENTS (CONT.)

Finance lease

The finance leases as at the 31st October 2015 are for operating equipment. The finance leases for the operating equipment end in November 2017, March 2019 and in Feb 2020.

At the end of the financial year, the future minimum lease payment under finance lease arrangements are payable as follows:

	NOTE	31 Oct 2015 \$	31 Oct 2014 \$
Commitments in relation to finance leases are payable as follows:			
Within one year		239,275	230,637
Later than one year but not later than five years		943,516	1,146,334
Minimum lease payments		1,182,791	1,376,971
Future finance charges		(146,927)	(209,743)
Recognised as a liability		1,035,864	1,167,228
Total lease liabilities		1,035,864	1,167,228
Representing lease liabilities:			
Current	10	180,904	163,706
Non-current	10	854,960	1,003,522
		1,035,864	1,167,228
The present value of finance lease liabilities is as follow			
Within one year		180,904	163,706
Later than one year but not later than five years		854,960	1,003,522
		1,035,864	1,167,228

Adelaide Oval SMA Limited

ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTE 14: CONTINGENT LIABILITIES AND ASSETS

Contingent Liability

The Adelaide Oval Redevelopment Act requires AOSMA to contribute funds each year into a sinking fund. AOSMA has established this fund and will commence paying into this fund from October 2016.

Contingent Asset

There are no other matters in relation to the entity that would give rise to a contingent asset in the financial statements at 31 October 2015.

NOTE 15: EVENTS AFTER REPORTING PERIOD

There are no significant post balance day events.

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION

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

Andrew Daniels, Chief Executive Officer
Darren Chandler, General Manager Operations and Commercial
Tommy Pavic, Chief Finance Officer
Adam Vonthethoff, General Manager – Hospitality & Portfolio Development

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

	31 Oct 2015	31 Oct 2014
	\$	\$
Short-term employee benefits	1,115,023	1,063,089
Post-employment benefits	90,287	79,506
Total compensation	1,205,310	1,142,595

Adelaide Oval SMA Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTE 17: RELATED PARTY TRANSACTIONS

	31 Oct 2015	31 Oct 2014
	\$	\$
Included in the Statement of Comprehensive Income are the following related party transactions:		
Match day costs, service fees and contributions paid by or on behalf of SANFL and SACA to AOSMA ¹	7,986,553	5,800,168
Match day costs, service costs and contributions paid to or on behalf of SANFL and SACA by AOSMA ²	9,295,055	7,487,455

¹ AOSMA recovers from SACA and SANFL various expenses and match day costs for cricket games and football games. SANFL and SACA contribute financial support to AOSMA to ensure it has sufficient working capital to pay its debts as and when they fell due.

² AOSMA incurs for or on behalf of SACA and SANFL various expenses and match day costs for domestic cricket games and SANFL football games. Pursuant to the Promoter's Agreement between AOSMA, SACA and SANFL, AOSMA pays a percentage of food and beverage sales revenue to SANFL and SACA.

	Note	31 Oct 2015	31 Oct 2014
		\$	\$
Included in the Statement of Financial Position are the following related party balances:			
Payable owed to SANFL and SACA	9	985,942	1,162,455
Loan owed to SANFL & SACA	10	1,250,000	-
Receivables owed by SANFL and SACA	4	2,482,878	2,278,289
Income received on behalf of SANFL and SACA not yet distributed to SANFL and SACA	9	679,503	766,772
Unearned supply rights paid by SACA to AOSMA		-	2,220,375
		31 Oct 2015	31 Oct 2014
		\$	\$

Other related party transactions:

Distributions to SANFL and SACA from AOSMA as agent ³	19,079,400	15,210,206
--	------------	------------

³ AOSMA receives and distributes ticketing and other funds as agent of SACA and SANFL, which are not included within the Statement of Comprehensive Income. These distributions are net of servicing fees and replace the funds formerly generated directly by SACA when it held the lease over Adelaide Oval, and for SANFL when AFL football was played at AAMI Stadium.

AOSMA receives and distributes ticket funds as agent on behalf of other venue hirers. These amounts are not included within these statements or within this note.

Significant additional revenue is generated by the Adelaide Football Club, Port Adelaide Football Club and other venue hirers at the oval, from sales of corporate hospitality, memberships, sponsorships, merchandising, electronic ribbon board advertising, video replay screen advertising and other revenues. These funds are not collected by AOSMA, and these amounts are not included within these statements or within this note.

Adelaide Oval SMA Limited
ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

Note 17: RELATED PARTY TRANSACTIONS (Cont.)

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

Directors

John Wayne Olsen AO	
Andrew William Sinclair	
Ian Murray McLachlan AO	
Leigh Robert Whicker AM	(retired 10 th December 2014)
Keith Bradshaw	
Philip James Gallagher	
Dion McCaffrie	
Kevin Raymond Griffiths	(retired 29 th September 2015)
Peter John Hurley	(appointed 10 th December 2014)
Dean Lloyd Marsh	(Alternate Director until 28 th September 2015 and appointed as Director 29 th September 2015)

Alternate Directors

Philip Reynold Duval	(retired 8 th April 2015)
Simon Stuart Rodger	
John Charles Bannon	(appointed 17 th April 2015, deceased 13 th December 2015)
Kevin John Scarce	(appointed 13 th July 2015)
Jake Adam Parkinson	(appointed 24 th March 2015)

No Directors fees were paid or payable in October 2015 (October 2014: \$nil).

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

Related entity SANFL purchased corporate hospitality products at a cost of \$118,773. This purchase was on an arm's length basis.

Board Director Dean Marsh is a partner at accounting firm Grant Thornton. This firm purchased corporate hospitality and function products in 2015 at a cost of \$44,271. These purchases were on an arm's length basis.

Board Director Andrew Sinclair is a partner at law firm Cowell Clarke. This firm provided legal services to AOSMA in 2015 at a cost of \$3,227 (October 2014: \$ nil). The services were on an arm's length basis.

Adelaide Oval SMA Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTE 18: CASH FLOW INFORMATION

	Note	31 Oct 2015	31 Oct 2014
		\$	\$
a. Reconciliation of Cash			
Cash at bank		2,056,405	1,146,447
Other cash		266,915	371,000
Total Cash	3	2,323,320	1,517,447
b. Reconciliation of Cash flow from Operating Activities to Total Comprehensive Result			
Total Comprehensive Result		(719,514)	3,231,044
Non cash flows			
Depreciation and amortisation		3,492,232	1,666,702
Asset transfers / adjustments		(1,476,663)	-
Changes in assets and liabilities			
Increase/(decrease) in provisions		200,986	562,808
(Increase)/decrease in trade and other receivables		1,554,842	(7,179,109)
(Increase)/decrease in stock		(148,153)	(886,846)
Increase/(decrease) in trade and other payables		1,730,774	5,418,799
Increase/(decrease) in related party loan account		-	(171,543)
Increase/(decrease) in deferred income		1,733,001	(6,152,977)
(Increase)/decrease in prepayments		(20,726)	(61,184)
Increase/(decrease) in other liabilities		(436,403)	264,792
Cash flow generated from/(used in) Operating Activities		5,910,376	(3,307,514)

NOTE 19: FINANCIAL RISK MANAGEMENT

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

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

	Note	31 Oct 2015	31 Oct 2014
		\$	\$
Financial Assets			
Cash and cash equivalents	3	2,323,320	1,517,447
Trade and other receivables	4	7,201,588	8,756,430
Total Financial Assets		9,524,908	10,273,877
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables		7,236,635	7,560,425
— Borrowings	10	5,616,952	8,517,228
Total Financial Liabilities		12,853,587	16,077,653

Trade and other payables excludes statutory payables, as required by AASB132 Financial Instruments – Presentation

Adelaide Oval SMA Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

Financial Risk Management Policies

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

Specific Financial Risk Exposures and Management

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

a. Credit risk

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

Credit Risk Exposures

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

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

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

Adelaide Oval SMA Limited

ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT.)

	Note	31 Oct 2015	31 Oct 2014
Cash and cash equivalents		\$	\$
— Cash on hand		266,915	371,000
— Cash held with a major Australian financial institution		2,056,405	1,146,447
Total cash and cash equivalents	3	2,323,320	1,517,447

b. Liquidity risk

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

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

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

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

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	31 Oct 2015	31 Oct 2014	31 Oct 2015	31 Oct 2014	31 Oct 2015	31 Oct 2014	31 Oct 2015	31 Oct 2014
Financial Liability	\$	\$	\$	\$	\$	\$	\$	\$
Trade and other payables	7,236,635	7,560,425	-	-	-	-	7,236,635	7,560,425
Loans and borrowings	180,904	163,706	5,436,048	8,353,522	-	-	5,616,952	8,517,228
Total expected outflows	7,417,539	7,724,131	5,436,048	8,353,522	-	-	12,853,587	16,077,653
Financial Assets								
Cash and cash equivalents	2,323,320	1,517,447	-	-	-	-	2,323,320	1,517,447
Trade and other receivables	7,201,588	8,756,430	-	-	-	-	7,201,588	8,756,430
Total expected inflows	9,524,908	10,273,877	-	-	-	-	9,524,908	10,273,877
Net (outflow)/inflow on financial instruments	2,107,369	2,549,746	(5,436,048)	(8,353,522)	-	-	(3,328,679)	(5,803,776)

Adelaide Oval SMA Limited

ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT.)

c. Market Risk

i. Interest rate risk

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

At 31 October 2015 AOSMA has secured loans of \$4,366,952 (October 2014: \$8,517,228) per note 10. These loans are subject to a variable rate of interest, and therefore are exposed to changes in the variable interest rate.

ii. Price risk

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

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

Net Fair Values

Fair value estimation

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

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

	Footnote	Oct 2015		Oct 2014	
		Net	Carrying	Net	Carrying
		Value	Value	Value	Value
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	(i)	2,323,320	2,323,320	1,517,447	1,517,447
Trade and other receivables	(i)	7,201,588	7,201,588	8,756,430	8,756,430
Total financial assets		9,524,908	9,524,908	10,273,877	10,273,877
Financial liabilities					
Trade and other payables	(i)	7,236,635	7,236,635	7,560,425	7,560,425
Loans and borrowings	(i)	5,616,952	5,616,952	8,517,228	8,517,228
Total financial liabilities		12,853,587	12,853,587	16,077,653	16,077,653

Adelaide Oval SMA Limited

ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2015

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT.)

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

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

A sensitivity analysis has not been undertaken as AOSMA was not exposed to material movements in interest rates.

NOTE 20: CAPITAL MANAGEMENT

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

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

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

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

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

NOTE 21: ENTITY DETAILS

The registered office of the entity is:

Adelaide Oval
War Memorial Drive,
North Adelaide, S.A., 5006

The principal place of business is:

Adelaide Oval
War Memorial Drive,
North Adelaide, S.A., 5006

NOTE 22: MEMBERS' GUARANTEE

The entity is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstandings and obligations of the entity. At 31 October 2015 the number of members was 8.

Adelaide Oval SMA Limited

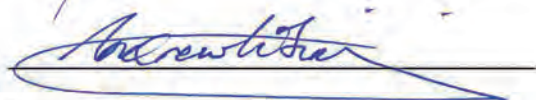
ABN 46 141 259 538

DIRECTORS' DECLARATION

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 1 to 34, are in accordance with the *Corporations Act 2001*:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the financial position as at 31 October 2015 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed with the authority of and for and on behalf of the Board of Directors by:


Chairman

Deputy Chairman

Dated this 24th day of February 2016



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To the members of the Adelaide Oval SMA Limited

As required by section 9(3) of the *Adelaide Oval Redevelopment and Management Act 2011*, I have audited the accompanying financial report of the Adelaide Oval SMA Limited for the 12 months ended 31 October 2015. The financial report comprises:

- a Statement of Comprehensive Income for the 12 months ended 31 October 2015
- a Statement of Financial Position as at 31 October 2015
- a Statement of Changes in Equity for the 12 months ended 31 October 2015
- a Statement of Cash Flows for the 12 months ended 31 October 2015
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Directors' Declaration.

Directors' Responsibility for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 directors, as well as the overall presentation of the financial report.

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

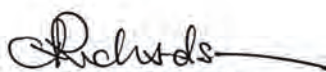
Independence

In conducting the audit, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Adelaide Oval SMA Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In my opinion the financial report of Adelaide Oval SMA Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 October 2015 and its performance for the 12 months ended on that date; and
- (b) complies with Australian Accounting Standards and the Corporations Regulations 2001.



Andrew Richardson

Auditor-General

25 February 2016

Adelaide Venue
Management Corporation

Financial report
for the year ended
30 June 2016

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Note No.	2016 \$' 000	2015 \$' 000
Expenses from Trading Activities			
Employee benefits expenses	7	22 432	8 106
Supplies and services	9	13 237	6 086
Depreciation and amortisation expense	10	2 390	1 040
Net loss from the disposal of non-current assets	11	20	1
Total expenses from Trading Activities		38 079	15 233
Income from Trading Activities			
Facility charges revenues	14	46 363	18 213
Interest revenues		697	460
Other revenues	15	2 571	2 205
Total income from Trading Activities		49 631	20 878
Profit from Trading Activities		11 552	5 645
Expenses from Property Management Activities			
Employee benefits expenses	7	3 012	722
Supplies and services	9	6 301	2 229
Depreciation and amortisation expense	10	10 413	5 014
Net loss from the disposal of non-current assets	11	-	89
Borrowing costs	13	14 064	-
Total expenses from Property Management Activities		33 790	8 054
Income from Property Management Activities			
Interest revenues		468	-
Revenues from SA Government		18 860	-
Other revenues	15	636	679
Total income from Property Management Activities		19 964	679
Loss from Property Management Activities		(13 826)	(7 375)
Net Profit / (Loss)		(2 274)	(1 730)
Total Comprehensive Result		(2 274)	(1 730)

The net profit / (loss) and comprehensive result are attributable to the SA Government as owner.
The above statement should be read in conjunction with the accompanying notes.

Adelaide Venue Management Corporation

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note No.	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	16, 32	20 848	9 278
Receivables	17	6 121	888
Inventories	18	433	191
Total current assets		27 402	10 357
Non-current assets			
Specific purpose deposits	19, 32	28 412	-
Property, plant and equipment	20	583 808	136 716
Total non-current assets		612 220	136 716
Total assets		639 622	147 073
Current liabilities			
Payables	22	17 779	1 597
Employee benefits	23	3 133	1 219
Other liabilities	25	7 750	2 126
Total current liabilities		28 662	4 942
Non-current liabilities			
Payables	22	116	51
Employee benefits	23	1 286	539
Other liabilities	25	5 072	5 130
Borrowings	26	314 575	-
Total non-current liabilities		321 049	5 720
Total liabilities		349 711	10 662
Net assets		289 911	136 411
Equity			
Contributed capital	27	133 840	55 536
Revaluation surplus	27	53 867	53 867
Accumulated surplus	27	102 204	27 008
Total equity		289 911	136 411

The total equity is attributable to the SA Government as owner.

Commitments 28

Contingent assets and liabilities 30

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

Adelaide Venue Management Corporation

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	Note No.	Contributed Capital \$'000	Revaluation Surplus \$'000	Accumulated Surplus \$'000	Total \$'000
Balance at 30 June 2014		55 536	53 867	33 738	143 141
Net profit / (loss) for 2014-15		-	-	(1 730)	(1 730)
Total Comprehensive Result for 2014-15		-	-	(1 730)	(1 730)
Transactions with SA Government as owner					
Dividends paid		-	-	(5 000)	(5 000)
Balance at 30 June 2015		55 536	53 867	27 008	136 411
Net profit / (loss) for 2015-16		-	-	(2 274)	(2 274)
Total Comprehensive Result for 2015-16		-	-	(2 274)	(2 274)
Transactions with SA Government as owner					
Dividends paid	24	-	-	(1 583)	(1 583)
Net assets transferred as a result of an administrative restructure	31	78 304	-	79 053	157 357
Balance at 30 June 2016	27	133 840	53 867	102 204	289 911

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

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

Adelaide Venue Management Corporation

STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	Note No.	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Cash outflows			
Employee benefit payments		25 251	8 598
Supplies and services		26 883	9 223
GST remitted to ATO		-	1 010
Cash used in operations		52 134	18 831
Cash inflows			
Receipts from the sale of goods and services		54 215	23 235
Interest received		1 313	483
GST recovered from the ATO		2 145	-
Cash generated from operations		57 673	23 718
Cash flows from SA Government			
Receipts from SA Government		19 723	-
Cash generated from SA Government		19 723	-
Net cash provided by operating activities	32	25 262	4 887
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		69 622	4 361
Cash used in investing activities		69 622	4 361
Cash inflows			
Proceeds from the sale of property, plant and equipment		15	-
Cash generated from investing activities		15	-
Net cash (used in) / provided by investing activities		(69 607)	(4 361)
Cash flows from financing activities			
Cash outflows			
Dividends paid to SA Government		1 583	5 000
Income Tax Equivalent paid to SA Government		448	-
Borrowing Costs		14 927	-
Cash used in financing activities		16 958	5 000
Cash inflows			
Borrowings		55 000	-
Cash received as a result of administrative restructure	31	46 285	-
Cash generated from financing activities		101 285	-
Net cash (used in) / provided by financing activities		84 327	(5 000)
Net increase / (decrease) in cash and cash equivalents		39 982	(4 474)
Cash and cash equivalents at the beginning of the financial year		9 278	13 752
Cash and cash equivalents at the end of the financial year	32	49 260	9 278

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

Adelaide Venue Management Corporation

Note 1 Objectives of the Adelaide Venue Management Corporation

The Adelaide Venue Management Corporation, (the Corporation), formerly the Adelaide Entertainments Corporation, was established on 4 February 1999 as a subsidiary of the Minister for Tourism by Regulations under the Public Corporations Act 1993.

The functions of the Corporation are to:

- 1 manage and operate the Corporation's sites/venues;
- 2 manage, promote and sponsor events at the Corporation's sites/venues or elsewhere;
- 3 foster and assist the commercial development of the Corporation's sites/venues in order to complement and enhance the commercial potential; and
- 4 carry out any other functions conferred on the Corporation by the Minister.

On 1 August 2015, the Adelaide Entertainments Corporation became the Adelaide Venue Management Corporation and effective from this date the assets, rights, liabilities and all employees of the Adelaide Convention Centre Corporation were transferred to the Adelaide Venue Management Corporation. Refer Note 31.

The Corporation manages the Adelaide Entertainment Centre, Coopers Stadium (formerly Hindmarsh Stadium), and from 1 August 2015 the Corporation commenced management of the Adelaide Convention Centre.

The Corporation is governed by a Board of Directors and operates under a charter approved pursuant to the provisions of the Public Corporations Act 1993. The Act and the charter require the preparation of general purpose financial statements which reflect the performance and position of the Corporation for each financial year ended 30 June.

Note 2 Funding

The South Australian Government (through the Minister for Tourism) provides funding to the Corporation for expenses relating to the Adelaide Convention Centre site maintenance of the Common Areas and the Riverbank Precinct, Exhibition Hall land rent, office accommodation rent and for replacement of Corporation assets.

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

All other financial activities of the Corporation are conducted through interest bearing operating bank accounts titled 'Adelaide Venue Management Corporation'.

Adelaide Venue Management Corporation

Note 3 Summary of significant accounting policies

a) Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

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

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

Except for AASB 2015-7 which the Corporation 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 Corporation for the reporting period ending 30 June 2016.

b) Basis of preparation

The preparation of the financial statements require:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes.
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.
- compliance with 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, that have been included in this financial report:
 - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature;
 - b) expenses incurred as a result of engaging consultants;
 - c) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees;
 - d) board member and remuneration information, where a board member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented.

Adelaide Venue Management Corporation

c) Reporting Entity

The financial statements and accompanying notes include all the controlled activities of the Corporation as an individual reporting entity. The Corporation is a statutory authority of the State of South Australia, established pursuant to Public Corporations Act 1993.

The Corporation does not control any other entity and has no interests in unconsolidated structured entities, and has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where a specific accounting policy statement or Australian accounting standard have required a change.

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

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

e) Rounding

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

f) Taxation

In accordance with the Public Corporations Act 1993 and Treasurer's Instructions, the Corporation is required to pay to the SA Government an income tax equivalent. The Treasurer has provided the Corporation with an exemption in relation to this income tax equivalent payment in addition to land tax and local government rate equivalents for the Adelaide Entertainment Centre and Coopers Stadium sites. From 1 August 2015, the Corporation commenced management of the Adelaide Convention Centre (refer Note 1 and 31), and this site is required to pay to the SA Government an income tax equivalent. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate be applied to the net profit. The Treasurer has exempted capital funding from the calculation of the income tax equivalents. The Adelaide Convention Centre site is also liable for land tax and local government rates.

The Corporation is liable for payroll tax, fringe benefits tax, goods and services tax (GST) and emergency services levy.

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

- when the GST incurred on a purchase of goods or services is not recoverable from the 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 payables, which 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 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.

Adelaide Venue Management Corporation

g) Events after the reporting period

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

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

h) Income and expenses

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

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

Note 33 of the financial statements discloses income and expenses where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Income

The following are specific recognition criteria:

Facility charges revenues

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

Interest income

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

Contributions from SA Government

The contribution from the SA Government is recognised as income when the Corporation obtains control over the funding or obtains the right to receive the contributions and the income recognition criteria are met. All contributions received by the Corporation have been contributions with unconditional stipulations attached and have been recognised as an asset and income.

Other contributions

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

Resources received/provided free of charge

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

Disposal of non-current assets

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

Expenses

The following are specific recognition criteria:

Employee benefits

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

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Corporation to the superannuation plan in respect of current services of current Corporation staff. The Corporation is not liable for benefits payable by the schemes to which it contributes.

Adelaide Venue Management Corporation

i) Current and non-current classification

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

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

j) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand and in other short-term, highly liquid investments with maturities of 12 months or less that are readily converted to cash and which are subject to insignificant risk of changes in value. Specific purpose deposits cannot be used for operational cash purposes. Cash and cash equivalents recorded in the Statement of Cash Flows are consistent with the Statement of Financial Position.

Cash is measured at nominal value.

k) Receivables

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

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

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

l) Inventories

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

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

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

Inventories include food and beverage stock held for resale.

m) Non-current asset acquisition and recognition

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

The Corporation capitalises all non-current tangible assets with a value equal or greater than \$3 000. The Corporation changed its capitalisation threshold during the financial year. Prior to this change the Corporation's policy was to capitalise all non-current tangible assets with a value equal or greater than \$500.

The Corporation capitalises costs associated with projects to work in progress. On completion of a project the capitalised costs are transferred to the relevant non-current asset account. The balance of work in progress reflects costs for projects which are at various stages of completion as at 30 June 2016.

Adelaide Venue Management Corporation

n) Revaluation of non-current assets

All non-current tangible assets are valued at written down current cost (a proxy for fair value); and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than 3 years.

Every six years the Corporation revalues its land, buildings and building improvements, with the valuation appraisal performed by an independent Certified Practising Valuer. 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.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Corporation classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

- a) Level 1 – traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- b) Level 2 – not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- c) Level 3 – not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed by the Chief Financial Officer and the Corporation's Board at each reporting date.

In determining fair value, the Corporation has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Corporation's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Corporation did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

Refer to Note 20 and 21 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-current assets.

The Corporation has taken the exemption available under Accounting Policy Framework III Asset Accounting Framework paragraph APS 3.18 to take asset revaluation adjustments to the revaluation surplus on a class basis rather than an individual asset basis.

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

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

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

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

Adelaide Venue Management Corporation

o) Impairment

All non-current assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

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

p) Depreciation and amortisation of non-current assets

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

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

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

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

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

Class of Asset	Depreciation Method	Useful life (Years)
Buildings & Improvements	Straight Line & Diminishing Value	5-147
Leasehold Improvements	Straight Line	Life of lease
Plant and Equipment	Straight Line	2-25

q) Payables

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

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

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

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

Employment on-costs include superannuation contributions, payroll tax and Return to Work SA levy in respect of outstanding liabilities for salaries and wages, long service leave, skills and experience retention leave and annual leave.

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

r) Employee benefits

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

Salaries and wages, annual leave, time off in lieu and SERL

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

The annual leave liability (including time off in lieu) and the SERL liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

Adelaide Venue Management Corporation

Sick leave

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

Long service leave

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

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

The unconditional portion of the long service leave provision is classified as current as the Corporation does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 7 years of service for staff employed under the Adelaide Entertainment Centre/United Voice Enterprise Agreement and 10 years of service for all other staff.

s) Other Liabilities

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

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

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

Security deposits for key cards/car park cards are returned to the client when the card is returned.

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

t) Equity contributed by the SA Government

Contributions made by the SA Government through its role as owner of the Corporation, which increase the net assets of the entity, are treated as contributions of equity.

u) Administered Items

The Corporation includes a schedule of administered items as a note to the accounts as it is considered that administered transactions and balances are insignificant in relation to the Corporation's overall financial performance and position, in accordance with Accounting Policy Framework II General Purpose Financial Statements Framework paragraph APS 3.13.2. Refer Note 29.

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

v) Leases

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

Adelaide Venue Management Corporation

w) Workers Compensation

As from 20 November 2015 the Corporation became self-insured for the purposes of workers' compensation claims. Prior to this the Corporation had made contributions to Return to Work SA for the Adelaide Entertainment Centre and Coopers Stadium sites to provide insurance coverage in relation to workers compensation. The Adelaide Convention Centre site was self-insured for the entire financial year. Contributions made by the Corporation to Return to Work SA during the financial year were to provide insurance coverage in relation to workers compensation. These contributions were treated as an expense when they occurred. As part of the transfer to self-insured status, the Corporation received a payment of \$85 976 from Return to Work SA during the financial year, as settlement for the Corporation accepting responsibility for any claims whether known or unknown, including the opening of past Corporation claims.

The Corporation is deemed to be an exempt employer by virtue of the Return To Work Act 2014 and as such is liable for all medical, income and other day to day type expenses associated with a claim. The Corporation is also liable for any lump sum, redemption or permanent disability type payments for claims. Given the immaterial nature of the claims existing as at 30 June 2016, no provision has been recognised in the Statement of Financial Position.

Note 4 Financial risk management

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

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

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

The Corporation's exposure to cash flow interest rate risk is minimal.

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

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

Note 5 New and revised accounting standards and policies

Except for AASB 2015-7 which the Corporation 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 Corporation for the reporting period ending 30 June 2016. The Corporation has assessed the impact of new and amended standards and interpretations which are not yet effective and considers there will be no impact on the accounting policies or the financial statements of the Corporation.

Except as disclosed in Note 3 (m), the Corporation did not voluntarily change any of its accounting policies during 2015-16.

Note 6 Activities of the Corporation

The principal activities of the Corporation are to manage and operate the Adelaide Convention Centre, Adelaide Entertainment Centre and Coopers Stadium.

Adelaide Venue Management Corporation

Note 7 Employee benefits expenses

	2016	2015
	\$'000	\$'000
Trading Activities		
Salaries and wages	17 530	6 248
Long service leave	629	254
Annual leave	790	366
Skills and experience retention leave (SERL)	66	-
Employment on-costs - superannuation	2 031	617
Employment on-costs - other	1 257	515
Board fees	129	106
Total employee benefits expenses from Trading Activities	22 432	8 106
Property Management Activities		
Salaries and wages	2 403	562
Long service leave	106	13
Annual leave	99	46
Skills and experience retention leave (SERL)	7	-
Employment on-costs - superannuation	250	55
Employment on-costs - other	147	46
Total employee benefits expenses from Property Management Activities	3 012	722
Total employee benefits expenses	25 444	8 828

Remuneration of Employees

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

	2016	2015
\$141 500 to \$145 000 *	na	-
\$145 001 to \$155,000	2	-
\$155 001 to \$165,000	-	1
\$175 001 to \$185 000	2	-
\$185 001 to \$195 000	1	-
\$195 001 to \$205 000	1	-
\$325 001 to \$335 000	1	-
\$335 001 to \$345 000	-	1
\$375 001 to \$385 000	1	-
Total number of employees	8	2

* This band has been included for the purposes of reporting comparative figures based on the executive base remuneration rate for 2014-15.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year.

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$1 744 000 (\$497 000).

Adelaide Venue Management Corporation

Note 8 Key management personnel

(a) Board members

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

Mr William Spurr (Chair)
Ms Gay Wallace (Deputy Chair)
Mr Geoffrey Pitt
Ms Jennifer Bell - Retired 31 July 2015
Mr Alan Herald - Retired 31 July 2015
Ms Joanne Staugas - Retired 31 July 2015
Mr Robert Debelle - Appointed 1 August 2015
Ms Pauline Denley - Appointed 1 August 2015
Ms Fiona Hele - Appointed 1 August 2015
Mr Jim Kouts - Appointed 1 August 2015
Ms Leah Manuel - Appointed 1 August 2015

(b) Remuneration of governing board members

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

	2016 No of board members	2015 No of board members
\$0 to \$9 999	4*	-
\$10 000 to \$19 999	6	7
\$20 000 to \$29 999	1	-
Total number of governing board members	11	7

Remuneration of Board members reflects all costs of performing their duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$141 000 (\$99 000).

* In accordance with the Premier and Cabinet Circular No. 016, government employees do not receive any remuneration for board/committee duties during the financial year.

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

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

Adelaide Venue Management Corporation

Note 9 Supplies and services

	2016	2015
	\$'000	\$'000
Trading Activities		
Administration expenses and sundries	2 843	803
Direct materials	8 210	3 777
Building services costs	55	45
Repairs and maintenance	121	48
Marketing and promotions	2 008	1 413
Total supplies and services from Trading Activities	13 237	6 086
Property Management Activities		
Administration expenses and sundries	75	139
Direct materials	87	82
Building services costs	4 620	1 536
Repairs and maintenance	1 519	472
Total supplies and services from Property Management Activities	6 301	2 229
Total supplies and services	19 538	8 315

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

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	2016		2015	
	No	\$'000	No	\$'000
Below \$10 000	6	26	1	2
Above \$10 000	5	106	3	141
Total paid/payable to the consultants engaged	11	132	4	143

Note 10 Depreciation and amortisation

	2016	2015
	\$'000	\$'000
Trading Activities		
Plant and equipment	2 390	1 040
Total depreciation and amortisation for Trading Activities	2 390	1 040
Property Management Activities		
Buildings	10 539	4 453
Leasehold improvements	(126)	561
Total depreciation and amortisation for Property Management Activities	10 413	5 014
Total depreciation and amortisation	12 803	6 054

Adelaide Venue Management Corporation

Note 11 Net (loss) / gain from the disposal of non-current assets

	2016	2015
	\$'000	\$'000
Trading Activities		
Plant and equipment		
Proceeds from disposal	15	-
Less net book value of assets disposed	(35)	(1)
Net (loss) / gain from the disposal of plant and equipment	(20)	(1)
Net (loss) / gain from the disposal of non-current assets for Trading Activities	(20)	(1)
Property Management Activities		
Building	-	-
Proceeds from disposal	-	-
Less net book value of assets disposed	-	(89)
Net (loss) / gain from the disposal of building	-	(89)
Total net (loss) / gain from the disposal of non-current assets for Property Management Activities	-	(89)
Total net (loss) / gain from the disposal of non-current assets	(20)	(90)

Note 12 Auditor's remuneration

Audit fees of \$76 900 (\$40 800) were paid / payable to the Auditor-General's Department, relating to the audit of the financial statements.

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

Note 13 Borrowing costs

	2016	2015
	\$'000	\$'000
Guarantee fees on long term borrowings	4 280	-
Interest expense on long term borrowings	9 784	-
Total borrowing costs	14 064	-

Borrowings

The former Adelaide Convention Centre Corporation entered into an agreement with the South Australian Financing Authority (SAFA) in 2012-13 to source debt funding for the extension and redevelopment of the Adelaide Convention Centre. This funding arrangement replaced the previous equity contributions which were repaid. The 2012-13 Budget included the provision for Treasury and Finance to provide grant payments to the Adelaide Convention Centre Corporation for interest and guarantee fees associated with the borrowings for its entire life.

As per the Government Gazettal notice 25 June 2015, the Adelaide Venue Management Corporation has been transferred all assets, rights and liabilities of the Adelaide Convention Centre Corporation (refer Note 1 and 31), and as part of this transfer the Corporation now assumes all rights and responsibilities under the funding arrangement entered into with the South Australian Financing Authority.

Adelaide Venue Management Corporation

Note 14 Facility charges revenues

	2016	2015
	\$'000	\$'000
Car park	4 228	1 001
Catering	23 106	8 321
Corporate	2 519	2 467
Recoveries	4 429	2 835
Technical services	3 941	130
Venue hire	8 140	3 459
Total facility charges revenues	46 363	18 213

Note 15 Other revenues

	2016	2015
	\$'000	\$'000
Trading Activities		
Merchandise revenues	343	405
Ticketing charges	799	827
Other revenue	1 429	973
Total other revenue from Trading Activities	2 571	2 205

Property Management Activities

Property lease revenue	433	432
Other revenue	203	247
Total other revenues from Property Management Activities	636	679
Total other revenues	3 207	2 884

Note 16 Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Cash at bank and Cash on hand	20 848	1 362
Short-term deposits with SAFA	-	3 416
Term deposits	-	4 500
Total cash and cash equivalents	20 848	9 278

Cash deposits

The cash deposits are carried at cost in accordance with APF IV Financial Asset and Liability Framework paragraph APS 2.1. Cash at Bank is comprised of funds held in an operating account at a commercial banking institution. Cash at bank deposits are on-call and carry an average variable interest rate of 1.84% (2.25%). Interest is accrued daily and distributed monthly and quarterly. The SAFA Cash Management Fund is a pooled investment portfolio comprising cash and short term money market securities of high credit quality and marketability. The SAFA Cash Management Funds are on-call and carry an average variable interest rate of 2.27% (2.67%). The portfolio return is calculated daily, being the total earnings on the portfolio's investments from the close of business on the previous day. Interest is accrued daily and distributed monthly. Term Deposits are comprised of funds held in a fixed term investment account at a commercial banking institution. Term Deposits are invested for a period of time not exceeding 12 months with the ability to withdraw funds subject to an interest penalty on the portion of the funds withdrawn. Interest is accrued daily and distributed upon maturity. Term Deposits carry an average fixed interest rate of 3.01% (3.52%).

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Interest rate risk

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

Note 17 Receivables

	2016 \$'000	2015 \$'000
Current		
Receivables	2 819	769
Less allowance for doubtful debts	(5)	(5)
Accrued revenues	1 820	49
GST input tax recoverable	1 348	-
Prepayments	139	75
Total current receivables	6 121	888

Allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (ie calculated in past experience and current and expected changes in client credit rating) that a receivable is impaired. An allowance for impairment loss has been recognised in 'Supplies and services expense' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2016 \$'000	2015 \$'000
Movements in the allowance for doubtful debts (impairment loss)		
Carrying amount at the beginning of the period	(5)	(5)
Increase in the allowance	-	-
Amounts written off	-	-
Carrying amount at the end of the period	(5)	(5)

Interest rate and credit risk

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

Bad and doubtful debts

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

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Note 18 Inventories

	2016	2015
	\$'000	\$'000
Current - Inventories held for resale		
Beverages	277	178
Food	156	13
Total inventories held for resale	433	191

Inventory wastage

The Corporation has recognised an inventory wastage expense of \$18 000 (\$20 000) in the Statement of Comprehensive Income.

Raw materials and consumables

The Corporation recognised an expense for raw materials and consumables of \$6 056 000 (\$2 421 000).

Note 19 Specific purpose deposits

	2016	2015
	\$'000	\$'000
Specific purpose deposits with SA Government entities		
Investments with SA Financing Authority	2 692	-
Future assets replacement deposit account	25 720	-
Total specific purpose deposits	28 412	-

Deposits with SA Government entities

The specific purpose deposits are carried at cost in accordance with APF IV Financial Asset and Liability Framework paragraph APS 2.1. Specific purpose deposits are lodged with SAFA and include funds held in a Cash Management Facility and Deposit Account. The balance of these funds are not available for general use, i.e. funds can only be used in accordance with the approval of the Treasurer. The SAFA Cash Management Fund is a pooled investment portfolio comprising cash and short term money market securities of high credit quality and marketability. The SAFA Cash Management Funds carry an average variable interest rate of 2.28%. Interest is accrued daily and distributed monthly. The Future Assets Replacement Deposit Account is a pooled investment portfolio comprising cash and short term money market securities of high credit quality and marketability. The Future Asset Replacement Account funds carry an average variable interest rate of 1.82%. Interest is accrued daily and distributed quarterly.

Interest rate risk

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

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Note 20 Property, plant and equipment

	2016	2015
	\$'000	\$'000
Land and buildings		
Land at fair value	27 055	27 055
Buildings at fair value	230 052	105 708
Accumulated depreciation	(27 747)	(4 417)
Total land and buildings	229 360	128 346
Buildings and improvements		
Buildings and improvements at cost	219 162	1 988
Accumulated depreciation	(3 266)	(36)
Total buildings and improvements	215 896	1 952
Leasehold improvements		
Leasehold improvements at cost	3 773	2 856
Accumulated amortisation	(585)	(569)
Total leasehold improvements	3 188	2 287
Work in progress	119 310	160
Total work in progress	119 310	160
Plant and equipment		
Plant and equipment at cost	38 927	11 306
Accumulated depreciation	(22 873)	(7 335)
Total plant and equipment	16 054	3 971
Total property, plant & equipment	583 808	136 716

Valuation of land and buildings

The valuation of land and buildings was performed in June 2014 for the Adelaide Entertainment Centre site and the valuation of buildings was performed in June 2015 for the Adelaide Convention Centre site, by an independent Certified Practising Valuer from Liquid Pacific Holdings Pty Ltd as at 30 June 2014 and 30 June 2015 respectively.

The valuer used depreciated replacement cost for specialised buildings, due to there not being an active market for such buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition, location and current use of the assets. The valuation was based on a combination of specialised knowledge and the acquisition/transfer costs.

The valuer arrived at fair value for land and non-specialised buildings using the market approach. The valuation was based on recent market transactions for similar land and buildings (non-specialised) in the area and includes adjustment for factors specific to the land and building being valued such as size and location.

Carrying amount of plant and equipment

All items of plant and equipment had a 'fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years', and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the asset condition and remaining useful life.

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Impairment

There were no indications of impairment of property, plant and equipment and infrastructure assets at 30 June 2016.

RECONCILIATION OF NON-CURRENT ASSETS

The following table shows the movement of non-current assets during 2015-16

	Land \$'000	Buildings \$'000	Buildings and improvements \$'000	Leasehold improvements \$'000	Work in Progress \$'000	Plant & equipment \$'000	Non-current assets total \$'000
Carrying amount at beginning of period	27 055	101 291	1 952	2 287	160	3 971	136 716
Additions	-	-	-	-	71 948	-	71 948
Transfers in / (out)	-	-	217 174	748	(224 568)	6 646	-
Disposals e.g. sales, write off	-	-	-	-	-	(35)	(35)
Depreciation and amortisation	-	(7 309)	(3 230)	126	-	(2 390)	(12 803)
Acquisition through administrative restructure	-	108 323	-	27	271 770	7 862	387 982
Carrying amount at end of the period	27 055	202 305	215 896	3 188	119 310	16 054	583 808

RECONCILIATION OF NON-CURRENT ASSETS

The following table shows the movement of non-current assets during 2014-15

	Land \$'000	Buildings \$'000	Buildings and improvements \$'000	Leasehold improvements \$'000	Work in Progress \$'000	Plant & equipment \$'000	Non-current assets total \$'000
Carrying amount at beginning of period	27 055	105 797	-	586	379	4 373	138 190
Additions	-	-	-	-	4 670	-	4 670
Transfers in / (out)	-	-	1 988	2 262	(4 889)	639	-
Disposals e.g. sales, write off	-	(89)	-	-	-	(1)	(90)
Depreciation and amortisation	-	(4 417)	(36)	(561)	-	(1 040)	(6 054)
Carrying amount at end of the period	27 055	101 291	1 952	2 287	160	3 971	136 716

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Note 21 Fair Value Measurement

Fair Value Hierarchy

The fair value of non-current assets must be estimated for recognition and measurement or for disclosure purposes. The Corporation categorises non-current assets measured at fair value into hierarchy based on the level of inputs used in measurement as follows:

Fair value measurements at 30 June 2016

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land (note 20)	27 055	-	27 055
Buildings (note 20)	886	201 419	202 305
Buildings and improvements (note 20)	-	215 896	215 896
Leasehold improvements (note 20)	-	3 188	3 188
Work in progress (note 20)	-	119 310	119 310
Plant and equipment (note 20)	-	16 054	16 054
Total recurring fair value measurements	27 941	555 867	583 808

Fair value measurements at 30 June 2015

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land (note 20)	27 055	-	27 055
Buildings (note 20)	926	100 365	101 291
Buildings and improvements (note 20)	-	1 952	1 952
Leasehold improvements (note 20)	-	2 287	2 287
Work in progress (note 20)	-	160	160
Plant and equipment (note 20)	-	3 971	3 971
Total recurring fair value measurements	27 981	108 735	136 716

The Corporation's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. Valuation techniques and inputs used to derive level 2 and 3 fair values are at note 20.

During 2016 and 2015, the Corporation had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

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The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Reconciliation of Level 3 recurring fair value measurements at 30 June 2016

	Buildings	Buildings and improvements	Leasehold improvements	Work in progress	Plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	100 365	1 952	2 287	160	3 971
Acquisitions	-	-	-	71 948	-
Acquisitions through administrative restructure	108 323	-	27	271 770	7 862
Transfers in / (out)	-	217 174	748	(224 568)	6 646
Total gains / (losses) for the period in profit and loss:					
Depreciation	(7 269)	(3 230)	126	-	(2 390)
Disposals	-	-	-	-	(35)
Closing balance at the end of the period	201 419	215 896	3 188	119 310	16 054

Reconciliation of Level 3 recurring fair value measurements at 30 June 2015

	Buildings	Buildings and improvements	Leasehold improvements	Work in progress	Plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	104 832	-	586	379	4 373
Acquisitions	-	-	-	4 670	-
Transfers in / (out)	-	1 988	2 262	(4 889)	639
Total gains / (losses) for the period in profit and loss:					
Depreciation	(4 378)	(36)	(561)	-	(1 040)
Disposals	(89)	-	-	-	(1)
Closing balance at the end of the period	100 365	1 952	2 287	160	3 971

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Note 22 Payables

	2016	2015
	\$'000	\$'000
Current		
Creditors	8 029	1 222
Accrued expenses	8 109	199
GST payable	-	16
Employment on-costs	363	160
Interest accrued	1 278	-
Total current payables	17 779	1 597
Non-current		
Employment on-costs	116	51
Total non-current payables	116	51
Total payables	17 895	1 648

Interest rate and credit risk

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

Note 23 Employee benefits

	2016	2015
	\$'000	\$'000
Current		
Annual leave	942	508
Long service leave	1 913	611
Skills and experience retention leave	39	-
Accrued salaries and wages	239	100
Total current employee benefits	3 133	1 219
Non-current		
Long service leave	1 286	539
Total non-current employee benefits	1 286	539
Total employee benefits	4 419	1 758

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave.

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has decreased from 2015 (3.0%) to 2016 (2.0%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

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The net financial effect of the change in actuarial assumptions in the current financial year is an increase in the long service leave liability of \$224 000 and employee benefits expense of \$244 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

Note 24 Dividends

A prior period dividend of \$783 204 was paid to SA Government during the financial year in relation to the former Adelaide Convention Centre Corporation, in accordance with the Department of Treasury and Finance distribution policy, which applied to the former Adelaide Convention Centre Corporation, as being 75 percent of the operating profit before income tax equivalents, less any capital funding. This distribution is reduced by the income tax equivalent expense plus the other Tax Equivalent Regime expenditure resulting in a dividend which is paid to the Department of Treasury and Finance.

A current period dividend of \$800 000 was paid to SA Government during the financial year as determined by the Treasurer, pursuant to Section 22(2) of the Public Corporations (Adelaide Venue Management Corporation) Regulations 2013.

Note 25 Other liabilities

	2016 \$'000	2015 \$'000
Current		
Income received in advance	7 692	2 068
Unearned lease revenue	58	58
Total current other liabilities	7 750	2 126
Non-current		
Unearned lease revenue	5 072	5 130
Total non-current other liabilities	5 072	5 130
Total other liabilities	12 822	7 256

Note 26 Borrowings

	2016 \$'000	2015 \$'000
Non-current		
Borrowings from SA Government	314 575	-
Total borrowings	314 575	-

The former Adelaide Convention Centre Corporation entered into a Client Services Agreement with the South Australian Financing Authority in 2012-13 for the extension and redevelopment project. Under the arrangement, the Adelaide Convention Centre Corporation would draw down borrowings from SA Government replacing the previous equity contribution arrangement. As per the Government Gazette notice 25 June 2015, the assets, rights and liabilities of the Adelaide Convention Centre Corporation were transferred to the Adelaide Venue Management Corporation (refer Note 1 and 31). As part of this transfer the Corporation now assumes all rights and responsibilities under the Client Services Agreement with the South Australian Financing Authority.

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The borrowings balance of \$314.575 million relates to the cumulative spend associated with the project up to 30 June 2016 with the total project budget being \$396.821 million.

A drawdown from borrowings of \$55 million was taken during 2015-16 for payments estimated for the year and already made on the project.

Future drawdown of borrowings will be made in coming years to reflect the approved borrowings limit of \$382.321 million. The difference in borrowings to the approved project budget (\$14.5 million) will be funded from the Corporation's Future Asset Replacement Account. The Corporation will seek approval from the Treasurer to access these funds when required. In 2012-13 the Treasurer provided the former Adelaide Convention Centre Corporation with a Deed Poll Guarantee over all liabilities including borrowings and interest associated with the borrowings is fixed over the term period. As per the Government Gazettal notice 25 June 2015, the assets, rights and liabilities of the Adelaide Convention Centre Corporation were transferred to the Adelaide Venue Management Corporation (refer Note 1 and 31). As part of this transfer the Corporation now assumes all rights and responsibilities under the Deed Poll Guarantee provided the Treasurer.

The fair value of total borrowings at 30 June 2016 is not materially different from the carrying value. While movements in interest rates will affect the fair value of the loan, the contracted repayments remain the same due to the fixed interest rate. The Corporation has minimal exposure to liquidity risk in relation to interest repayments as the Department of Treasury and Finance provides funding to the Corporation for interest and fees.

Note 27 Equity

	2016	2015
	\$'000	\$'000
Contributed capital	133 840	55 536
Revaluation surplus	53 867	53 867
Accumulated surplus	102 204	27 008
Total equity	289 911	136 411

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

Note 28 Commitments

	2016	2015
	\$'000	\$'000
Capital commitments		
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:		
Within one year	322	467
Total capital commitments	322	467

	2016	2015
	\$'000	\$'000
Expenditure commitments		
The Corporation's expenditure commitments are associated with ongoing business operations.		
Within one year	288	59
Later than one year but not longer than five years	191	73
Later than five years	33	-
Total expenditure commitments	512	132

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	2016	2015
	\$'000	\$'000
Operating lease commitments payable		
Future minimum lease payments payable under non-cancellable operating leases contracted for at reporting date but not recognised as liabilities are:		
Within one year	594	-
Later than one year but not longer than five years	1 804	-
Later than five years	25 634	-
Total operating lease expenditure commitments	28 032	-

The Corporation has entered into operating leases for the land on which the Adelaide Convention Centre buildings are situated and for office accommodation. The leases are reviewed each year for adjustments in the consumer price index.

	2016	2015
	\$'000	\$'000
Operating lease commitments receivable		
Future minimum lease payments receivable under non-cancellable operating leases contracted for at reporting date but not recognised as receivables are:		
Within one year	305	314
Later than one year but not longer than five years	452	648
Later than five years	11	35
Total operating lease revenue commitments	768	997

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

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Note 29 Administered Items

	2016 \$'000	2015 \$'000
Event Funds		
Administered Revenues		
Net Box Office Receipts	22 097	34 688
Interest Earned on event funds	205	299
Total Administered Revenues	22 302	34 987
Administered Expenses		
Settlements Paid	29 473	29 921
Total Administered Expenses	29 473	29 921
Movement in Administered Items during the year	(7 171)	5 066
Administered Assets		
Cash at Bank	5 117	12 278
Receivable - Interest	9	19
Total Administered Assets	5 126	12 297
Administered Liabilities		
Funds held in trust	5 117	12 278
Accrued Interest Payable	9	19
Total Administered Liabilities	5 126	12 297
Movement in Administered Items during the year	(7 171)	5 066
Total Administered Assets held at the beginning of the financial year	12 297	7 231
Total Administered Assets held at the end of the financial year	5 126	12 297

Cash deposits

The cash deposits are carried at cost in accordance with APF IV Financial Asset and Liability Framework paragraph APS 2.1. Cash at Bank is comprised of funds held in a bank account at a commercial banking institution and in a SAFA Cash Management Fund. Commercial bank account deposits are on-call and carry an average variable interest rate of 2.02% (2.25%). Interest is accrued daily and distributed monthly. The SAFA Cash Management Fund is a pooled investment portfolio comprising cash and short term money market securities of high credit quality and marketability. The SAFA Cash Management Funds are on-call and carry an average variable interest rate of 2.27% (2.67%). The portfolio return is calculated daily, being the total earnings on the portfolio's investments from the close of business on the previous day. Interest is accrued daily and distributed monthly.

Interest rate risk

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

Note 30 Contingent assets and liabilities

The Corporation is not aware of any contingent assets.

The Corporation is not aware of any contingent liabilities.

The Corporation has issued no guarantees.

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Note 31 Transferred functions

Transferred in

On 1 August 2015, the Adelaide Entertainments Corporation became the Adelaide Venue Management Corporation, with the principal activities being to manage & operate the Corporation's site/venues being the Adelaide Convention Centre, Adelaide Entertainment Centre and Coopers Stadium.

On 1 August 2015, the assets, rights, liabilities and all employees of the Adelaide Convention Centre Corporation were transferred to the Adelaide Venue Management Corporation.

These changes were implemented by virtue of the Public Corporations (Adelaide Entertainments Corporation) Variation Regulations 2015, and the Public Corporations (Adelaide Convention Centre Corporation) (Dissolution and Revocation) Regulations 2015, as published in the South Australian Government Gazette 25 June 2015.

Total expenses and income attributable to the Adelaide Convention Centre for 2015-16 were:

	July 2015 \$'000	Aug 2015 to June 2016 \$'000	Total \$'000
Expenses from Trading Activities			
Employee benefits expenses	1 281	12 025	13 306
Supplies and services	567	10 359	10 926
Depreciation and amortisation expense	125	1 478	1 603
Net loss from the disposal of non-current assets	-	1	1
Total expenses from Trading Activities	1 973	23 863	25 836
Income from Trading Activities			
Facility charges revenues	2 006	29 040	31 046
Interest revenues	35	435	470
Other revenues	8	288	296
Total income from Trading Activities	2 049	29 763	31 812
Profit from Trading Activities	76	5 900	5 976
Expenses from Property Management Activities			
Employee benefits expenses	225	2 367	2 592
Supplies and services	434	4 366	4 800
Depreciation and amortisation expense	272	6 063	6 335
Net loss from the disposal of non-current assets	-	-	-
Borrowing costs	1 182	14 064	15 246
Total expenses from Property Management Activities	2 113	26 860	28 973
Income from Property Management Activities			
Interest revenues	47	468	515
Revenues from SA Government	1 182	18 860	20 042
Other revenues	-	-	-
Total income from Property Management Activities	1 229	19 328	20 557
Loss from Property Management Activities	(884)	(7 532)	(8 416)
Net Profit / (Loss)	(808)	(1 632)	(2 440)

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On transfer of the assets, rights, liabilities and all employees of the Adelaide Convention Centre Corporation to the Adelaide Venue Management Corporation, the Adelaide Venue Management Corporation recognised the following assets and liabilities:

	\$'000
Cash and cash equivalents	19 885
Receivables	5 117
Inventories	335
Specific purpose deposits	26 400
Property, plant and equipment	387 982
Total assets	439 719
Payables	14 706
Employee benefits	2 470
Borrowings	259 575
Other liabilities	5 611
Total liabilities	282 362
Total net assets transferred	157 357

Net assets assumed by the Corporation 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. The net assets transferred were treated as a contribution by the Government as owner.

Note 32 Cash flow reconciliation

	2016	2015
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Statement of Financial Position		
Current		
Cash and cash equivalents	20 848	9 278
Non-current		
Specific purpose deposits	28 412	-
Cash and cash equivalents as recorded in the Statement of Cash Flows	49 260	9 278

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

Net Profit / (Loss) for the year	(2 274)	(1 730)
Add / (less) non-cash items		
Depreciation and amortisation expense	12 803	6 054
Leased land income	(58)	(57)
Net (Gain)/Loss on disposal of assets	20	90
Changes in assets / liabilities		
(Increase) / Decrease in receivables	(5 233)	93
(Increase) / Decrease in inventories	(242)	4
(Decrease) / Increase in payables	13 923	137
(Decrease) / Increase in other liabilities	5 624	27
(Decrease) / Increase in employee benefits	2 661	269
Borrowing costs	14 927	-
Tax equivalent	448	-
Net assets acquired as a result of administrative restructure	(17 337)	-
Net cash provided by operating activities	25 262	4 887

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Note 33 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Note		SA Government *		Non-SA Government		Total	
		2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	EXPENSES						
7	Employee benefits expenses						
	Salaries and wages	-	-	19 933	6 810	19 933	6 810
	Long service leave	-	-	735	267	735	267
	Annual leave	-	-	889	412	889	412
	Skills and experience retention leave (SERL)	-	-	73	-	73	-
	Employment on-costs - superannuation	2 168	-	113	672	2 281	672
	Employment on-costs - other	1 152	521	252	40	1 404	561
	Board fees	-	-	129	106	129	106
	Total employee benefits expenses	3 320	521	22 124	8 307	25 444	8 828
9	Supplies and services						
	Administration expenses and sundries	694	256	2 224	686	2 918	942
	Direct materials	4	-	8 293	3 859	8 297	3 859
	Building services costs	1 462	534	3 213	1 047	4 675	1 581
	Repairs and maintenance	148	7	1 492	513	1 640	520
	Marketing and promotions	-	-	2 008	1 413	2 008	1 413
	Total supplies and services	2 308	797	17 230	7 518	19 538	8 315
10	Depreciation and amortisation						
	Plant and equipment	-	-	2 390	1 040	2 390	1 040
	Buildings	-	-	10 539	4 453	10 539	4 453
	Leasehold improvements	-	-	(126)	561	(126)	561
	Total depreciation and amortisation	-	-	12 803	6 054	12 803	6 054

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Note		SA Government *		Non-SA Government		Total	
		2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
11	Net (loss) / gain from the disposal of non-current assets						
	Proceeds from disposal	-	-	15	-	15	-
	Less net book value of assets disposed	-	-	(35)	(90)	(35)	(90)
	Total (loss) / gain from the disposal of non-current assets	-	-	(20)	(90)	(20)	(90)
13	Borrowing costs						
	Guarantee fees	4 280	-	-	-	4 280	-
	Interest expense	9 784	-	-	-	9 784	-
	Total borrowing costs	14 064	-	-	-	14 064	-
	REVENUES						
14	Facility charges revenues						
	Car park	284	-	3 944	1 001	4 228	1 001
	Catering	687	185	22 419	8 136	23 106	8 321
	Corporate	-	-	2 519	2 467	2 519	2 467
	Recoveries	61	67	4 368	2 768	4 429	2 835
	Technical services	286	-	3 655	130	3 941	130
	Venue hire	489	8	7 651	3 451	8 140	3 459
	Total facility charges revenues	1 807	260	44 556	17 953	46 363	18 213
	Interest revenues	956	185	209	275	1 165	460
	Total interest revenues	956	185	209	275	1 165	460
	Revenues from SA Government	18 860	-	-	-	18 860	-
	Total revenues from SA Government	18 860	-	-	-	18 860	-

Adelaide Venue Management Corporation

Note		SA Government *		Non-SA Government		Total	
		2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
15	Other revenues						
	Merchandise revenues	-	-	343	405	343	405
	Ticketing charges	-	-	799	827	799	827
	Property lease revenue	-	-	433	432	433	432
	Other revenue	100	-	1 532	1 220	1 632	1 220
	Total other revenues	100	-	3 107	2 884	3 207	2 884
	FINANCIAL ASSETS						
16	Cash and cash equivalents						
	Cash at bank and Cash on hand	19 585	-	1 263	1 362	20 848	1 362
	Short-term deposits with SAFA	-	3 416	-	-	-	3 416
	Term deposits	-	-	-	4 500	-	4 500
	Total cash and cash equivalents	19 585	3 416	1 263	5 862	20 848	9 278
17	Receivables						
	Receivables	202	2	2 617	767	2 819	769
	Less provision for doubtful debts	-	-	(5)	(5)	(5)	(5)
	Accrued revenues	1 736	13	84	36	1 820	49
	GST Receivable	-	-	1 348	-	1 348	-
	Prepayments	23	13	116	62	139	75
	Total receivables	1 961	28	4 160	860	6 121	888
19	Specific purpose deposits						
	Investments with SA Financing Authority	2 692	-	-	-	2 692	-
	Future assets replacement deposit account	25 720	-	-	-	25 720	-
	Total specific purpose deposits	28 412	-	-	-	28 412	-

Adelaide Venue Management Corporation

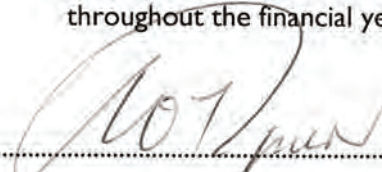
	SA Government *		Non-SA Government		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL LIABILITIES						
22 Payables						
Creditors	7 045	80	984	1 142	8 029	1 222
Accrued expenses	7 717	66	392	133	8 109	199
GST payable	-	-	-	16	-	16
Employment on-costs	479	113	-	98	479	211
Interest accrued	1 278	-	-	-	1 278	-
Total payables	16 519	259	1 376	1 389	17 895	1 648
25 Other liabilities						
Income received in advance	971	18	6 721	2 050	7 692	2 068
Unearned lease revenue	-	-	5 130	5 188	5 130	5 188
Total other liabilities	971	18	11 851	7 238	12 822	7 256
26 Borrowings	314 575	-	-	-	314 575	-
Total borrowings	314 575	-	-	-	314 575	-

* This note does not include a dividend/distribution to the SA Government as owner. Dividend information is provided in Note 24.

Certification of the Financial Statements

We certify that the:

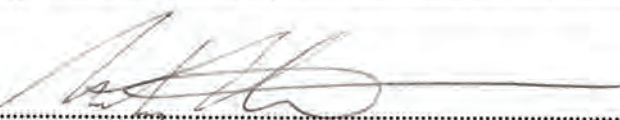
- financial statements of the Adelaide Venue Management Corporation:
 - are in accordance with the accounts and records of the Corporation; and
 - comply with relevant Treasurer's instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Adelaide Venue Management Corporation at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Adelaide Venue Management Corporation over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.


.....
William Spurr AO

CHAIRMAN

Adelaide Venue Management Corporation

Date: 12 September 2016


.....
Anthony Kirchner

CHIEF EXECUTIVE OFFICER

Adelaide Venue Management Corporation

Date: 12 September 2016


.....
Marie Hannaford

ACTING CHIEF FINANCIAL OFFICER

Adelaide Venue Management Corporation

Date: 12 September 2016



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To the Chairman of the Board Adelaide Venue Management Corporation

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and schedule 13(3) of the *Public Corporations Act 1993*, I have audited the accompanying financial report of the Adelaide Venue Management Corporation for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chairman, the Chief Executive Officer and the Acting Chief Financial Officer.

The Board's responsibility for the financial report

The Directors of the Board are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the Directors of the Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial report 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 comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

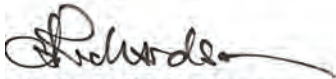
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 Directors of the Board, as well as evaluating the overall presentation of the financial report.

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

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on Adelaide Venue Management Corporation's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Adelaide Venue Management Corporation as at 30 June 2016, 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.



Andrew Richardson

Auditor-General

13 September 2016

Art Gallery Board

Financial report
for the year ended
30 June 2016

Art Gallery Board
Statement of Comprehensive Income
for the year ended 30 June 2016

		2016	2015
	Note	\$'000	\$'000
Expenses			
Staff benefits	4	6 034	6 154
Supplies and services	6	8 494	10 346
Accommodation and facilities	7	2 712	2 784
Depreciation and amortisation	8	1 263	1 249
Net loss from the disposal of non-current assets	13	-	18
Total expenses		18 503	20 551
Income			
Bequests and donations of cash	9	2 157	1 902
Donations of heritage assets		7 485	4 101
Fees and charges	10	604	1 467
Grants	11	830	1 863
Investment income	12	368	505
Net gain from the disposal of non-current assets	13	5	-
Rent and facilities hire		409	362
Resources received free of charge	14	855	950
Sale of goods		977	1 214
Sponsorships	15	1 113	2 408
Other	16	86	176
Total income		14 889	14 948
Net cost of providing services		3 614	5 603
Revenues from SA Government			
Recurrent operating grant	17	12 199	10 565
Capital grant		-	408
Total revenues from SA Government		12 199	10 973
Net result		8 585	5 370
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in asset revaluation surplus	22	134 715	-
Total other comprehensive income		134 715	-
Total comprehensive result		143 300	5 370

The net result and total comprehensive result are attributable to the SA Government as owner.

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

Art Gallery Board
Statement of Financial Position
as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	18	3 397	3 322
Receivables	19	397	476
Inventories		485	515
Other	24	207	173
Total current assets		4 486	4 486
Non-current assets			
Receivables	19	6	5
Property, plant and equipment	20	43 201	44 413
Intangible assets	21	26	34
Heritage collections	22	752 693	608 875
Investments	23	4 186	3 788
Other	24	-	159
Total non-current assets		800 112	657 274
Total assets		804 598	661 760
Current liabilities			
Payables	25	505	976
Staff benefits	26	737	705
Provisions	27	26	24
Other	28	226	201
Total current liabilities		1 494	1 906
Non-current liabilities			
Payables	25	95	78
Staff benefits	26	1 021	871
Provisions	27	40	72
Other	28	-	185
Total non-current liabilities		1 156	1 206
Total liabilities		2 650	3 112
Net assets		801 948	658 648
Equity			
Retained earnings		449 872	441 287
Asset revaluation surplus		352 076	217 361
Total equity		801 948	658 648

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	29
Contingent assets and liabilities	30

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

Art Gallery Board
Statement of Changes in Equity
for the year ended 30 June 2016

	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2014	217 361	435 917	653,278
Net result for 2014-15	-	5 370	5 370
Total comprehensive result for 2014-15	-	5 370	5 370
Balance at 30 June 2015	217 361	441 287	658 648
Net result for 2015-16	-	8 585	8 585
Gain on revaluation of heritage collections during 2015-16	134 715	-	134 715
Total comprehensive result for 2015-16	134 715	8 585	143 300
Balance at 30 June 2016	352 076	449 872	801 948

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

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

Art Gallery Board
Statement of Cash Flows
for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Cash outflows			
Staff benefits		(5 877)	(6 104)
Supplies and services		(7 445)	(6 988)
Accommodation and facilities		(2 712)	(2 753)
Cash used in operations		(16 034)	(15 845)
Cash inflows			
Sale of goods		975	1 234
Fees and charges		604	1 348
Bequests and donations		2 157	1 903
Grants		883	1 762
Sponsorships		470	276
Investment income		411	470
Rent and facilities hire		409	352
Other		90	168
Cash generated from operations		5 999	7 513
Cash flows from SA government			
Receipts from SA Government		12 199	10 975
Cash generated from SA government		12 199	10 975
Net cash provided by operating activities		2 164	2 643
Cash flows from investing activities			
Cash outflows			
Purchase of heritage collections		(1 625)	(1 638)
Purchase of investments		(398)	(551)
Purchase of property, plant and equipment		(71)	(606)
Cash used in investing activities		(2 094)	(2 795)
Cash inflows			
Proceeds from the sale of / maturity of investments		5	185
Cash generated from investing activities		5	185
Net cash used in investing activities		(2 089)	(2 610)
Net increase/(decrease) in cash and cash equivalents		75	33
Cash and cash equivalents at the beginning of the period		3 322	3 289
Cash and cash equivalents at the end of the period	18	3 397	3 322

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

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

- 1 Objectives of the Art Gallery Board
- 2 Summary of significant accounting policies
- 3 New and revised accounting standards and policies
- 4 Staff benefits
- 5 Remuneration of board members
- 6 Supplies and services
- 7 Accommodation and facilities
- 8 Depreciation & amortisation
- 9 Bequests and donations of cash
- 10 Fees and charges
- 11 Grants
- 12 Investment income
- 13 Net gain (loss) from the disposal of non-current assets
- 14 Resources received free of charge
- 15 Sponsorships
- 16 Other income
- 17 Recurrent operating grant
- 18 Cash and cash equivalents
- 19 Receivables
- 20 Property, plant and equipment
- 21 Intangible assets
- 22 Heritage collections
- 23 Investments
- 24 Other assets
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- 28 Other liabilities
- 29 Unrecognised contractual commitments
- 30 Contingent assets and liabilities
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Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

1 Objectives of the Art Gallery Board

Objectives

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

The objectives of the Art Gallery of South Australia are to:

- Collect heritage and contemporary works of art of aesthetic excellence and historical or regional significance;
- Ensure the preservation and conservation of the Gallery's collections;
- Display the collections and to program temporary exhibitions;
- Research and evaluate the collections and to make the collections and documentation accessible to others for the purposes of research and as a basis for teaching and communications;
- Document the collections within a central cataloguing system;
- Provide interpretative information about collection displays and temporary exhibitions and other public programs;
- Promote the Gallery's collections and temporary exhibitions;
- Ensure that the Gallery's operations, resources and commercial programs are managed efficiently, responsibly and profitably; and
- Advise the South Australian Government on the allocation of South Australian resources to works of art, art collections, art museums and art associations.

2 Summary of significant accounting policies

(a) Statement of Compliance

The Board prepared these financial statements in compliance with section 23 of the *Public Finance and Audit Act 1987*.

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

The Board has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Board is a not-for-profit entity.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Board'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;
- the selection and application of accounting policies in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; 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) expenses incurred as a result of engaging consultants;
 - (b) staff targeted voluntary separation package information;

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

(c) staff whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly, by the entity to those staff; and

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

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

The Board's financial statements and accompanying notes include all of the controlled activities of the Board including the Art Gallery Foundation. The Statement of Cash Flows has been prepared on a cash basis. The financial statements have been prepared based on a twelve month operating cycle and are presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented for the year ended 30 June 2015.

(c) Source of funds

The Board's principal source of current funding consists of grants from the State Government. In addition, the Board also receives monies from sales, admissions, donations, bequests, sponsorships, interest and investment income and other receipts, and uses the monies for the achievement of its objectives. Bequests, donations and grants can only be used in accordance with the terms and conditions attributable.

(d) Income and expenses

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

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend income is recognised when the right to receive a dividend has been established. Donations, bequests, subscriptions, grants and sponsorships are recognised as income in the period in which the Board obtains control over the income. Income from the sale of goods is recognised at the point of sale. Income from the rendering of a service is recognised when the Board obtains control over the income. Government grants are recognised as income in the period in which the Board obtains control over the grants.

Donated heritage collections received by the Board are recognised as income in the Statement of Comprehensive Income in the year of receipt at fair value.

Resources received free of charge

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

Under an arrangement with Arts SA and Artlab Australia, both divisions of the Department of State Development, Artlab Australia receives SA Government appropriation to perform conservation services on the heritage collections of the Art Gallery. The value of the work performed is recognised as resources received free of charge in income (note 14) and a corresponding amount included as conservation work expenditure in supplies and services (note 6).

Under an arrangement with the Department of State Development, financial services and human resource services are provided free of charge to the Board. The value of these services is recognised as resources received free of charge in income (Note 14) and a corresponding amount included as a business services charge in supplies and services (Note 6).

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

(e) Current and non-current classification

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

(f) Cash & cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand, and short-term deposits held with the Bank of South Australia and the Australian and New Zealand Banking Group Limited. For the purposes of the Statement of Cash Flows, cash and cash equivalents are as defined above.

Cash is measured at nominal value.

(g) Receivables

Receivables include amounts receivable from goods and services, prepayments and other accruals. Receivables arise in the normal course of selling goods and services to the public and other government agencies. Receivables are generally 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 Board will not be able to collect the debt. Bad debts are written off when identified.

(h) Inventories

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

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

(i) Investments

Investments are brought to account at cost in accordance with Accounting Policy Framework IV *Financial Asset and Liability Framework* APS 2.1.

(j) Non-current asset acquisition and recognition

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

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

(k) Valuation of non-current assets

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

Land and buildings and heritage collections are re-valued every six years. However, if at any time management considers the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

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

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

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

directly to the revaluation surplus to the extent of the credit balance existing in the revaluation surplus for that asset class.

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

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

Land and buildings

An independent valuation of the land and buildings was conducted as at 30 June 2014 by Valcorp Australia Pty Ltd. The valuation of land and buildings as at 30 June 2014 was prepared on a fair value basis in accordance with AASB 116 Property, Plant and Equipment and AASB 13 Fair Value Measurement.

Plant and equipment

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

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.

Heritage collections

The heritage collections are large and diverse. They include many items for which valuations are complex, given considerations of market value and their uniqueness. The heritage collections are independently valued every six years. The collections were valued as at 30 June 2016 by RHAS, an operating division of Aon Risk Services. RHAS was responsible for the selection of the specialist valuers as listed below.

Collection	Specialist valuer
Australian paintings and sculptures	Helen Miller
Australian, European and international decorative arts	Helen Miller
Asian art	Helen Miller
European paintings and sculptures	Helen Miller
Australian prints and drawings	Helen Miller
European prints and drawings	Helen Miller
Australian and international photographs	Helen Miller
Noye collection of photographic material	Helen Miller
Library collection	Peter Tinslay
Numismatics	Jim Noble
Krichauff and Murray stamp collection	John Pearson

Due to the size and nature of the art collection all high value assets (greater than \$350,000) were valued individually with the remainder of the art collection valued by establishing an average value through the random sampling of items in each collection. Two high valued items in the numismatic collection were valued individually. All other items were valued as a

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

collection. The library collection and the Noye collection of photographic material were both valued as collections. Items in the philatelic collection were valued individually.

All valuers have experience in the category of assets being valued. The valuation was prepared on the basis of replacement value and fair value. The valuation was carried out in accordance with the International Valuation Standards Framework and the relevant Australian Accounting Standards.

Replacement value for insurance purposes was defined as the estimated amount that one would expect to pay for the same or similar item in a retail setting from a reputable merchant at the date of valuation. Some of the heritage items valued are unique by virtue of their history and could not be replaced with similar items. In these instances the valuers deduced values based on similar but not directly comparable items.

In instances where there were sufficient observable transactions of similar assets to the subject asset (generally in second hand markets), the market approach has been utilised to determine fair value. Inputs to the fair value measurement are considered level 2 in the fair value hierarchy as they have been observed from the market and the valuer has made relatively minor adjustments for differences in asset characteristics. Where possible, the valuations were based on recent market transactions for similar cultural and heritage assets and may include adjustment for factors specific to each asset including size, rarity, quality, condition, historical significance and associated restrictions.

Where the frequency of available market transactions has not permitted the use of observable inputs, the valuers have used significant professional judgement in determining the fair value measurements. These assets are therefore considered to be in level 3 of the fair value hierarchy.

Fair value measurement - Non-financial assets

In determining fair value, the Board has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Board's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Board did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

(l) Impairment of assets

All non-current assets are tested for indications of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement costs. 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 revaluation surplus.

There were no indications of impairment of property, plant and equipment and intangibles as at 30 June 2016.

(m) Depreciation and amortisation of non-current assets

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment. Assets' residual values, useful lives and depreciation/amortisation methods are reviewed and adjusted if appropriate, on an annual basis. Land and heritage collections are not depreciated. Depreciation/amortisation is calculated on a straight line basis over the estimated useful life of the following classes of assets as follows:-

Class of asset	Useful life (years)
Buildings and improvements	20 to 100
Plant and equipment	3 to 20

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

Intangibles

5

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

(n) Payables

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

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

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

(o) Staff benefits

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

Salaries, wages, annual leave and SERL

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

Long service leave

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

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

On-costs

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

Superannuation

Contributions are made by the Board to several superannuation schemes operated by the State Government and private sector. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at balance date relates to any contributions due but not yet paid to the relevant superannuation schemes. The Department of Treasury and Finance centrally recognises the superannuation liability, for the schemes operated by the State Government, in the whole-of-government financial statements.

(p) Workers compensation provision

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2016 provided by a consulting actuary engaged through the Office for the Public Sector. The provision is for the estimated cost of ongoing payments to staff as required under current legislation.

(q) Leases

The Board has entered into a number of operating lease agreements for accommodation, vehicles and multi-function printing devices where the lessors effectively retain all of the risks and benefits incidental to ownership of the items held

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

under the operating leases. Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the Statement of Comprehensive Income in the periods in which they are incurred.

(r) Comparative information

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

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

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

(s) Taxation

The Board is not subject to income tax. The Board is liable for payroll tax, fringe benefits tax, goods and services tax (GST) and emergency services levy.

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

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

(t) State Government funding

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

(u) Rounding

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

(v) Insurance

The Board has arranged, through SAICORP, a division of the SA Government Financing Authority, insurance cover that insures all major risks of the Board. The excess payable is fixed under this arrangement.

(w) Unrecognised contractual commitments and contingent assets and liabilities

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

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

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

(x) Events after the reporting period

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

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

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

3 New and revised accounting standards and policies

The Board did not voluntarily change any of its accounting policies during 2015-16.

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

4 Staff benefits

	2016	2015
	\$'000	\$'000
Salaries and wages	4 552	4 633
Annual leave	386	421
Board fees	30	29
Long service leave	210	202
Payroll tax	281	290
Skills and experience retention leave	18	16
Superannuation	497	502
Targeted voluntary separation payments (refer below)	-	87
Workers compensation provision adjustment	(30)	(81)
Other staff related expenses	90	55
Total staff benefits	6 034	6 154

Remuneration of staff

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

	2016	2015
	Number	Number
\$141 500 to \$145 000	-	1
\$145 001 to \$155 000 ¹	1	1
\$225 001 to \$235 000 ²	-	1
\$315 001 to \$325 000	-	1
\$325 001 to \$335 000	1	-
Total	2	4

(1) This bandwidth in 2014-15 includes a staff member that received leave entitlement payments upon resignation.

(2) This bandwidth in 2014-15 includes a staff member that received a targeted voluntary separation package (TVSP) payment and leave entitlement payments.

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, TVSPs, superannuation contributions, fringe benefits, fringe benefits tax paid or payable and any salary sacrifice benefits. The total remuneration received or receivable by these staff for the year was \$473 000 (\$836 000). The total remuneration received or receivable by ongoing senior management staff for the year was \$473 000 (\$460 000).

Targeted voluntary separation packages (TVSPs)

	2016	2015
	\$'000	\$'000
Amounts paid during the reporting period to separated staff:		
TVSPs	-	87
Annual leave, LSL and skills and experience retention leave paid to those staff	-	41
	-	128
Recovery from the Department of Treasury and Finance	-	-
Net cost to the Board	-	128

There were no TVSPs paid in 2015-16. There was one paid in 2014-15.

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

5 Remuneration of board members

Members that were entitled to receive remuneration for membership during the 2015-16 financial year were:

Art Gallery Board

Mrs T Whiting (Chairman)

Ms S Armitage (term expired 3 June 2016)

Mr NR Balnaves

Ms A Edwards

Mr JN Phillips

Mr A Tisato (appointed 10 December 2015)

Ms S Tweddell (term expired 19 December 2015)

Mr R Whittington Q.C. (term expired 11 November 2015)

Ms J Yuile

	2016 Number	2015 Number
The number of board members whose remuneration received or receivable falls within the following bands:		
\$0 - \$9 999	9	10
Total number of board members	9	10

Remuneration of board members reflects all costs of performing board member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by the board members for the year was \$33 000 (\$32 000).

Amounts paid or payable to superannuation plans for board members were \$3 000 (\$3 000).

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

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

6 Supplies and services

	2016	2015
	\$'000	\$'000
Administration expenses	403	398
Business services charge	267	205
Catering	245	124
Conservation work	687	850
Consultants	146	69
Contractors	328	215
Cost of goods sold	232	589
Freight, courier, postage	781	443
Entertainment	23	22
Fees - exhibitions and publications	871	1,727
Foreign currency (gains) losses	(1)	11
Information technology	232	202
Insurance & risk management	489	531
Inventory written-off	182	172
Maintenance	126	173
Marketing and promotion	2 118	3,083
Materials	190	155
Minor equipment purchases and leasing	367	238
Motor vehicle expenses	45	39
Preservation activities	145	491
Public education	27	21
Travel and accommodation	445	384
Other	146	204
Total supplies and services	8 494	10 346

Payments to Consultants

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

	2016	2015	2016	2015
	Number	Number	\$'000	\$'000
Below \$10 000	2	4	1	8
Above \$10 000	2	3	145	61
Total paid/payable to consultants engaged	4	7	146	69

7 Accommodation and facilities

	2016	2015
	\$'000	\$'000
Accommodation	536	652
Facilities	723	672
Security	1 453	1 460
Total accommodation and facilities	2 712	2 784

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

8 Depreciation & amortisation

	2016	2015
	\$'000	\$'000
Buildings and improvements depreciation	1 207	1,191
Plant and equipment depreciation	48	52
Intangibles amortisation	8	6
Total depreciation and amortisation	1 263	1 249

9 Bequests and donations of cash

	2016	2015
	\$'000	\$'000
Bequests	8	192
Donations	2 149	1 710
Total bequests and donations	2 157	1 902

Bequests and donations can only be used in accordance with the terms and conditions attributable. Therefore depending on the terms and conditions, they are not available for the operating activities of the Board.

10 Fees and charges

	2016	2015
	\$'000	\$'000
Fees for services	384	412
Admissions to temporary exhibitions	220	1 055
Total revenues from fees and charges	604	1 467

11 Grants

	2016	2015
	\$'000	\$'000
Commonwealth Government	65	143
State Government	20	1 376
Other external grants	745	344
Total grants	830	1 863

12 Investment income

	2016	2015
	\$'000	\$'000
Interest income	73	94
Dividends	205	288
Dividend imputation credits	90	123
Total interest and investment income	368	505

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

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

	2016	2015
	\$'000	\$'000
Investments		
Proceeds from the sale of investments	5	185
Less: Net book value of investments disposed	-	(203)
Net gain/(loss) from the disposal of investments	5	(18)
Total assets		
Proceeds from disposal	5	185
Less: Net book value of assets disposed	-	(203)
Net gain/(loss) from the disposal of non-current assets	5	(18)

14 Resources received free of charge

	2016	2015
	\$'000	\$'000
Conservation services	588	745
Business services	267	205
Total resources received free of charge	855	950

15 Sponsorships

	2016	2015
	\$'000	\$'000
Cash sponsorships	470	276
In-kind sponsorships	643	2 132
Total sponsorships	1 113	2 408

16 Other income

	2016	2015
	\$'000	\$'000
Fundraising	31	140
Insurance recoveries	1	-
Other receipts	54	36
Total other income	86	176

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

17 Recurrent operating grant

	2016 \$'000	2015 \$'000
Recurrent operating grant		
Recurrent operating grant - (excluding additional exhibition funding) from Arts SA per initial budget advice	9 964	8 343
Recurrent operating grant - additional exhibition funding from Arts SA per initial budget advice	1 799	1 850
Additional one-off exhibition funding provided by Arts SA	-	50
Additional other one-off funding provided by Arts SA	436	322
Total recurrent operating grant	12 199	10 565

18 Cash and cash equivalents

	2016 \$'000	2015 \$'000
Deposits with the Treasurer	1 773	1 806
Deposits with banks	1 100	1 509
Cash on hand	524	7
Total cash and cash equivalents	3 397	3 322

Deposits with the Treasurer

Deposits with the Treasurer are a combination of funds held in the "Art Gallery Board Account", an account held with the Treasurer of South Australia pursuant to section 21 of the *Public Finance and Audit Act 1987*, and funds held in the Arts SA Operating Account, an account held with the Treasurer of South Australia pursuant to section 8 of the *Public Finance and Audit Act 1987*.

Deposits with banks

Deposits with the Bank of South Australia (BankSA) and the Australian and New Zealand Banking Group Limited (ANZ) are funds held in term deposit facilities.

Cash on hand

Cash on hand includes petty cash, cash and cheques held on-site and not banked, floats and change machines.

Interest rate risk

Cash and cash equivalents are recorded at nominal value. Interest is calculated based on the average daily balances of the interest bearing funds. The interest bearing funds of the Board are held in the section 21 interest bearing account titled the "Art Gallery Board Account" and the BankSA and ANZ accounts.

In 2015-16 deposits with the Treasurer were bearing a floating interest rate between 1.77% and 1.85% (2.03% and 2.35%). The interest rate for the term deposits held with BankSA and ANZ as at 30 June 2016 is 3.41% and 2.80% (2.0% and 3.31%) respectively.

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

19 Receivables

	2016	2015
	\$'000	\$'000
Current		
Prepayments	16	9
Receivables	235	278
Accrued income	146	189
Total current receivables	397	476
Non-current		
Prepayments	5	-
Receivables	1	5
Total non-current receivables	6	5
Total receivables	403	481

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 income are non-interest bearing.

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

20 Property, plant and equipment

	2016	2015
	\$'000	\$'000
Land, buildings and improvements		
Land at valuation	5 130	5 130
Buildings and improvements at valuation	71 519	71 519
Accumulated depreciation	(33 863)	(32 656)
Total land, buildings and improvements	42 786	43 993
Plant and equipment		
Plant and equipment at cost (deemed fair value)	906	876
Accumulated depreciation	(491)	(456)
Total plant and equipment	415	420
Total property, plant and equipment	43 201	44 413

Valuation of land and buildings

An independent valuation of the land and buildings was conducted as at 30 June 2014 by Valcorp Australia Pty Ltd. The valuation of land and buildings at 30 June 2014 was prepared on a fair value basis in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*.

The valuation was based on recent market transactions for similar land and buildings (non specialised) in the area and includes adjustment for factors specific to the land and building being valued such as size and location. The valuer arrived at fair value using the market approach.

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

The valuer used depreciated replacement cost for specialised land and buildings, due to there not being an active market for such land and buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition and location. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

Carrying amount of plant and equipment

All items of plant and equipment had a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value. These asset are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the asset's condition and remaining useful life.

All other non-current assets have been deemed to be held at fair value.

Impairment

There were no indications of impairment of property, plant and equipment as at 30 June 2016.

Movement reconciliation of property, plant and equipment

	Land	Buildings and improvements	Plant and equipment	Total tangible assets	Computer Software	Total intangible assets
2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of period	5 130	38 863	420	44 413	34	34
Additions	-	-	43	43	-	-
Depreciation/amortisation expense	-	(1 207)	(48)	(1 255)	(8)	(8)
Carrying amount at the end of period	5 130	37 656	415	43 201	26	26

21 Intangible assets

	2016 \$'000	2015 \$'000
Intangibles		
Computer software	40	40
Less: accumulated amortisation	(14)	(6)
Total intangibles	26	34

Impairment

There were no indications of impairment of intangibles as at 30 June 2016.

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

22 Heritage collections

	2016			2015		
	At valuation \$'000	At cost \$'000	Total \$'000	At valuation \$'000	At cost \$'000	Total \$'000
Australian paintings and sculptures	275 459	-	275 459	240 103	11 989	252 092
Australian and European decorative arts	42 357	-	42 357	28 363	2 274	30 637
Asian art	27 772	-	27 772	44 301	3 241	47 542
European paintings and sculptures	339 366	-	339 366	223 714	7 929	231 643
Prints, drawings and photographs	52 842	-	52 842	35 814	1 935	37 749
Numismatics	10 450	-	10 450	6 753	-	6 753
Philatelic material	791	-	791	450	-	450
Library	2 898	-	2 898	1 744	75	1 819
Collections on instalments	758	-	758	-	190	190
Total heritage collections	752 693	-	752 693	581 242	27 633	608 875

Reconciliation of carrying amounts of heritage collections

	2016			2015			
	Balance 1 July \$'000	Additions \$'000	Revaluations \$'000	Balance 30 June \$'000	Balance 1 July \$'000	Additions \$'000	Balance 30 June \$'000
Australian paintings and sculptures	252 092	5 022	18 345	275 459	249 636	2 456	252 092
Australian and European decorative arts	30 637	348	11 372	42 357	29 577	1 060	30 637
Asian art	47 542	749	(20 519)	27 772	46 802	740	47 542
European paintings and sculptures	231 643	1 936	105 787	339 366	230 447	1 196	231 643
Prints, drawings and photographs	37 749	464	14 629	52 842	37 160	589	37 749
Numismatics	6 753	-	3 697	10 450	6 753	-	6 753
Philatelic material	450	-	341	791	450	-	450
Library	1 819	16	1 063	2 898	1 803	16	1 819
Collections on instalments	190	568	-	758	321	(131)	190
Total heritage collections	608 875	9 103	134 715	752 693	602 949	5 926	608 875

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

23 Investments

	2016 \$'000	2015 \$'000
Non-current		
Shares and other direct investments in companies	4 186	3 788
Total investments	4 186	3 788

The market value of investments as at 30 June 2016 is \$4.7 million (\$4.6 million).

24 Other assets

	2016 \$'000	2015 \$'000
Current		
Forward foreign exchange contract receivable	207	173
Total current other assets	207	173
Non-current		
Forward foreign exchange contract receivable	-	159
Total non-current other assets	-	159
Total other assets	207	332

25 Payables

	2016 \$'000	2015 \$'000
Current		
Creditors and accruals	402	877
Staff on-costs	103	99
Total current payables	505	976
Non-current		
Staff on-costs	95	78
Total non-current payables	95	78
Total payables	600	1 054

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave has increased from the 2015 rate of 37% to 40%. The average factor for the calculation of employer superannuation on-cost has decreased from the 2015 rate of 10.3% to 10.2%. These rates are used in the staff on-cost calculation.

The financial effect of the above change on staff on-costs and staff benefit expense is immaterial.

Interest rate and credit risk

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

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

26 Staff benefits

	2016	2015
	\$'000	\$'000
Current		
Annual leave	454	453
Long service leave	180	185
Skills and experience retention leave	25	24
Accrued salaries and wages	78	43
Total current staff benefits	737	705
Non-current		
Long service leave	1 021	871
Total non-current staff benefits	1 021	871
Total staff benefits	1 758	1 576

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a set level of liability for the measurement of long service leave.

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has decreased from 2015 (3.0%) to 2016 (2.0%). The resulting financial effect is immaterial.

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes in the methodology and actuarial assumptions is immaterial.

The salary inflation rate remained unchanged at 4.0% for long service leave. The salary inflation rate applied to annual leave and skills and experience retention leave also remained unchanged at 3.0%. The resulting financial effect of the change is nil.

27 Provisions

	2016	2015
	\$'000	\$'000
Current		
Provision for workers compensation	26	24
Total current provisions	26	24
Non-current		
Provision for workers compensation	40	72
Total non-current provisions	40	72
Total provisions	66	96
Provision movement		
Carrying amount at the beginning of the period	96	177
Reductions resulting from re-measurement or settlement without cost	(30)	(81)
Carrying amount at the end of the period	66	96

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

28 Other liabilities

	2016	2015
	\$'000	\$'000
Current		
Deferred assets	17	26
Forward foreign exchange contract payable	209	175
Total current other liabilities	226	201
Non-current		
Deferred assets	-	19
Forward foreign exchange contract payable	-	166
Total non-current other liabilities	-	185
Total other liabilities	226	386

29 Unrecognised contractual commitments

Operating lease commitments

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

	2016	2015
	\$'000	\$'000
Within one year	18	59
Later than one year but not longer than five years	4	28
Total operating lease commitments	22	87

The operating lease commitments comprise:

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

Expenditure commitments - other

The Board's other commitments are for contracts for works of art, exhibitions, investment settlements, security and cleaning.

	2016	2015
	\$'000	\$'000
Within one year	1 727	4 732
Later than one year but not longer than five years	144	1 160
Total other commitments	1 871	5 892

Contingent rental provisions within the security and cleaning contracts require the minimum contract payments to be increased by variable operating costs and wage rises. Options exist to renew the contracts for another 12 months.

30 Contingent assets and liabilities

Contingent Assets

The Board has been named as beneficiary in a number of testamentary bequests. By their nature it is not possible to accurately estimate the amount and timing of these bequests. Amounts paid to the Board as a result of these bequests will be recognised on receipt.

Contingent Liabilities

The Board is not aware of any contingent liabilities as at 30 June 2016.

31 Financial instruments / financial risk management

31.1 Financial risk management

Risk management is managed by the Board's Audit Committee and Board risk management policies are in accordance with the Risk Management Policy Statement issued by the Premier and Treasurer and the principles established in the Australian Standard Risk Management Principles and Guidelines.

The Board is exposed to financial risk - liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

The Board is funded principally from grants from Arts SA a division of the Department for State Development. The Board works with Arts SA and the Department of Treasury & Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

31.2 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 and financial liability are disclosed in note 2 Summary of significant accounting policies.

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2016

The carrying amounts of each of the following categories of financial assets and liabilities: Held-to –maturity investments; loans and receivables; and financial liabilities measured at cost and fair value are detailed below.

Category of financial asset and financial liability	Statement of Financial Position	Note	2016		2015	
			Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets						
Cash and cash equivalents	Cash	18	3 397	3 397	3 322	3 322
Loans and receivables	Receivables ⁽¹⁾⁽²⁾	19	369	369	467	467
Available for sale financial assets	Investments	23	4 186	4 728	3 788	4 649
Forward foreign exchange contract receivable	Other assets	24	207	207	332	332
Financial liabilities						
Financial liabilities (at cost)	Payables ⁽¹⁾	25	362	362	839	839
Deferred assets	Other liabilities	28	17	17	45	45
Forward foreign exchange contract payable	Other liabilities	28	209	209	341	341

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

(2) The receivables amount disclosed here, excludes prepayments. Prepayments are presented in note 19 as receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

32 Events after the reporting date

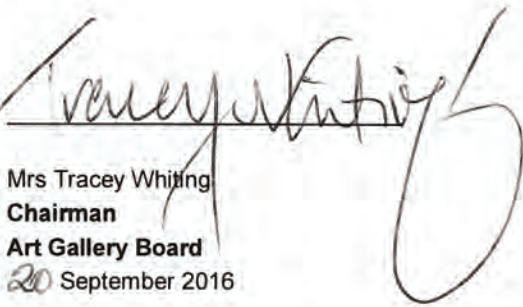
There has not arisen in the interval between the end of the financial year and the date of this report, any other item, transaction or event of a material and unusual nature likely, in the opinion of the members of the Board, to affect significantly the operations of the Board, the results of those operations, or the state of affairs of the Board in subsequent financial years.

Art Gallery Board
Certification of Financial Statements
for the year ended 30 June 2016

We certify that the attached general purpose financial statements for the Art Gallery Board:

- 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 Art Gallery Board; and
- present a true and fair view of the financial position of the Art Gallery Board as at 30 June 2016 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Art Gallery Board over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Mrs Tracey Whiting
Chairman
Art Gallery Board
20 September 2016



Mr Nick Mitzevich
Director
Art Gallery of South Australia
20 September 2016



Mr Mark Horton
Deputy Director
Art Gallery of South Australia
20 September 2016



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**To the Chairman
Art Gallery Board**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 20(3) of the *Art Gallery Act 1939*, I have audited the accompanying financial report of the Art Gallery Board for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chairman, Art Gallery Board, the Director, Art Gallery of South Australia and the Deputy Director, Art Gallery of South Australia.

The members of the Art Gallery Board's responsibility for the financial report

The members of the Art Gallery Board are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the members of the Art Gallery Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial report 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 comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

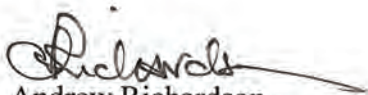
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 members of the Art Gallery Board, as well as evaluating the overall presentation of the financial report.

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

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on the Art Gallery Board's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Art Gallery Board as at 30 June 2016, 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.



Andrew Richardson

Auditor-General

22 September 2016

Attorney-General's Department

Financial report
for the year ended
30 June 2016

Attorney-General's Department
Statement of Comprehensive Income
for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Expenses			
Employee benefits	5	156 014	145 692
Supplies and services	6	68 469	68 335
Grants and subsidies	7	11 436	14 029
Depreciation and amortisation	8	5 559	3 350
Donated asset		-	36
Other	9	1 455	4 942
Net loss from disposal of non-current assets	11	30	56
Total expenses		242 963	236 440
Income			
Fees and charges	12	102 796	102 401
Recoveries	13	18 951	15 868
Commonwealth revenues		5 706	5 028
Grants and subsidies	14	1 984	4 225
Other	15	3 081	2 001
Resources received free of charge	16	-	700
Total income		132 518	130 223
Net cost of providing services		(110 445)	(106 217)
Revenues from / payments to SA Government			
Revenues from SA Government	17	112 540	106 055
Total net revenues from SA Government		112 540	106 055
Net result		2 095	(162)
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in property, plant and equipment asset revaluation surplus		-	4 983
Total other comprehensive income		-	4 983
Total comprehensive result		2 095	4 821

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

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

Attorney-General's Department
Statement of Financial Position
for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	18	31 734	30 594
Receivables	19	13 771	12 365
Lease incentives receivable		2 899	642
Total current assets		48 404	43 601
Non-current assets			
Property, plant and equipment	20	24 768	25 821
Intangible assets	21	9 564	7 629
Total non-current assets		34 332	33 450
Total assets		82 736	77 051
Current liabilities			
Payables	23	8 801	14 596
Employee benefits	24	15 965	13 312
Provisions	25	736	535
Lease incentives liability		1 154	749
Other current liabilities	26	231	72
Total current liabilities		26 887	29 264
Non-current liabilities			
Payables	23	3 150	2 721
Employee benefits	24	34 118	30 399
Provisions	25	1 159	1 793
Lease incentives liability		2 632	1 291
Total non-current liabilities		41 059	36 204
Total liabilities		67 946	65 468
Net assets		14 790	11 583
Equity			
Asset revaluation surplus		5 379	5 379
Retained earnings		9 411	6 204
Total equity		14 790	11 583

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	28
Contingent assets and liabilities	30

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

Attorney-General's Department
Statement of Changes in Equity
for the year ended 30 June 2016

	Note	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2014		396	(219)	177
Prior period adjustments to equity 2013-14		-	718	718
Restated balance at 30 June 2014		396	499	895
Net result for 2014-15		-	(162)	(162)
Gain on revaluation of leasehold improvements during 2014-15		4 983	-	4,983
Total comprehensive result for 2014-15		4 983	(162)	4 821
Transactions with SA Government as holder				
Net assets received from an administrative restructure	29	-	5 867	5,867
Balance at 30 June 2015		5 379	6 204	11 583
Net result for 2015-16		-	2 095	2 095
Error correction			1	1
Total comprehensive results for 2015-16		-	2 096	2 096
Transactions with SA Government as holder				
Net assets received from an administrative restructure	29	-	1 111	1 111
Balance at 30 June 2016		5 379	9 411	14 790

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

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

Attorney-General's Department
Statement of Cash Flows
for the year ended 30 June 2016

		2016	2015
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Employee benefits payments		(152 472)	(140 913)
Payments for supplies and services		(86 123)	(81 715)
Grants and subsidies		(13 687)	(14 662)
Parental leave scheme		(488)	(390)
Other payments		(1 447)	(1 044)
Cash provided by (used in) operations		(254 217)	(238 724)
Cash inflows			
Fees and charges		108 296	98 252
Recoveries		20 308	17 455
GST recovered from the ATO and customers		5 624	4 703
Receipts from Commonwealth		6 114	5 028
Grants and subsidies received		2 126	16 694
Receipts for paid parental leave scheme		484	391
Other receipts		3 302	2 201
Cash generated from operations		146 254	144 724
Cash flows from SA government			
Receipts from SA government		112 540	106 055
Cash generated from SA government		112 540	106 055
Net cash provided by operating activities	27	4 577	12 055
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(1 025)	(3 634)
Purchase of intangible assets		(2 412)	(3 699)
Cash used in investing activities		(3 437)	(7 333)
Net cash used in investing activities		(3 437)	(7 333)
Cash flows from financing activities			
Cash received from restructuring activities		-	36
Cash generated from financing activities		-	36
Net cash used in financing activities		-	36
Net increase/(decrease) in cash and cash equivalents		1 140	4 758
Cash and cash equivalents at the beginning of the period		30 594	25 836
Cash and cash equivalents at 30 June	18	31 734	30 594

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

Attorney-General's Department
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2016

	Legal and Justice Services		Legislation & Policy, Planning		Registration Services		Advocacy and Guardianship Services	
	Activity 1		Activity 2		Activity 3		Activity 4	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses								
Employee benefits expenses	(83 411)	(77 472)	(4 952)	(4 935)	(9 338)	(24 434)	(2 840)	(4 549)
Supplies and services	(32 216)	(32 054)	(1 715)	(842)	(4 379)	(6 987)	(615)	(1 109)
Grants and subsidies	(1 106)	(1 111)	(7 807)	(8 791)	(143)	(98)	-	-
Depreciation and amortisation	(2 915)	(1 678)	(7)	(13)	(61)	(30)	(47)	(65)
Donated asset	-	(36)	-	-	-	-	-	-
Net loss from the disposal of non current assets	(9)	(49)	-	-	-	-	-	-
Other expenses	(1 406)	(705)	-	-	(31)	(23)	-	-
Total expenses	(121 063)	(113 105)	(14 481)	(14 581)	(13 952)	(31 572)	(3 502)	(5 723)
Income								
Revenues from fees and charges	43 239	41 873	-	-	669	922	-	-
Recoveries	8 672	8 178	598	525	12	31	8	12
Commonwealth revenues	11	1	5 484	4 744	-	-	-	-
Grants and subsidies	431	404	97	25	29	25	44	20
Resource received free of charge	-	-	-	-	-	-	-	-
Other income	-	521	-	-	2 289	1 379	-	-
Total income	52 353	50 977	6 179	5 294	2 999	2 357	52	32
Net cost of providing services	(68 710)	(62 128)	(8 302)	(9 287)	(10 953)	(29 215)	(3 450)	(5 691)
Revenues from SA Government	-	-	-	-	-	-	-	-
Net result	(68 710)	(62 128)	(8 302)	(9 287)	(10 953)	(29 215)	(3 450)	(5 691)

Attorney-General's Department
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2016

	Equal Opportunity		Police Ombudsman		Ombudsman Services		Industrial Relations	
	Activity 5		Activity 6		Activity 7		Activity 8	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses								
Employee benefits expenses	(1 052)	(921)	(1 327)	(1 374)	(2 598)	(1 928)	(27 944)	(22 146)
Supplies and services	(423)	(380)	(284)	(191)	(535)	(483)	(15 032)	(17 481)
Grants and subsidies	(10)	(5)	-	-	(5)	-	(2 227)	(3 841)
Depreciation and amortisation	(29)	(9)	(72)	(29)	(79)	(23)	(876)	(1 026)
Donated asset	-	-	-	-	-	-	-	-
Net loss from the disposal of non current assets	-	-	-	-	-	-	(21)	(7)
Other expenses	(4)	-	-	-	-	-	(14)	(4 214)
Total expenses	(1 518)	(1 315)	(1 683)	(1 594)	(3 217)	(2 434)	(46 114)	(48 715)
Income								
Revenues from fees and charges	52	65	-	-	-	-	24 163	22 579
Recoveries	111	11	1	1	15	8	8 862	6 329
Commonwealth revenue	5	5	-	-	-	-	206	278
Grants and subsidies	9	86	7	6	697	8	530	3 518
Resource received free of charge	-	-	-	-	-	-	-	700
Other income	-	35	-	-	3	-	607	45
Total income	177	202	8	7	715	16	34 368	33 449
Net cost of providing services	(1 341)	(1 113)	(1 675)	(1 587)	(2 502)	(2 418)	(11 746)	(15 266)
Revenues from SA Government	-	-	-	-	-	-	-	-
Net result	(1 341)	(1 113)	(1 675)	(1 587)	(2 502)	(2 418)	(11 746)	(15 266)

Attorney-General's Department
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2016

	Fines Enforcement and Recovery		State Records		Consumer and Business Services		Unallocated	
	Activity 9		Activity 10		Activity 11		Activity 12	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses								
Employee benefits expenses	(8 206)	(7 248)	(3 639)	-	(10 707)	(685)	-	-
Supplies and services	(5 992)	(7 800)	(3 338)	-	(3 940)	(1 008)	-	-
Grants and subsidies	-	-	-	-	(138)	(183)	-	-
Depreciation and amortisation	(379)	(232)	(626)	-	(468)	(245)	-	-
Donated asset	-	-	-	-	-	-	-	-
Net loss from the disposal of non current assets	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-
Total expenses	(14 577)	(15 280)	(7 603)	-	(15 253)	(2 121)	-	-
Income								
Revenues from fees and charges	-	-	189	-	34 484	36 962	-	-
Recoveries	8	85	33	-	631	688	-	-
Commonwealth revenue	-	-	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	140	133	-	-
Resource received free of charge	-	-	-	-	-	-	-	-
Other income	7	21	175	-	-	-	-	-
Total income	15	106	397	-	35 255	37 783	-	-
Net cost of providing services	(14 562)	(15 174)	(7 206)	-	20 002	35 662	-	-
Revenues from SA Government	-	-	-	-	-	-	112 540	106 055
Net result	(14 562)	(15 174)	(7 206)	-	20 002	35 662	112 540	106 055

Attorney-General's Department
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2016

	Total	
	2016	2015
	\$'000	\$'000
Expenses		
Employee benefits expenses	(156 014)	(145 692)
Supplies and services	(68 469)	(68 335)
Grants and subsidies	(11 436)	(14 029)
Depreciation and amortisation	(5 559)	(3 350)
Donated asset	-	(36)
Net loss from the disposal of non current assets	(30)	(56)
Other expenses	(1 455)	(4 942)
Total expenses	(242 963)	(236 440)
Income		
Revenues from fees and charges	102 796	102 401
Recoveries	18 951	15 868
Commonwealth revenue	5 706	5 028
Grants and subsidies	1 984	4 225
Resource received free of charge	-	700
Other income	3 081	2 001
Total income	132 518	130 223
Net cost of providing services	(110 445)	(106 217)
Revenues from SA Government	112 540	106 055
Net result	2 095	(162)

Attorney-General's Department
Disaggregated Disclosures – Assets and Liabilities
for the year ended 30 June 2016

	Legal and Justice Services		Legislation & Policy, Planning		Registration Services		Advocacy and Guardianship Services	
	Activity 1		Activity 2		Activity 3		Activity 4	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Assets								
Current								
Cash and cash equivalents	173	173	-	-	-	-	-	-
Receivables	8 113	7 730	216	35	889	858	28	5
Lease incentive receivable	706	385	2	2	7	47	21	-
Non current								
Property, plant and equipment	6 069	7 634	14	18	61	112	183	673
Intangible assets	2 770	3 287	-	-	-	-	-	-
Lease incentive receivable	-	-	-	-	-	-	-	-
Total assets	17 831	19 209	232	55	957	1 017	232	678
Liabilities								
Current								
Payables	(4 399)	(7 666)	(399)	(154)	(182)	(611)	(52)	(85)
Employee benefits	(8 581)	(7 148)	(553)	(425)	(568)	(561)	(244)	(216)
Provisions	-	(281)	-	(17)	-	(22)	-	(8)
Lease incentives liability	(282)	(222)	(1)	(1)	(3)	(3)	(9)	(20)
Other current liabilities	(52)	-	-	-	-	-	-	-
Non current								
Payables	(1 752)	(1 504)	(115)	(86)	(92)	(201)	(40)	(34)
Employee benefits	(18 926)	(16 808)	(1 284)	(958)	(1 008)	(2 246)	(436)	(383)
Provisions	-	(975)	-	(56)	-	(130)	-	(22)
Lease incentives liability	(645)	(382)	(2)	(1)	(6)	(6)	(19)	(34)
Total liabilities	(34 637)	(34 986)	(2 354)	(1 698)	(1 859)	(3 780)	(800)	(802)
Net assets	(16 806)	(15 777)	(2 122)	(1 643)	(902)	(2 763)	(568)	(124)

Attorney-General's Department
Disaggregated Disclosures – Assets and Liabilities
for the year ended 30 June 2016

	Equal Opportunity		Police Ombudsman		Ombudsman Services		Industrial Relations	
	Activity 5		Activity 6		Activity 7		Activity 8	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Assets								
Current								
Cash and cash equivalents	-	-	-	-	-	-	46	46
Receivables	88	14	-	-	232	-	3 847	3 434
Lease incentive receivable	21	1	57	-	59	-	1 651	191
Non current								
Property, plant and equipment	181	83	488	515	500	534	14 103	15 030
Intangible assets	-	-	-	-	-	-	129	-
Lease incentive receivable	-	-	-	-	-	-	-	-
Total assets	290	98	545	515	791	534	19 776	18 701
Liabilities								
Current								
Payables	(36)	(29)	(41)	(36)	(50)	(49)	(1 851)	(2 808)
Employee benefits	(87)	(64)	(171)	(155)	(249)	(211)	(2 768)	(2 552)
Provisions	-	(3)	-	(6)	-	(8)	(632)	(111)
Lease incentives liability	(8)	(2)	(23)	(15)	(23)	(15)	(657)	(436)
Other current liabilities	-	-	-	-	-	-	-	(20)
Non current								
Payables	(11)	(14)	(38)	(34)	(52)	(34)	(530)	(418)
Employee benefits	(123)	(158)	(411)	(376)	(570)	(381)	(5 720)	(4 676)
Provisions	-	(9)	-	(22)	-	(22)	(1 024)	(301)
Lease incentives liability	(19)	(4)	(52)	(26)	(53)	(27)	(1 498)	(751)
Total liabilities	(284)	(283)	(736)	(670)	(997)	(747)	(14 680)	(12 073)
Net assets	6	(185)	(191)	(155)	(206)	(213)	5 096	6 628

Attorney-General's Department
Disaggregated Disclosures – Assets and Liabilities
for the year ended 30 June 2016

	Fines Enforcement and Recovery		State Records		Consumer and Business Services		Unallocated	
	Activity 9		Activity 10		Activity 11		Activity 12	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Assets								
Current								
Cash and cash equivalents	-	-	-	-	-	-	31 515	30 375
Receivables	216	146	90	-	52	143	-	-
Lease incentive receivable	129	8	231	-	15	8	-	-
Non current								
Property, plant and equipment	1 100	1 085	1 973	-	96	137	-	-
Intangible assets	2 410	362	54	-	4 201	3 980	-	-
Lease incentive receivable	-	-	-	-	-	-	-	-
Total assets	3 855	1 601	2 348	-	4 364	4 268	31 515	30 375
Liabilities								
Current								
Payables	(845)	(2 337)	(321)	-	(625)	(821)	-	-
Employee benefits	(756)	(600)	(430)	-	(1 558)	(1 380)	-	-
Provisions	-	(24)	(104)	-	-	(55)	-	-
Lease incentives liability	(51)	(31)	(92)	-	(5)	(4)	-	-
Other current liabilities	(60)	(52)	(94)	-	(25)	-	-	-
Non current								
Payables	(107)	(87)	(77)	-	(336)	(309)	-	-
Employee benefits	(1 166)	(969)	(840)	-	(3 634)	(3 444)	-	-
Provisions	-	(56)	(135)	-	-	(200)	-	-
Lease incentives liability	(117)	(54)	(211)	-	(10)	(6)	-	-
Total liabilities	(3 102)	(4 210)	(2 304)	-	(6 193)	(6 219)	-	-
Net result	753	(2 609)	44	-	(1 829)	(1 951)	31 515	30 375

Attorney-General's Department
Disaggregated Disclosures – Assets and Liabilities
for the year ended 30 June 2016

	Total	
	2016 \$'000	2015 \$'000
Assets		
Current		
Cash and cash equivalents	31 734	30 594
Receivables	13 771	12 365
Lease incentive receivable	2 899	642
Non current		
Property, plant and equipment	24 768	25 821
Intangible assets	9 564	7 629
Lease incentive receivable	-	-
Total assets	82 736	77 051
Liabilities		
Current		
Payables	(8 801)	(14 596)
Employee benefits	(15 965)	(13 312)
Provisions	(736)	(535)
Lease incentives liability	(1 154)	(749)
Other current liabilities	(231)	(72)
Non current		
Payables	(3 150)	(2 721)
Employee benefits	(34 118)	(30 399)
Provisions	(1 159)	(1 793)
Lease incentives liability	(2 632)	(1 291)
Total liabilities	(67 946)	(65 468)
Net result	14 790	11 583

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2016

Note 1:	Objectives of the Attorney-General's Department (AGD)
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Note 28:	Unrecognised Contractual Commitments
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Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2016

Note 1: Objectives of the Attorney-General's Department (AGD)

The objective of the Attorney-General's Department is to help create an inclusive, safe and fair South Australia. The department promotes justice through protecting rights and holding people to account according to the law, improving safety and contributing to an efficient and fair justice system.

Note 2: Summary of Significant Accounting Policies

a) Statement of Compliance

The Attorney-General's Department has prepared these financial statements in compliance with section 23 of the *Public Finance and Audit Act 1987*.

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

The department has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the department is a not-for-profit entity.

Except for AASB 2015-7 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 2016. Refer to Note 3.

b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the department's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies that 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. A threshold of \$100,000 for separate identification of these items applies
 - b) expenses incurred as a result of engaging consultants;
 - c) employee targeted voluntary separation package information;
 - d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; 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 Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

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

Attorney-General's Department
Notes to and forming part of the financial statements
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The financial statements have been prepared based on a twelve month operating cycle and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented.

c) 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 department produces both Controlled and Administered financial statements. The Controlled financial statements include income, expenses, assets and liabilities, controlled or incurred by the department in its own right. The Administered financial statements include income, expenses, assets and liabilities which the department administers on behalf of the SA Government but does not control. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for controlled items.

For the purposes of accrual accounting and external financial reporting, the Ombudsman, Police Ombudsman, South Australian Civil and Administrative Tribunal and Office for the Public Advocate are included in the controlled reporting entity of the department.

Administered items of the department include:

- Liquor Subsidies
- Taxation Receipts
- Agents Indemnity Fund
- Second Hand Vehicles Compensation Fund
- Residential Tenancies Fund
- Victims of Crime Fund
- Crown Solicitor's Trust Account
- SA Computer Aided Dispatch
- SA Government Radio Network
- Legal Services Commission Grants
- State Rescue Helicopter Service
- Child Abuse Protection Program
- Expensive State Criminal Cases
- Fines Enforcement and Recovery Unit (revenue)
- Industrial Relations Court and Commission & Workers Compensation
- Independent Commissioner Against Corruption & Office for Public Integrity
- Professional Standards Council
- Native Title
- Special Acts - Payment of Ministerial Salary and Allowances
- Special Acts - Payment of Statutory Officer Salaries
- War Graves
- Nuclear Fuel Cycle Royal Commission
- Child Protection Systems Royal Commission
- Institutional Responses to Child Sexual Abuse Royal Commission

Note that certain Administered items also have an obligation to produce, and have audited, separate financial statements.

d) Transferred functions

2015-16

As a result of administrative arrangements outlined in the South Australian Government Gazette on 21 May 2015, from 1 July 2015 the department took on responsibility for the State Records of South Australia, from the Department of Premier and Cabinet.

2014-15

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2013, from 1 July 2014 the department took on responsibility for SafeWork SA from the Department for Premier and Cabinet.

e) Budgeted amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Papers, Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. The budget process is not subject to audit.

f) Comparative Information

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

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

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

g) Rounding

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

h) Taxation

The department is not subject to income tax. The department is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, and local government rate equivalents.

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

- When the GST incurred on a purchase of goods or services is not recoverable from the 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 payables, which 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.

i) Events after the reporting period

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

Attorney-General's Department
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and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

j) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to the 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 the clients or by reference to the stage of completion.

Contribution (grants)

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

Contributions can be either for general assistance or a particular purpose and will usually be subject to terms and conditions set out in a contract, correspondence, or by legislation governing the contribution.

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

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

All contributions received by the department have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

Revenues from SA Government

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

Net gain on non-current assets

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

Other Income

Other income consists of refunds and other recoveries.

k) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Fund 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 benefits expenses

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

Superannuation

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

Gain or loss on sale of investments

A gain or loss on an available-for-sale financial asset shall be recognised in other comprehensive income until the financial asset is derecognised. At that time, the cumulative gain or loss previously recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment.

Depreciation and Amortisation

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

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

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

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

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

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

Class of assets	Depreciation Method	Useful Life
Buildings and Other Structures	Straight line	5-80
Leasehold Improvements	Straight line	Life of lease
Plant and equipment	Straight line	1-16
Intangible Assets	Straight line	1-10
Information Technology	Straight line	3-12
Mobile Transport Assets	Straight line	2-16
Radio Network Assets	Straight line	5-40

Grants and Subsidies

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

All contributions paid by the department have been contributions with unconditional stipulations.

Contributions can be either for general assistance or a particular purpose and will usually be subject to terms and conditions set out in a contract, correspondence, or by legislation governing the contribution.

Payments to SA Government

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy, taxation revenue and fines and related fees paid directly to the Consolidated Account.

l) Current and Non-Current Classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 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.

m) Assets

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

Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Receivables

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

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

Other debtors arise outside the normal course of providing goods and services to other agencies and to the public.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the department will not be able to collect the debt. These are generally receivables that are 90 days or more overdue. Bad debts are written off when identified.

Other financial assets

Investments represent funds deposited with the Public Trustee. These investments have been designated as available for sale financial assets as they are held with the intention to dispose of the asset if required to ensure sufficient cash flow to meet bond repayments or claims on Administered funds. Investments are made by way of notional unit holdings in a selection of common funds managed by Public Trustee. The proportion of unit holdings is dependent upon the investment strategy adopted.

Investments are measured at fair value in accordance with unit prices at balance date as advised by the applicable fund manager.

Investments are classified as either current or non-current. Those to be rolled over within 12 months are classified as current investments.

Revaluation increments and decrements are recognised in the Investment market value reserve except where, and to the extent, the decrement exceeds the balance of the reserve which is recognised as expenses or the increment reverses previous decrements which are recognised as revenue.

Non-Current Asset Acquisition and Recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation. Where assets are acquired at no value or minimal value they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal cost as part of a restructuring of administrative arrangements then the assets are recognised at book value i.e. the amount recorded by the transferor Public Authority immediately prior to restructure.

The department capitalises all non-current physical assets with a value of \$10,000 or greater. Items with an acquisition cost less than \$10,000 are expensed in the year of acquisition.

Revaluation of Non-Current Assets

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

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

Any revaluation increment is credited to the 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

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debited directly to the asset revaluation surplus to the extent of the credit balance existing in revaluations reserve for that asset class.

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

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

Impairment

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

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

Intangible assets

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

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

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

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

Subsequent expenditure on intangible assets has not been capitalised. This is because the department has been unable to attribute this expenditure to the intangible asset rather than to the department as a whole.

Fair Value measurement

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The department classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

- Level 1 – traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 – not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 – not traded in an active market and are derived from unobservable inputs.

Non-financial assets

In determining fair value, the department has taken into account the characteristic of the asset (eg condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

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The department's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the department did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a 'fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years' are deemed to approximate fair value.

Refer to Note 22: and Note 32: for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

n) Liabilities

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

Payables

Payables include creditors, accrued expenses, employment on-costs and paid parental leave scheme payable.

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

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

The paid parental leave scheme payable represents amounts which the department has received from the Commonwealth Government to forward onto eligible employees via the department's standard payroll processes. That is, the department is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

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

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

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

Leases

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

The department has a number of operating leases and payments are expensed on a basis which is representative of the pattern of benefits derived from the leased asset.

Lease Incentives

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

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

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

Employee Benefits

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

Wages, salaries, annual leave, sick leave and skills and experience retention leave

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

The annual leave liability and the skills and experience retention leave liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid. When annual leave and the skills and experience retention leave liability are payable later than 12 months, the liability is measured at present value.

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

Long service leave

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

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

The current portion of long service leave reflects the department's past experience of long service leave.

Provisions

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

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

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

A liability has been reported to reflect workers compensation claims. The workers compensation liability, which was based on an actuarial assessment, was provided by the Office for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. The workers compensation provision is based on an actuarial assessment prepared by Taylor Fry Consulting Actuaries.

The department is responsible for the payment of workers compensation claims.

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o) Unrecognised contractual commitments and contingent assets and liabilities

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

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

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

Note 3: New and revised accounting standards and policies

The department did not voluntarily change any of its accounting policies during 2015-16.

Except for AASB 2015-7 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 period ending 30 June 2016. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact apart from that described below on the accounting policies or the financial statements of the department.

AASB 16 Leases will apply for the first time in the 30 June 2020 financial report. This standard will require all leased items to be recognised in the statement of financial position as assets representing the value of that which is leased, and liabilities representing expected future lease payments. Depending on the lease arrangements entered into by the department at the time, significant assets and liabilities could be recognised and amortised over the lease terms.

Note 4: Activities of the department

Information about the department's activities are set out in the disaggregated disclosures schedule. An activity is a grouping of related sub activities that contribute to the achievement of agency and government objectives.

Activities from 2015-16

Activity 1: Legal and Justice Services

This activity is responsible for the provision of legal services by the Crown Solicitor's Office, Office for the Director of Public Prosecutions, Solicitor-General as well as services provided by Forensic Science SA for coronial and police investigations. This activity also includes the Parliamentary Counsel and Justice Technology Services who provide a range of information technology services to justice related agencies.

The activity also includes the operations of the South Australian Civil and Administrative Tribunal which commenced operation on 30 March 2015.

Activity 2: Legislation and Policy Services

This activity is responsible for providing specialist legal policy advice and developing and reviewing legislative proposals. It also undertakes research and policy development, and provides statistical and evaluation services related to criminal, civil and social justice matters.

Activity 3: Registration Services

This activity is responsible for registering and maintaining the particulars relating to births, deaths and marriages, Justices of the Peace, incorporated associations and security and investigation agents. The registration of these particulars ensures transparency in business dealings.

Activity 4: Advocacy and Guardianship Services

This activity is responsible for:

- providing information and advice about the operation of the state mental health, guardianship and administration and advance care directives legislation and related issues;
- ensuring persons with a mental incapacity have their rights to autonomy and least restrictive intervention respected;
- determining matters regarding involuntary treatment for mental health issues as well as guardianship and administration matters for people who have a mental incapacity; and
- acting as a guardian of last resort.

Activity 5: Equal Opportunity

This activity is responsible for promoting equality of opportunity for all South Australians through the administration of anti-discrimination legislation. This is achieved through:

- promoting equal opportunity principles to all South Australians;
- examining and responding to complaints of discrimination;
- providing information, education and training to encourage compliance with the legislation.

Activity 6: Police Ombudsman

Included in this activity is the requirement to maintain public confidence in, and proper accountability of the SA Police Department. These objectives are pursued through the provision of investigation oversight and where misconduct is found, recommendations of disciplinary measures are made.

Activity 7: Ombudsman Services

The objective of this activity is to ensure that the public receives fair treatment from government bodies and that public administration is reasonable and just. This is pursued through the provision of investigation and resolution services including the review of freedom of information determinations.

Activity 8: Industrial Relations

The objective of this activity is to provide services to ensure the rights and obligations of employees are protected and the relevant law applied to prevent and resolve workplace disputes.

Activity 9: Fines Enforcement and Recovery

The Fines Enforcement and Recovery Unit delivers an effective fines collection function for the state. The Unit is under the direction of the Fines Enforcement and Recovery Officer who has the necessary powers to operate an efficient and contemporary debt collection and enforcement function.

Activity 10: State Records

State Records provides statutory services for the management of, and access to, the state's archival collection of state and local government records and provision of advice on records and information management, legislation, policy and practices.

Activity 11: Consumer and Business Services

Consumer and Business Services is responsible for the promotion and protection of consumer's interests in South Australia.

Consumer and Business Services carries out a diversified role such as licensing, dispute resolution, revenue collection, and compliance with various legislative requirements. It includes services to consumers, businesses, licensed traders, and parties to residential tenancy agreements. Consumer and Business

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Services is also responsible for the regulation of liquor licensing, gambling (including the casino) and wagering.

Consumer and Business Services leads policy development and provides educational and awareness campaigns to ensure an informed community that is able to conduct its business fairly, efficiently, competitively and safely.

Activity 12: General/not attributable

Certain items of the Department are not allocated to activities.

Activities from 2014-15

Activity 1: Legal and Justice Services

This activity is responsible for the provision of legal services by the Crown Solicitor's Office, Office for the Director of Public Prosecutions, Solicitor-General as well as services provided by Forensic Science SA for coronial and police investigations. This activity also includes the Parliamentary Counsel and Justice Technology Services who provide a range of information technology services to justice related agencies.

The activity also includes the operations of the South Australian Civil and Administrative Tribunal which commenced operation on 30 March 2015.

Activity 2: Legislation and Policy Services

This activity is responsible for providing specialist legal policy advice and developing and reviewing legislative proposals. It also undertakes research and policy development, and provides statistical and evaluation services related to criminal, civil and social justice matters.

Activity 3: Registration Services

This activity is responsible for registering and maintaining the particulars relating to births, deaths and marriages, Justices of the Peace, incorporated associations and security and investigation agents. The registration of these particulars ensures transparency in business dealings.

Activity 4: Advocacy and Guardianship Services

This activity is responsible for:

- providing information and advice about the operation of the state mental health, guardianship and administration and advance care directives legislation and related issues;
- ensuring persons with a mental incapacity have their rights to autonomy and least restrictive intervention respected;
- determining matters regarding involuntary treatment for mental health issues as well as guardianship and administration matters for people who have a mental incapacity; and
- acting as a guardian of last resort.

Activity 5: Equal Opportunity

This activity is responsible for promoting equality of opportunity for all South Australians through the administration of anti-discrimination legislation. This is achieved through:

- promoting equal opportunity principles to all South Australians;
- examining and responding to complaints of discrimination;
- providing information, education and training to encourage compliance with the legislation.

Activity 6: Police Ombudsman

Included in this activity is the requirement to maintain public confidence in, and proper accountability of the SA Police Department. These objectives are pursued through the provision of investigation oversight and where misconduct is found, recommendations of disciplinary measures are made.

Activity 7: Ombudsman Services

The objective of this activity is to ensure that the public receives fair treatment from government bodies and that public administration is reasonable and just. This is pursued through the provision of investigation and resolution services including the review of freedom of information determinations.

Activity 8: Industrial Relations

The objective of this activity is to provide services to ensure the rights and obligations of employees are protected and the relevant law applied to prevent and resolve workplace disputes.

Activity 9: Fines Enforcement and Recovery

The Fines Enforcement and Recovery Unit delivers an effective fines collection function for the state. The Unit is under the direction of the Fines Enforcement and Recovery Officer who has the necessary powers to operate an efficient and contemporary debt collection and enforcement function.

Activity 10: Consumer and Business Services

Consumer and Business Services is responsible for the promotion and protection of consumer's interests in South Australia.

Consumer and Business Services carries out a diversified role such as licensing, dispute resolution, revenue collection, and compliance with various legislative requirements. It includes services to consumers, businesses, licensed traders, and parties to residential tenancy agreements. Consumer and Business Services is also responsible for the regulation of liquor licensing, gambling (including the casino) and wagering.

Consumer and Business Services leads policy development and provides educational and awareness campaigns to ensure an informed community that is able to conduct its business fairly, efficiently, competitively and safely.

Activity 11: General/not attributable

Certain items of the Department are not allocated to activities.

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2016

Note 5: Employee benefits expenses

	2016	2015
	\$'000	\$'000
Salaries and wages	113 543	106 941
Employment on-costs - superannuation	13 638	12 832
Annual leave	10 858	9 570
Employment on-costs - payroll tax	7 334	6 818
Long service leave	7 279	6 138
Board fees	1 220	1 575
TVSPs (refer below)	1 032	86
Skills and experience retention leave	732	661
Workers Compensation	113	971
Other employee related expenses	265	100
Total employee benefits expenses	156 014	145 692

	2016	2015
	\$'000	\$'000
Targeted voluntary separation packages (TVSPs)		
Amounts paid during the reporting period to separated employees:		
TVSPs	1 032	86
Annual leave, LSL and SERL paid to those employees	792	6
Net cost to the department	1 824	92

The number of employees who received TVSPs during the reporting period was 14 (1).

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2016

Note 5: Employee benefits expenses (continued)

Remuneration of officers

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

	2016 Number	2015 Number
\$141 500 to \$145 000*	n/a	8
\$145 001 to \$155 000 **	47	47
\$155 001 to \$165 000 **	18	8
\$165 001 to \$175 000	10	13
\$175 001 to \$185 000 **	10	4
\$185 001 to \$195 000	-	4
\$195 001 to \$205 000 **	9	8
\$205 001 to \$215 000 **	8	14
\$215 001 to \$225 000	8	5
\$225 001 to \$235 000	1	4
\$235 001 to \$245 000	5	3
\$245 001 to \$255 000 **	3	5
\$255 001 to \$265 000	3	3
\$265 001 to \$275 000	-	8
\$275 001 to \$285 000 **	8	4
\$285 001 to \$295 000	4	1
\$295 001 to \$305 000	-	4
\$305 001 to \$315 000	3	3
\$315 001 to \$325 000 **	5	2
\$325 001 to \$335 000	3	1
\$355 001 to \$365 000	-	2
\$365 001 to \$375 000	1	2
\$395 001 to \$405 000	1	-
\$415 001 to \$425 000	2	-
\$445 001 to \$455 000	-	2
\$455 001 to \$465 000	3	-
\$495 001 to \$505 000	-	1
\$505 001 to \$515 000	1	-
\$515 001 to \$525 000	-	1
\$535 001 to \$545 000	-	2
\$545 001 to \$555 000	1	-
\$555 001 to \$565 000	1	1
\$565 001 to \$575 000	2	-
Total number of officers	157	160

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2014-15.

** Includes payment of long service leave, annual leave, termination benefits for officers who have left the Department.

The table includes all officers who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of officers reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. Total remuneration received or due and receivable by these officers was \$34.3 million (2015 - \$34 million).

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2016

Note 5: Employee benefits expenses (continued)

Remuneration of officers by category

Legal	105	110
Executive	21	20
Other	31	30
Total number of officers	157	160

Note 6: Supplies and services

	2016	2015
	\$'000	\$'000
Accommodation	22 596	20 781
Information and communications technology	17 501	17 038
Office expenses	2 751	2 730
Outsourced services	2 673	4 041
Contract staff	2 198	2 896
Telephone related expenses	1 922	1 801
Staff payments	1 887	2 105
Shared Services SA charges	1 845	2 043
Legal fees	1 638	2 051
Motor vehicle expenses	1 489	1 639
Consultancies	1 588	795
Laboratory supplies	1 370	1 309
Repairs, maintenance and minor purchases	1 187	1 011
Promotions and publications	1 059	1 160
Tax payments	844	855
Storage and archive costs	281	818
Insurance	277	277
Minor works	128	53
Other	5 235	4 932
Total supplies and services	68 469	68 335

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

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

	2016	2016	2015	2015
	Number	\$'000	Number	\$'000
Below \$10 000	32	113	22	108
Between \$10 000 and \$50 000	18	412	15	364
Above \$50 000	9	1 065	4	323
Total paid/payable to consultants engaged	59	1 590	41	795

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2016

Note 7: Grants and subsidies

	2016	2015
	\$'000	\$'000
Community Legal Centres	5 327	5 642
SafeWork SA	2 206	3 808
Crime Prevention & Safe City Program	1 488	2 297
Native Title	880	875
Other	1 535	1 407
Total grants and subsidies	11 436	14 029

Note 8: Depreciation and amortisation

	2016	2015
	\$'000	\$'000
Depreciation		
Leasehold improvements	3 512	1 622
Plant and equipment	711	863
Information technology	173	220
Buildings and other structures	151	177
Total depreciation	4 547	2 882
Amortisation		
Intangible assets	1 012	468
Total amortisation	1 012	468
Total depreciation and amortisation	5 559	3 350

Note 9: Other expenses

	2016	2015
	\$'000	\$'000
Loss on revaluation	-	3 961
Witness expenses	633	664
Other	822	317
Total other expenses	1 455	4 942

The loss on revaluation of \$3.961 million relates to Land and Buildings in 2014-15 revaluation of a SafeWork SA facility which adjusts the value previously brought to account.

Note 10: Auditor's Remuneration

	2016	2015
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of financial statements	337	317
Total auditor's remuneration	337	317

Other services

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

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2016

Note 11: Net Loss from the disposal of non-current assets

	2016	2015
	\$'000	\$'000
Plant and equipment		
Proceeds from disposal	-	-
Less net book value of assets disposed	30	56
Net (loss)/gain from disposal of plant and equipment	30	56
Total net (loss)/gain from disposal of non-current assets	30	56

Note 12: Revenues from fees and charges

	2016	2015
	\$'000	\$'000
Licence and regulatory fees	55 684	53 936
Legal services	22 250	23 611
Network services	11 852	11 558
Recovery of expenditure	7 160	7 395
Forensic services	5 502	5 425
Other	348	476
Total revenues from fees and charges	102 796	102 401

Note 13: Recoveries

	2016	2015
	\$'000	\$'000
Recovery of expenditure for:		
Industrial Relations Court and Commission	8 160	5 267
Crown Solicitor's Office	6 400	7 029
Business Operations	368	183
Consumer and Business Services	290	678
Other	3 733	2 711
Total recoveries	18 951	15 868

Note 14: Grants and subsidies

	2016	2015
	\$'000	\$'000
Grants and subsidies received:		
Ombudsman SA	612	410
Medical Panels SA	466	2 579
Crown Solicitor's Office	135	135
Other	771	1 101
Total grants and subsidies received	1 984	4 225

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2016

Note 15: Other income

	2016	2015
	\$'000	\$'000
Other	3 081	2 001
Total other income	3 081	2 001

Note 16: Resources received free of charge

	2016	2015
	\$'000	\$'000
Services received free of charge	-	700
Total Resources received free of charge	-	700

During 2014-15, ReturnToWorkSA provided in-kind services to SafeWork SA in relation to work, health and safety preventative activities valued at \$700,000.

Note 17: Revenues from / payments to SA Government

	2016	2015
	\$'000	\$'000
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the Appropriation Act	112 540	106 055
Total revenues from SA Government	112 540	106 055

Total revenues from Government consists of \$112.5 million (\$106.1 million) for operational and capital funding. For details on the expenditure associated with the operational funding received refer to Note 5 to 10.

There were no material variations between the amount appropriated and the expenditure associated with this appropriation. Additional amounts were received during the year from the Treasurer's Contingency Fund.

Note 18: Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Deposits with the Treasurer	31 642	30 502
Cash on hand (including petty cash)	92	92
Total cash and cash equivalents	31 734	30 594

Deposits with the Treasurer

Includes funds held in the Accrual Appropriation Excess Funds Account of \$18.2 million (2015 - \$15.5 million). The balances of these funds are not available for general use ie funds can only be used in accordance with the Treasurer's/Under Treasurer's approval.

Interest rate risk

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

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2016

Note 19: Receivables

	2016	2015
	\$'000	\$'000
Receivables	12 402	10 328
Less allowance for doubtful debts	(535)	(53)
	11 867	10 275
GST receivable	691	1 336
Prepayments	1 213	754
Total current receivables	13 771	12 365

Movement in the allowance for doubtful debts

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

An allowance for impairment loss has been recognised in 'other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2016	2015
	\$'000	\$'000
Movements in the allowance for doubtful debts (impairment loss)		
Carrying amount at the start of the period	53	53
(Decrease)/Increase in the allowance	482	-
Carrying amount at the end of the period	535	53

Interest rate and credit risk

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

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

- Maturity analysis of payables - Refer to table in Note 32: Financial Instruments/Financial Risk Management
- Categorisation of financial instruments and risk exposure information - Refer to Note 32: Financial Instruments/Financial Risk Management

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2016

Note 20: Property, plant and equipment

	2016	2015
	\$'000	\$'000
Land and buildings		
Land at fair value	590	590
Buildings	5 503	5 481
Accumulated depreciation	(151)	(1)
Total land and buildings	5 942	6 070
Leasehold improvements		
Leasehold improvements at fair value	27 880	18 452
Accumulated amortisation	(12 276)	(1 954)
Total leasehold improvements	15 604	16 498
Plant and equipment		
Plant and equipment at fair value	13 965	11 867
Accumulated depreciation	(11 599)	(9 727)
Total plant and equipment	2 366	2 140
Information technology		
Information technology at fair value	7 085	6 964
Accumulated depreciation	(6 752)	(6 579)
Total information technology	333	385
Library collections		
Library collections at cost (deemed fair value)	407	407
Total library collections	407	407
Capital work in progress		
Capital work in progress at cost	116	321
Total capital work in progress	116	321
Total property, plant and equipment	24 768	25 821

- Valuations of land & buildings and leasehold improvements were performed by Martin Burns, M.B.A., B.App.Sc. Property Resource Management, AAPI, an independent Certified Practising Valuer of Liquid Pacific as at 30 June 2015.
- There were no indications of impairment of plant and equipment at 30 June 2016.

Carrying amount of library collections

All items within the library collection had a 'fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years', and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value. These asset are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the assets condition and remaining useful life.

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2016

Note 20: Property, plant and equipment (continued)

Property, plant and equipment movement schedule

	Land and buildings	Leasehold Improvements	Plant and Equipment	Information Technology	Library Collections	Capital Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2015	6 070	16 498	2 140	385	407	321	25 821
Additions	23	499	616	121	-	106	1 365
Depreciation and amortisation	(151)	(3 512)	(711)	(173)	-	-	(4 547)
Transfer in from restructure	-	2 119	76	-	-	-	2 195
Transfer from/to Work in Progress	-	-	275	-	-	(312)	(37)
Disposals	-	-	(30)	-	-	-	(30)
Other	-	-	-	-	-	1	1
Carrying amount at 30 June 2016	5 942	15 604	2 366	333	407	116	24 768

	Land and buildings	Leasehold Improvements	Plant and Equipment	Information Technology	Library Collections	Capital Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2014	-	7 332	2 157	555	407	379	10 830
Additions	174	2 875	526	50	-	311	3 936
Depreciation and amortisation	(177)	(1 622)	(863)	(220)	-	-	(2 882)
Transfer in from restructure	10 034	2 819	96	-	-	-	12 949
Transfer from/to Work in Progress	-	111	258	-	-	(369)	-
Revaluation increment / (decrement) ⁽¹⁾	(3 961)	4 983	-	-	-	-	1 022
Disposals	-	-	(34)	-	-	-	(34)
Carrying amount at 30 June 2015	6 070	16 498	2 140	385	407	321	25 821

- (1) The decrement of \$3.961 million to Land and Buildings in 2014-15 relates to the valuation of a SafeWork SA facility which adjusts the value previously brought to account. The increment of \$4.983 million to Leasehold Improvements in 2014-15 mainly relates to the valuation of the SafeWork SA and Forensic Science SA office fitouts.

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2016

Note 21: Intangible assets

	2016	2015
	\$'000	\$'000
Computer software		
Internally developed computer software	8 587	6 680
Accumulated amortisation	(5 246)	(3 355)
Total internally generated computer software	3 341	3 325
Computer software intangible work in progress		
Intangible work in progress at cost	6 223	4 304
Total work in progress	6 223	4 304
Total intangible assets	9 564	7 629

Intangibles movement schedule

	Computer Software	Intangible work in progress	2016 Total
	\$'000	\$'000	\$'000
2016			
Carrying amount at the start of the period	3 325	4 304	7 629
Additions	397	2 431	2 828
Transfers from/to WIP	571	(534)	37
Depreciation and amortisation	(1 012)	-	(1 012)
Disposals	-	-	-
Donated out asset	-	-	-
Transfers in from restructure	60	22	82
Carrying amount at the end of the period	3 341	6 223	9 564

	Computer Software	Intangible work in progress	2015 Total
	\$'000	\$'000	\$'000
2015			
Carrying amount at the start of the period	512	3 422	3 934
Additions	2 111	2 110	4 221
Transfers from/to WIP	1 228	(1 228)	-
Depreciation and amortisation	(468)	-	(468)
Disposals	(22)	-	(22)
Donated asset	(36)	-	(36)
Other changes	-	-	-
Carrying amount at the end of the period	3 325	4 304	7 629

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 22: Fair Value Measurement

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs use in measurement.

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2016.

Fair value measurements at 30 June 2016	Level 2	Level 3	2016
Recurring fair value measurements	\$'000	\$'000	\$'000
Land and buildings (Note 20)	590	5 352	5 942
Leasehold improvements (Note 20)	-	15 604	15 604
Information technology (Note 20)	-	333	333
Library collections (Note 20)	-	407	407
Plant and equipment (Note 20)	-	2 366	2 366
Total recurring fair value measurements	590	24 062	24 652

Fair value measurements at 30 June 2015	Level 2	Level 3	2015
Recurring fair value measurements	\$'000	\$'000	\$'000
Land and buildings (Note 20)	590	5 480	6 070
Leasehold improvements (Note 20)	-	16 498	16 498
Information technology (Note 20)	-	385	385
Library collections (Note 20)	-	407	407
Plant and equipment (Note 20)	-	2 140	2 140
Total recurring fair value measurements	590	24 910	25 500

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2016. The Department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2016

Note 22: Fair Value Measurement (continued)

Reconciliation of recurring fair value measurements - Level 3

	Land and buildings	Leasehold improvements	Information technology	Library collections	Plant and Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2015	5 480	16 498	385	407	2 140	24 910
Additions	23	499	121	-	616	1 259
Transfer from/to Work in Progress	-	-	-	-	275	275
Transfer in from restructure	-	2 119	-	-	76	2 195
Assets donated free of charge	-	-	-	-	-	-
Disposals	-	-	-	-	(30)	(30)
Gains/(losses) for the period recognised in the net result:						
Revaluation	-	-	-	-	-	-
Depreciation and amortisation	(151)	(3 512)	(173)	-	(711)	(4 547)
Total gains/(losses) for the period recognised in net result	(151)	(3 512)	(173)	-	(711)	(4 547)
Gains/(losses) for the period recognised in other comprehensive income:						
Revaluation	-	-	-	-	-	-
Total gains/(losses) recognised in OCI	-	-	-	-	-	-
Carrying amount at 30 June 2016	5 352	15 604	333	407	2 366	24 062

Reconciliation of recurring fair value measurements - Level 3

Carrying amount at 1 July 2014	-	7 332	555	407	2 157	10 451
Additions	174	2 875	50	-	526	3 625
Transfer from/to Work in Progress	-	111	-	-	258	369
Transfer in from restructure	9 284	2 819	-	-	96	12 199
Disposals	-	-	-	-	(34)	(34)
Gains/(losses) for the period recognised in the net result:						
Revaluation	(3 801)	-	-	-	-	(3 801)
Depreciation and amortisation	(177)	(1 622)	(220)	-	(863)	(2 882)
Total gains/(losses) for the period recognised in net result	(3 978)	(1 622)	(220)	-	(863)	(6 683)
Gains/(losses) for the period recognised in other comprehensive income:						
Revaluation	-	4 983	-	-	-	4 983
Total gains/(losses) recognised in OCI	-	4 983	-	-	-	4 983
Carrying amount at 30 June 2015	5 480	16 498	385	407	2 140	24 910

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 23: Payables

	2016	2015
	\$'000	\$'000
Current		
Accruals	5 787	9 746
Creditors	681	2 898
Employment on-costs	2 308	1 923
Other current payables	25	29
Total current payables	8 801	14 596
Non-current		
Employee on-costs	3 150	2 721
Total non-current payables	3 150	2 721
Total payables	11 951	17 317

The Department of Treasury and Finance has performed an actuarial assessment of long service leave as at 30 June 2016. The percentage of the proportion of long service leave taken as leave has increased from the 30 June 2015 percentage rate of 37% to 40% for 30 June 2016 and the average factor for the calculation of employer superannuation on-cost is 10.2% (10.3% 2015). These rates are used in the employment on-cost calculation. The financial effect of the change in the superannuation on-cost rate on employment on-costs and employee benefit expense is immaterial.

Interest rate and credit risk

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

- a) Maturity analysis of payables - Refer to table in Note 32: Financial Instruments/Financial Risk Management
- b) Categorisation of financial instruments and risk exposure information - Refer to Note 32: Financial Instruments/Financial Risk Management

Note 24: Employee benefits

	2016	2015
	\$'000	\$'000
Current		
Annual leave	9 647	8 800
Long service leave	3 432	2 597
Skills and experience retention leave	1 075	980
Accrued salaries and wages	1 811	935
Total current employee benefits	15 965	13 312
Non-current		
Long service leave	34 118	30 399
Total non-current employee benefits	34 118	30 399
Total employee benefits	50 083	43 711

AASB 119 contains the calculation methodology for long service leave liability. An actuarial assessment performed by the Department of Treasury and Finance was used to calculate the liability.

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2016

Note 24: Employee benefits (continued)

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has decreased from 2015 (3%) to 2016 (2%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$2.5 million and employee benefit expense of \$2.5 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and the salary inflation rate remained at 3% for annual leave and skills, experience and retention leave liability.

The Public Sector Skills and Experience Retention leave entitlement applies as from 1 July 2012 to public sector employees who have completed 15 or more years of effective service who are employed under the Public Sector Act 2009.

Note 25: Provisions

	2016 \$'000	2015 \$'000
Current		
Provision for workers compensation	736	535
Total current provisions	736	535
Non-current		
Provision for workers compensation	1 159	1 793
Total non-current provisions	1 159	1 793
Total provisions	1 895	2 328
Provision movement		
Carrying amount at the beginning of the period	2 328	2 001
(Decrease) increase in provisions recognised	(433)	327
Carrying amount at the end of the period	1 895	2 328

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Office for the Public Sector.

Note 26: Other liabilities

	2016 \$'000	2015 \$'000
Current		
Other	231	72
Total current other liabilities	231	72

Other liabilities relate to unclaimed monies and accounts receivable refunds

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 27: Cash flow reconciliation

	2016	2015
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	31 734	30 594
Balance as per the Statement of Cash Flows	31 734	30 594
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by operating activities	4 577	12 055
Less revenues from SA Government	(112 540)	(106 055)
Add/less non-cash items		
Depreciation and amortisation	(5 559)	(3 350)
Net loss from disposal of non-current assets	(30)	(54)
Donated assets	-	(36)
Non-current assets accrual in payables	756	824
Decrements on revaluation of non-current assets	-	(3 961)
Adjustment on restructure	1 166	7 119
Other non-cash items	-	(2)
Movements in assets and liabilities		
Increase/(decrease) in receivables	1 406	1 192
Increase/(decrease) in lease incentive receivable	2 257	642
(Increase)/decrease in payables	5 366	(4 272)
(Increase)/decrease in employee benefits	(6 372)	(10 104)
(Increase)/decrease in provisions	433	(327)
(Increase)/decrease in lease incentive liability	(1 746)	108
(Increase)/decrease in other liabilities/borrowings	(159)	4
Net cost of providing services	(110 445)	(106 217)

Note 28: Unrecognised Contractual Commitments

Operating lease commitments

Commitments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2016	2015
	\$'000	\$'000
Within one year	19 687	17 585
Later than one year but not longer than five years	37 843	43 631
Later than five years	14 653	18 932
Total operating lease commitments	72 183	80 148

The accommodation and office equipment leases are non-cancellable leases with rental payable monthly in advance.

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 28: Unrecognised Contractual Commitments (continued)

Contingent rental provisions within the accommodation lease agreements provide for the minimum lease payments to be increased on specified rent review dates. Options exist to renew the accommodation leases at the end of the term of the lease.

	2016	2015
	\$'000	\$'000
Other commitments		
Grants ⁽¹⁾	2 731	2 124
Motor vehicles ⁽²⁾	2 084	1 639
Capital	323	-
Other ⁽³⁾	2 842	644
Total	7 980	4 407
Within one year	5 520	3 410
Later than one year but not longer than five years	2 328	997
Later than five years	132	-
Total other commitments	7 980	4 407

(1) Grant amounts payable under agreements in respect of which the grantee has yet to provide the services required under the agreement.

(2) Agreements for the provision of motor vehicles to executive officers or sections (i.e. pool vehicles) are leased from SAFA through their agent LeasePlan Australia. There are no purchase options available to the Department.

(3) Other commitments relate to purchase orders placed for goods and services before 30 June 2016, maintenance agreements for Forensic Science SA and contractor agreements for the Fines Enforcement and Recovery Unit.

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 29: Transferred functions

2015-16

As a result of administrative arrangements outlined in the South Australian Government Gazette on 21 May 2015, from 1 July 2015 the department took on responsibility for the State Records of South Australia, from the Department of Premier and Cabinet.

Assets and liabilities relating to State Records were transferred to the department as at 1 July 2015.

	State Records \$'000	Total \$'000
Current assets		
Cash and cash equivalents	-	-
Receivables	29	29
Inventories	7	7
Total current assets	36	36
Non-current assets		
Receivables	-	-
Property, plant and equipment	2 277	2 277
Total non-current assets	2 277	2 277
Total assets	2 313	2 313
Current liabilities		
Payables	168	168
Employee benefits	383	383
Provisions	2	2
Other liabilities	13	13
Total current liabilities	566	566
Non-current liabilities		
Payables	52	52
Employee benefits	580	580
Provisions	4	4
Total non-current liabilities	636	636
Total liabilities	1 202	1 202
Net assets transferred in	1 111	1 111

Net assets transferred into the department as a result of the administrative restructure were at the carrying amount. The net assets transferred in were treated as a contribution from the Government as owner.

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 29: Transferred functions (continued)

2014-15

Under the Public Sector (Reorganisation of Public Sector Operations) Notice 2013, from 1 July 2014 the department took on responsibility for SafeWork SA from the Department of Premier and Cabinet.

Assets and liabilities relating to SafeWork SA were transferred to the department as at 1 July 2014.

	SafeWork SA \$'000	Total \$'000
Current assets		
Cash and cash equivalents	36	36
Receivables	193	193
Total current assets	229	229
Non-current assets		
Receivables	1	1
Property, plant and equipment	12 949	12 949
Total non-current assets	12 950	12 950
Total assets	13 179	13 179
Current liabilities		
Payables	865	865
Employee benefits	2 400	2 400
Provisions	12	12
Total current liabilities	3 277	3 277
Non-current liabilities		
Payables	340	340
Employee benefits	3 664	3 664
Provisions	31	31
Total non-current liabilities	4 035	4 035
Total liabilities	7 312	7 312
Net assets transferred in	5 867	5 867

Net assets transferred into the department as a result of the administrative restructure were at the carrying amount. The net assets transferred in were treated as a contribution from the Government as owner.

Note 30: Contingent assets and liabilities

There are no contingent assets and liabilities as at 30 June 2016.

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 31: Remuneration of Board and Committee Members

Members that were entitled to receive remuneration for membership during the 2015-16 financial year were:

Forensic Science Advisory Committee

B J Kearney*
A P Kimber*
C M Mealor*
S L Moretta
G J Steven*
M J Wieszyk*

SA Classification Council

B E Biggins (Apt: 12/11/2015)*
W Chapman*
A J Dale*
M J Dawson (Exp: 11/11/2015)*
A P Durkin (Apt: 12/11/2015)*
E Huxtable*
G S Karzis (Apt: 12/11/2015)*
J J Redman (Exp: 11/11/2015)*

South Australian Sentencing Advisory Council

P J Alexander
S Carter (Apt: 06/03/2016)*
L J Chapman
K P Duggan
R Healy (Apt: 10/11/2015)
I D Leader-Elliott
D A McLennan*
G Mead*
C M Mealor*
E F Nelson*
M J O'Connell*
I D Press*
J L Rice (Apt: 10/11/2015)
K K Thomas (Exp: 30/01/2015)*
L Williams*
M R Woods (Resigned: 10/12/2015)
A Wright*

South Australian Civil and Administrative Tribunal

M S Alvino*
M Bagato
J Bakas*
J Barnes
G Berce*
E L Bishop (Apt: 31/03/2016)*
E M Bishop
G Box
A Burgess*
C Byron-Scott*
C Byrt*
L A Clark
S Cole*
D T Coyte
B M Day
M D Rohan
P J Duffy
J S Dunstone
A Faulkner
J Forgan
I Garnham
S Georgiadis*

G Parker*
D Parker (Apt: 31/03/2016)*
J M Petrie
M Player-Brown*
A M Radin
N J Rainford*
D J Rathman (Apt: 31/03/2016)
G L Rawson
J C Richardson
M Rischbieth (Apt: 31/03/2016)*
J Rugless*
E F Skinner
D W Stevens
M Stevens*
L M Sudano
S J Thomas
K Tredrea (Apt: 19/01/2015)*
G N Twohig
L M Valentine
M Virgo*
W Wakefield*
H Ward (Apt: 31/03/2016)*

Attorney-General's Department
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Note 31: Remuneration of Board and Committee Members (continued)

L Giaretto (Apt: 27/07/2015)*	D J Watkins (Apt: 31/03/2016)
L Gilfillan*	D P Watson
J Gipslis	A F Adair
D Gursansky	J P Adley
R Halliday	C Bindon
L Hastwell	G M Brideson
J Hundertmark (Apt: 31/03/2016)*	J S Dunstone
E Huxtable	M H Feldman
B Johns*	P Glover
J Irving	E Golding
A G King	M F Greig
J Lammersma	A Holliday
F H Lampard	R Hordern
S Langton*	D M Jeffries
C Larkin (Apt: 31/03/2016)	G Nardone
A Lazarevich (Apt: 31/03/2016)*	S Raphael
C D Lester*	S D Rogers
R Maerschel	L M Siegloff
H R Mares	J E Smith
K P McEvoy	L M Whiteway
P K Mickan	L Wiles
K J Millar	

Work Health and Safety Act 2012 Review Committee Panels

D A Black*	E Hennessy (Apt: 20/12/2015)*
J Briggs (Apt: 20/12/2015)*	S A Hills (Apt: 20/12/2015)*
R Cairney*	T Kaukas (Apt: 20/12/2015)*
J M Cavanough (Apt: 20/12/2015)*	N E Kitchen*
C J Cini*	M Linke (Apt: 20/12/2015)*
A Colella (Apt: 20/12/2015)*	B Mitropoulos*
M J Donald*	A L Moeller (Apt: 20/12/2015)*
T Earls*	V Moore*
P Eblen (Apt: 20/12/2015)*	G Parkes (Apt: 20/12/2015)*
V A Esther (Apt: 20/12/2015)*	M Paterson (Apt: 20/12/2015)*
T E Evans (Apt: 20/12/2015)*	E Pecorelli (Apt: 20/12/2015)*
A P Fairley*	R Pickering (Apt: 20/12/2015)*
J M Giles (Apt: 20/12/2015)*	D J Roberts*
A M Gleeson*	C Shearing (Apt: 20/12/2015)*
T Hardie (Apt: 20/12/2015)*	A Story (Apt: 20/12/2015)*
R Harding*	P Sutherland (Apt: 20/12/2015)*
D L Hegarty*	R Wormald*

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 31: Remuneration of Board and Committee Members (continued)

SafeWork SA Advisory Council

D Blairs (Exp: 08/02/2015)*
M Boland*
R Cairney*
A M Cartledge
J M Cavanough
M Chettle (Exp: 30/06/2015)
T E Evans (Exp: 30/06/2015)
B J Grant (Exp: 8/02/2015)*
P Harrison (Exp: 30/06/2015)

M N Heylen*
S A Hills (Exp: 30/06/2015)
P Lamps (Exp: 30/06/2015)
G McCarthy*
T R Phillips (Exp: 08/02/2015)*
J Rogers (Exp: 30/06/2015)
J K Szakacs
D Thompson (Exp: 30/06/2015)

Asbestos Advisory Committee

T Altman (Exp:02/11/2014)*
A Amorosi (Exp:02/11/2014)*
J L Barkla (Exp:02/11/2014)*
M Boland*
C Brown (Exp:02/11/2014)*
J A Flavel (Exp:02/11/2014)*
P A Jamieson*
C Jones (Exp:02/11/2014)*
S Mangas (Exp:02/11/2014)*
T W Miller (Exp:02/11/2014)*
K Mitchell*
D J Roberts (Exp:02/11/2014)*
J K Szakacs*

Mining and Quarrying Occupational Health and Safety Committee

S A Bellman
A M Cartledge
W Hanson*
M Hanson
N R Long
H J McDonald (Apt: 10/08/2015)
E McInerney*
E L Munchenberg
G J Murray
M J O'Malley
G J Sauer (Apt: 05/01/2016)*
K S Tolotta*
G A Warner

Industrial Relations Consultative Council

J Barbaro (Apt: 17/03/2016)*
D Blairs (Exp: 14/05/2016)*
M Boland (Exp: 14/05/2016)*
R Cairney (Exp: 14/05/2016)
W A Campana (Exp: 14/05/2016)*
M Chettle (Apt: 17/03/2016)*
E Dabars (Apt: 17/03/2016)*
T E Evans (Apt: 17/03/2016)*
D Gray (Apt: 17/03/2016)*
J E Hanson (Exp: 14/05/2016)*
P Harrison (Apt: 17/03/2016)*
S A Hills (Apt: 17/03/2016)*

P Lamps (Apt: 17/03/2016)*
J McMahon (Exp: 14/05/2016)*
M Mead (Apt: 26/05/2016)*
A L Moeller (Exp: 14/05/2016)*
A Purdy (Exp: 14/05/2016)*
E Ranieri (Apt: 17/03/2016)*
J Rau*
J Rogers (Apt: 17/03/2016)*
C Starr (Exp: 14/05/2016)*
A Story (Exp: 14/05/2016)*
H Treloar (Apt: 17/03/2016)*

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 31: Remuneration of Board and Committee Members (continued)

Audit & Risk Management Committee

T Brumfield*
A Gale*
M Hanson*
G Jaksa*
P J Martin
D Soulio*
K S Tolotta*
M Turner*

State Records Council (Added 1/07/15)

J C Brown
J Burgess*
J S Fetherstonhaugh
A W Leviston (Apt: 05/01/2016)
G A Mackie (Apt: 01/06/2016)*
S E Marsden
K Nicholas*
H P Onopko (Apt: 05/01/2016)
I T Sutherland

* In accordance with the Department of Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.

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

	2016	2015
	Number of	Number of
	members	members
\$0 - \$9 999	182	264
\$10 000 - \$19 999	8	19
\$20 000 - \$29 999	5	7
\$30 000 - \$39 999	2	3
\$40 000 - \$49 999	3	2
\$50 000 - \$59 999	-	5
\$60 000 - \$69 999	5	2
\$70 000 - \$79 999	5	1
\$80 000 - \$89 999	1	-
\$120 000 - \$129 999	-	1
\$180 000 - \$189 999	-	1
Total number of members	211	305

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 \$1.33 million (2015 - \$1.7 million).

Amounts paid to a superannuation plan for board/committee members was \$0.11 million (2015 - \$0.14 million).

The Guardianship Board, Residential Tenancies Tribunal and the Health Practitioners Tribunal were abolished in March 2015 and some members transitioned to the South Australian Civil and Administrative Tribunal.

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

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 32: Financial Instruments/Financial Risk Management

Risk management is managed by the department's corporate services section and the departmental risk management policies are in accordance with the Risk Management Policy Statement issued by the Premier and Treasurer and the principles established in the Australian Standard Risk Management Principles and Guidelines.

The department is exposed to financial risk - liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

Categorisation of financial instruments

Details of 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 assets and financial liabilities	Statement of Financial Position line item	Note	Carrying Amount 2016 \$'000	Fair Value 2016 \$'000	Carrying Amount 2015 \$'000	Fair Value 2015 \$'000
Financial assets						
Cash and cash equivalents	Cash and cash equivalents	18	31 734	31 734	30 594	30 594
Loans and receivables	Receivables ⁽¹⁾⁽²⁾	19	11 867	11 867	10 275	10 275
Financial liabilities						
Financial liabilities at cost	Payables ⁽¹⁾	23	5 229	5 229	10 427	10 427
	Other liabilities	26	231	231	72	72

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

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in Note 17 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Fair Value

The Department does not recognise any financial assets or financial liabilities at fair value (refer to Note 2 Summary of Significant Accounting Policies).

Credit Risk

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

Allowances for impairment of financial assets are calculated on past experiences and expected changes in client credit rating. Currently the Department does not hold any collateral as security for any of its financial assets. Other than receivables there is no evidence to indicate that financial assets are impaired. The following table discloses the ageing of financial assets past due. There are no Financial Assets administered by the Department past due.

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2016

Note 32: Financial Instruments/Financial Risk Management (continued)

Ageing analysis of financial assets

The following table discloses the ageing of financial assets which are past due, analysed into those assets which are impaired and not impaired.

	Past due by			Total \$'000
	Overdue for < 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for > 60 days \$'000	
2016				
Not Impaired				
Receivables ⁽¹⁾	10 672	1 145	533	12 350
Impaired				
Receivables	-	-	535	535
2015				
Not Impaired				
Receivables ⁽¹⁾	9 520	496	294	10 310
Impaired				
Receivables	-	-	53	53

Maturity analysis of financial assets and liabilities

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

	Carrying amount \$'000	Contractual maturities		
		<1 year \$'000	1-5 years \$'000	> 5 years \$'000
2016				
Financial assets				
Cash and cash equivalents	31 734	31 734	-	-
Loans and receivables	11 867	11 867	-	-
Total financial assets	43 601	43 601	-	-
Financial liabilities				
Payables	5 229	5 229	-	-
Other liabilities	231	161	70	-
Total financial liabilities	5 460	5 390	70	-

	Carrying amount \$'000	Contractual maturities		
		<1 year \$'000	1-5 years \$'000	> 5 years \$'000
2015				
Financial assets				
Cash and cash equivalents	30 594	30 594	-	-
Receivables ⁽¹⁾	10 275	10 275	-	-
Total financial assets	40 869	40 869	-	-
Financial liabilities				
Payables ⁽¹⁾	10 427	10 427	-	-
Other liabilities	72	72	-	-
Total financial liabilities	10 499	10 499	-	-

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 32: Financial Instruments/Financial Risk Management (continued)

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

Liquidity Risk

The Department is funded principally from appropriations by the SA Government. The Department works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash outflows.

The continued existence of the Department in its present form, and with its present programs, is dependent on State Government policy and on continuing appropriations by Parliament for the Department's administration and programs. The Department aims to settle undisputed accounts within 30 days from the date the invoice is first received.

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

Market Risk

The Department currently holds no interest bearing financial instruments and is not exposed to interest rate risk.

Sensitivity 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.

Note 33: Prior Period adjustments to equity

This amount of \$741,000 and has been disclosed as a prior period adjustment to retained earnings in the Statement of Changes in Equity. This includes a provision for doubtful debts adjustment of \$741,000 for the Crown Solicitors Office that have since been written off.

Note 34: Events after reporting period

There are no known events after balance date that affect these financial statements.

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 35: Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. Transactions with SA Government entities below the threshold of \$100 000 have been included with the non-government transactions, classified according to their nature.

	Note	SA Government		Non-SA Government		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses							
Employee benefits expenses	5	7 362	6 818	148 652	138 874	156 014	145 692
Supplies and services	6						
Accommodation		20 950	19 825	1 646	956	22 596	20 781
Information and communications technology		5 778	5 307	11 723	11 731	17 501	17 038
Office expenses		2	2	2 749	2 728	2 751	2 730
Outsourced services		126	198	2 547	3 843	2 673	4 041
Contract staff		24	13	2 174	2 883	2 198	2 896
Telephone related expenses		1 286	1 199	636	602	1 922	1 801
Staff payments		75	153	1 812	1 952	1 887	2 105
Shared Services SA charges		1 845	2 043	-	-	1 845	2 043
Legal fees		11	155	1 627	1 896	1 638	2 051
Motor vehicle expenses		221	1 560	1 268	79	1 489	1 639
Consultancies		-	-	1 588	795	1 588	795
Laboratory supplies		-	-	1 370	1 309	1 370	1 309
Repairs, maintenance and minor purchases		3	8	1 184	1 003	1 187	1 011
Promotions and publications		77	21	982	1 139	1 059	1 160
Tax payments		78	74	766	781	844	855
Storage and archive costs		-	15	281	803	281	818
Insurance		277	277	-	-	277	277
Minor works		75	3	53	50	128	53
Other		446	4 161	4 789	771	5 235	4 932
Grants and subsidies	7						
Community Legal Centres		-	-	5 327	5 642	5 327	5 642
SafeWork SA		-	-	2 206	3 808	2 206	3 808
Crime Prevention & Safe City Program		262	940	1 226	1 357	1 488	2 297
Native Title		-	-	880	875	880	875
Other		221	562	1 314	845	1 535	1 407
Depreciation and amortisation	8	-	-	5 559	3 350	5 559	3 350
Donated asset		-	36	-	-	-	36
Net loss from the disposal of non-current assets	11	-	56	30	-	30	56
Other expenses	9						
Loss on revaluation		-	3 961	-	-	-	3 961
Witness expenses		633	664	-	-	633	664
Other		337	317	485	-	822	317
Total expenses		40 089	48 368	202 874	188 072	242 963	236 440

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 35: Transactions with SA Government (continued)

		SA Government		Non-SA Government		Total	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Income							
Revenues from fees and charges	12						
Licence and regulatory fees		18 945	10 951	36 739	42 985	55 684	53 936
Legal services		12 445	13 711	9 805	9 900	22 250	23 611
Network services		11 852	11 022	-	536	11 852	11 558
Recovery of expenditure		6 496	5 862	664	1 533	7 160	7 395
Forensic services		4 400	4 303	1 102	1 122	5 502	5 425
Other		113	98	235	378	348	476
Recoveries	13						
Industrial Relations Court & Commission		1 045	4 496	7 115	771	8 160	5 267
Crown Solicitor's Office		5 233	5 840	1 167	1 189	6 400	7 029
Business Operations		81	84	287	99	368	183
Consumer and Business Services		25	48	265	630	290	678
Other		3 164	-	569	2 711	3 733	2 711
Commonwealth revenue		-	-	5 706	5 028	5 706	5 028
Grants and subsidies	14						
Ombudsman SA		612	314	-	96	612	410
Medical Panels SA		466	2 571	-	8	466	2 579
Crown Solicitor's Office		135	135	-	-	135	135
Other		753	382	18	719	771	1 101
Resource received free of charge		-	700	-	-	-	700
Other income	15	699	-	2 382	2 001	3 081	2 001
Revenues from SA Government	17	112 540	106 055	-	-	112 540	106 055
Total income		179 004	166 572	66 054	69 706	245 058	236 278
Financial assets							
Receivables	19						
Receivables		11 209	8 681	1 193	1 647	12 402	10 328
Less allowance for doubtful debts		-	-	(535)	(53)	(535)	(53)
GST receivable		-	-	691	1 336	691	1 336
Prepayments		113	-	1 100	754	1 213	754
Lease incentive receivable		2 899	642	-	-	2 899	642
Total financial assets		14 221	9 323	2 449	3 684	16 670	13 007
Financial liabilities							
Payables	23						
Accruals		2 105	2 899	3 682	6 847	5 787	9 746
Creditors		675	1 597	6	1 301	681	2 898
Employee on-costs		2 519	666	2 939	3 978	5 458	4 644
Other current payables		-	-	25	29	25	29
Total financial liabilities		5 299	5 162	6 652	12 155	11 951	17 317

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 36: Budgetary Reporting and Explanations of major variances between budget and actual amounts

Statement of Comprehensive Income	Note	Original budget¹ 2016 \$'000	Actual 2016 \$'000	Variance \$'000
Expenses				
Employee benefits		152 323	156 014	3 691
Supplies and services		69 228	68 469	(759)
Grants and subsidies		14 721	11 436	(3 285)
Depreciation and amortisation		5 222	5 559	337
Net loss from disposal of non-current assets		-	30	30
Other		1 046	1 455	409
Total Expenses		242 540	242 963	423
Income				
Fees and charges	a	90 510	102 796	12 286
Recoveries		26 448	18 951	(7 497)
Commonwealth revenues		5 296	5 706	410
Grants and subsidies		3 397	1 984	(1 413)
Other		6 708	3 081	(3 627)
Total income		132 359	132 518	159
Net cost of providing services		110 181	110 445	264
Revenues from / payments to SA government				
Revenues from SA government		109 678	112 540	2 862
Total net revenues from SA Government		109 678	112 540	2 862
Net result		(503)	2 095	2 598
Other comprehensive income				
Total other comprehensive income		-	-	-
Total comprehensive result		(503)	2 095	2 598

Explanations are required to be provided for variances where the variance exceeds the greater of 10 per cent of the original budgeted amount and 5 per cent of original budgeted total expenses.

¹ These budgeted amounts have not been subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Papers, Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

a) Fees and charges was greater than the original budget due to a misclassification in the income budget for SafeWork SA which was corrected during 2015-16, and is offset by a corresponding variance in Recoveries income.

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2016

Note 36: Budgetary Reporting and Explanations of major variances between budget and actual amounts (continued)

		Original budget ¹ 2016 \$'000	Actual 2016 \$'000	Variance \$'000
Investing expenditure summary	Note			
Total new projects		641	-	(641)
Total existing projects		4 388	1 243	(3 145)
Total annual program		854	2 974	2 120
Total investing expenditure		5 883	4 217	(1 666)

¹ These budgeted amounts have not been subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Papers, Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

Attorney-General's Department
Statement of Administered Comprehensive Income
for the year ended 30 June 2016

		2016	2015
	Note	\$'000	\$'000
Expenses			
Payments to Consolidated Account		362 354	358 477
Grants and subsidies	A8	46 712	42 931
Victims of Crime payments	A9	13 420	12 578
State Rescue Helicopter Service Charges	A10	16 950	11 875
Employee benefits	A11	25 547	21 099
Depreciation and amortisation	A12	7 273	6 747
Donated assets		9	6 170
Net loss from the disposal of non-current assets	A7	-	51
Other	A13	77 939	71 366
Total expenses		550 204	531 294
Income			
Taxation	A2	287 588	290 783
Revenues from SA Government	A3	72 490	97 017
Fines and related fees		86 656	78 954
Victims of Crime levies		42 037	42 668
Government Radio Network recoveries		26 130	25 046
Commonwealth revenue		15 699	16 194
Grants and subsidies received	A4	3 859	2 610
Interest and investment	A5	21 690	20 259
Fees and charges		2 947	2 814
Donated assets		-	36
Recoveries and other income	A6	16 742	11 329
Total income		575 838	587 710
Net result		25 634	56 416
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in property, plant and equipment asset revaluation surplus		-	132
<i>Items that will be reclassified subsequently to net result when specific conditions are met</i>			
Market value movement of investments		2 922	3 048
Total other comprehensive income		2 922	3 180
Total comprehensive result		28 556	59 596

The net result and total comprehensive result are attributable to the SA Government as owner.

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

Attorney-General's Department
Statement of Administered Financial Position
as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	A14	422 701	405 703
Receivables	A15	34 436	32 566
Investments	A16	124 909	114 963
Total current assets		582 046	553 232
Non-current assets			
Investments	A16	147 563	138 841
Intangible assets	A18	620	783
Property, plant and equipment	A17	62 151	60 587
Total non-current assets		210 334	200 211
Total assets		792 380	753 443
Current liabilities			
Payables	A20	8 298	8 423
Employee benefits	A21	1 694	1 357
Lease incentives liability		116	116
Other current liabilities	A22	120 244	116 776
Total current liabilities		130 352	126 672
Non-current liabilities			
Payables	A20	224	164
Employee benefits	A21	2 422	1 831
Lease incentives liability		698	814
Other non-current liabilities	A22	95 690	89 524
Total non-current liabilities		99 034	92 333
Total liabilities		229 386	219 005
Net assets		562 994	534 438
Equity			
Investments market value reserve		18 593	15 671
Asset revaluation surplus		18 501	18 501
Retained earnings		525 900	500 266
Total equity		562 994	534 438

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	A24
Contingent assets and liabilities	A25

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

Attorney-General's Department
Statement of Administered Changes in Equity
for the year ended 30 June 2016

	Investment Market Value Reserve \$'000	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
Note				
Balance at 30 June 2014	12 623	18 369	443 836	474 828
Prior period adjustments to equity	-	-	14	14
Balance at 30 June 2014	12 623	18 369	443 850	474 842
Net result for 2014-15	-	-	56 416	56 416
Gain on revaluation of leasehold improvements	-	132	-	132
Gain or losses taken to equity	3 048	-	-	3 048
Total comprehensive result for 2014-15	3 048	132	56 416	59 596
Balance at 30 June 2015	15 671	18 501	500 266	534 438
Restated balance at 30 June 2015	15 671	18 501	500 266	534 438
Net result for 2015-16	-	-	25 634	25 634
Gain or losses taken to equity	2 922	-	-	2 922
Total comprehensive result for 2015-16	2 922	-	25 634	28 556
Balance at 30 June 2016	18 593	18 501	525 900	562 994

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

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

Attorney-General's Department
Statement of Administered Cash Flows
for the year ended 30 June 2016

		2016	2015
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash inflows			
Taxation receipts		287 588	290 823
Receipts from SA Government		72 490	96 973
Bond lodgements		96 431	88 074
Fines and related fees		87 329	80 851
Victims of Crime levies		42 037	42 634
Government Radio Network recoveries		26 130	25 046
Receipts from Commonwealth		15 699	16 194
Interest and investment receipts		11 139	12 098
Bond guarantee receipts		7 925	7 896
Fees and charges		2 947	2 814
Grants and subsidies received		3 859	2 610
Other receipts		15 527	10 070
Cash used in operations		669 101	676 083
Cash outflows			
Payments to Consolidated Account		(361 928)	(373 421)
Bond refunds		(86 218)	(81 831)
Grants payments		(46 712)	(42 931)
Employee benefit payments		(24 570)	(20 269)
Victims of Crime payments		(13 420)	(12 578)
Bond guarantee payments		(7 581)	(7 716)
Other payments		(94 961)	(81 645)
Cash generated from operations		(635 390)	(620 391)
Net cash provided by operating activities	A23	33 711	55 692
Cash flows from investing activities			
Cash outflows			
Payments for investments		(6 884)	(7 800)
Purchase of property, plant and equipment		(10 147)	(9 440)
Cash used in investing activities		(17 031)	(17 240)
Net cash provided by investing activities		(17 031)	(17 240)
Cash flows from financing activities			
Cash inflows			
Proceeds from lease fitout		318	278
Cash used in financing activities		318	278
Net cash provided by financing activities		318	278
Net increase in cash and cash equivalents		16 998	38 730
Cash and cash equivalents at the beginning of the reporting period		405 703	366 973
Cash and cash equivalents at the end of the reporting period	A14	422 701	405 703

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

Attorney-General's Department
Schedule of Expenses and Income attributable to Administered activities

Administered Activity	Liquor and Gambling Services		Consumer and Business Services		Victims of Crime	
	1		2		3	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Administered expenses						
Payments to Consolidated Account	290 426	292 891	-	-	-	-
Grants and subsidies	3 082	2 663	584	482	3 876	3 640
Victims of Crime payments	-	-	-	-	13 420	12 578
State Rescue Helicopter Service Charges	-	-	-	-	-	-
Employee benefits	-	-	-	-	1 276	486
Depreciation and amortisation	-	-	-	-	(1)	-
Donated assets	-	-	-	-	-	-
Net loss from the disposal of non-current assets	-	-	-	-	-	-
Other	5 648	3 726	2 675	6 765	2 368	2 627
Total administered expenses	299 156	299 280	3 259	7 247	20 939	19 331
Administered income						
Taxation	287 588	290 783	-	-	-	-
Revenues from SA Government	2 702	2 502	-	-	8 222	9 303
Fines and related fees	-	-	-	-	-	-
Victims of Crime levies	-	-	-	-	42 037	42 668
Government Radio Network recoveries	-	-	-	-	-	-
Commonwealth revenue	-	-	-	-	-	-
Grants and subsidies received	-	-	-	-	-	-
Interest and investment	-	-	9 821	8 755	3 991	4 168
Fees and charges	2 778	2 623	-	-	-	-
Donated assets	-	-	-	-	-	-
Recoveries and other income	5 975	3 751	568	794	2 242	1 957
Total administered income	299 043	299 659	10 389	9 549	56 492	58 096
Net cost of providing services	(113)	379	7 130	2 302	35 553	38 765

Attorney-General's Department
Schedule of Expenses and Income attributable to Administered activities

Administered Activity	State Rescue		Trust Accounts		Emergency	
	4		5		6	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Administered expenses						
Payments to Consolidated Account	1 057	1 051	-	-	-	-
Grants and subsidies	-	-	-	-	234	206
Victims of Crime payments	-	-	-	-	-	-
State Rescue Helicopter Service						
Charges	16 950	11 875	-	-	-	-
Employee benefits	188	221	3 978	3 529	1 398	1 358
Depreciation and amortisation	-	-	307	167	2 063	2 026
Donated assets	-	-	-	-	-	-
Net loss from the disposal of non-current assets	-	-	-	-	-	-
Other	42	92	1 872	2 170	3 435	3 439
Total administered expenses	18 237	13 239	6 157	5 866	7 130	7 029
Administered income						
Taxation	-	-	-	-	-	-
Revenues from SA Government	12 950	9 451	-	-	4 473	5 735
Fines and related fees	-	-	-	-	-	-
Victims of Crime levies	-	-	-	-	-	-
Government Radio Network recoveries	-	-	-	-	-	-
Commonwealth revenue	-	-	-	-	-	-
Grants and subsidies received	2 857	638	-	-	290	871
Interest and investment	-	-	7 868	7 325	-	-
Fees and charges	-	-	-	-	-	-
Donated assets	-	-	-	36	-	-
Recoveries and other income	5 230	3 605	1 728	622	550	-
Total administered income	21 037	13 694	9 596	7 983	5 313	6 606
Net cost of providing services	2 800	455	3 439	2 117	(1 817)	(423)

Attorney-General's Department
Schedule of Expenses and Income attributable to Administered activities

Administered Activity	Legal Aid		SA Government Radio		Fines Enforcement and Recovery	
	7		8		9	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Administered expenses						
Payments to Consolidated Account	-	-	-	-	70 149	63 905
Grants and subsidies	37 121	33 974	76	73	-	-
Victims of Crime payments	-	-	-	-	-	-
State Rescue Helicopter Service	-	-	-	-	-	-
Charges	-	-	-	-	-	-
Employee benefits	-	-	2 089	1 893	-	-
Depreciation and amortisation	-	-	3 993	3 952	-	-
Donated assets	-	-	9	6 170	-	-
Net loss from the disposal of non-current assets	-	-	-	51	-	-
Other	-	-	21 286	20 303	16 936	15 305
Total administered expenses	37 121	33 974	27 453	32 442	87 085	79 210
Administered income						
Taxation	-	-	-	-	-	-
Revenues from SA Government	21 322	17 757	(4 830)	8 993	-	-
Fines and related fees	-	-	-	-	86 656	78 954
Victims of Crime levies	-	-	-	-	-	-
Government Radio Network recoveries	-	-	26 130	25 046	-	-
Commonwealth revenue	15 699	16 194	-	-	-	-
Grants and subsidies received	-	23	-	-	-	-
Interest and investment	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-
Donated assets	-	-	-	-	-	-
Recoveries and other income	-	-	5	35	-	-
Total administered income	37 021	33 974	21 305	34 074	86 656	78 954
Net cost of providing services	(100)	-	(6 148)	1 632	(429)	(256)

Attorney-General's Department
Schedule of Expenses and Income attributable to Administered activities

Administered Activity	Independent Commission Against Corruption and Office for Public Integrity		Other		Total	
	10		11			
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Administered expenses						
Payments to Consolidated Account	-	-	722	630	362 354	358 477
Grants and subsidies	-	107	1 739	1 786	46 712	42 931
Victims of Crime payments	-	-	-	-	13 420	12 578
State Rescue Helicopter Service Charges	-	-	-	-	16 950	11 875
Employee benefits	5 964	4 940	10 654	8 672	25 547	21 099
Depreciation and amortisation	832	572	79	30	7 273	6 747
Donated assets	-	-	-	-	9	6 170
Net loss from the disposal of non-current assets	-	-	-	-	-	51
Other	2 904	2 660	20 773	14 279	77 939	71 366
Total administered expenses	9 700	8 279	33 967	25 397	550 204	531 294
Administered income						
Taxation	-	-	-	-	287 588	290 783
Revenues from SA Government	7 588	10 547	20 063	32 729	72 490	97 017
Fines and related fees	-	-	-	-	86 656	78 954
Victims of Crime levies	-	-	-	-	42 037	42 668
Government Radio Network recoveries	-	-	-	-	26 130	25 046
Commonwealth revenue	-	-	-	-	15 699	16 194
Grants and subsidies received	-	-	712	1 078	3 859	2 610
Interest and investment	-	-	10	11	21 690	20 259
Fees and charges	-	-	169	191	2 947	2 814
Donated assets	-	-	-	-	-	36
Recoveries and other income	12	3	432	562	16 742	11 329
Total administered income	7 600	10 550	21 386	34 571	575 838	587 710
Net cost of providing services	(2 100)	2 271	(12 581)	9 174	25 634	56 416

Attorney-General's Department
Schedule of Assets and Liabilities attributable to Administered Activities

Administered Activity	Liquor and Gambling Services		Consumer and Business Services		Victims of Crime	
	1		2		3	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Administered assets						
Current						
Cash and cash equivalents	29 108	29 533	75 269	71 080	239 710	204 021
Receivables	22 363	22 748	2 098	1 644	1 570	1 605
Investments	-	-	38 817	29 955	-	-
Non-current						
Investments	-	-	31 485	28 563	-	-
Intangible assets	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	(1)	-
Total administered assets	51 471	52 281	147 669	131 242	241 279	205 626
Administered liabilities						
Current						
Payables	69	157	337	62	441	637
Employee benefits	-	-	-	-	119	50
Lease incentives liability	-	-	-	-	-	-
Other current liabilities	24 152	24 723	-	-	-	-
Non-current						
Payables	-	-	-	-	29	10
Employee benefits	-	-	-	-	319	112
Lease incentives liability	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-
Total administered liabilities	24 221	24 880	337	62	908	809
Net administered assets	27 250	27 401	147 332	131 180	240 371	204 817

Attorney-General's Department
Schedule of Assets and Liabilities attributable to Administered Activities

Administered Activity	State Rescue		Trust Accounts		Emergency	
	4		5		6	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Administered assets						
Current						
Cash and cash equivalents	4 686	2 322	8 286	10 002	6 085	5 911
Receivables	244	369	4 180	2 920	232	252
Investments	-	-	86 092	85 008	-	-
Non-current						
Investments	-	-	116 078	110 278	-	-
Intangible assets	-	-	620	783	-	-
Property, plant and equipment	-	-	59	159	11 017	12 899
Total administered assets	4 930	2 691	215 315	209 150	17 334	19 062
Administered liabilities						
Current						
Payables	1 274	1 845	674	1 250	94	128
Employee benefits	17	13	-	-	162	104
Lease incentives liability	-	-	-	-	-	-
Other current liabilities	12	8	89 066	86 359	-	-
Non-current						
Payables	3	3	-	-	24	18
Employee benefits	43	36	-	-	259	201
Lease incentives liability	-	-	-	-	-	-
Other non-current liabilities	-	-	95 690	89 524	-	-
Total administered liabilities	1 349	1 905	185 430	177 133	539	451
Net administered assets	3 581	786	29 885	32 017	16 795	18 611

Attorney-General's Department
Schedule of Assets and Liabilities attributable to Administered Activities

Administered Activity	Legal Aid		SA Government Radio		Fines Enforcement and Recovery	
	7		8		9	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Administered assets						
Current						
Cash and cash equivalents	2	(24)	45 346	57 949	7 241	6 603
Receivables	10	25	2 757	1 340	595	569
Investments	-	-	-	-	-	-
Non-current						
Investments	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Property, plant and equipment	-	-	45 386	42 060	-	-
Total administered assets	12	1	93 489	101 349	7 836	7 172
Administered liabilities						
Current						
Payables	110	-	1 300	3 357	(34)	(18)
Employee benefits	-	-	167	160	-	-
Lease incentives liability	-	-	-	-	-	-
Other current liabilities	-	-	265	-	6 691	5 582
Non-current						
Payables	-	-	39	32	-	-
Employee benefits	-	-	423	355	-	-
Lease incentives liability	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-
Total administered liabilities	110	-	2 194	3 904	6 657	5 564
Net administered assets	(98)	1	91 295	97 445	1 179	1 608

Attorney-General's Department
Schedule of Assets and Liabilities attributable to Administered Activities

Administered Activity	Independent Commission Against Corruption and Office for Public Integrity		Other		Total	
	10		11			
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Administered assets						
Current						
Cash and cash equivalents	3 251	5 008	3 717	13 298	422 701	405 703
Receivables	114	485	273	609	34 436	32 566
Investments	-	-	-	-	124 909	114 963
Non-current						
Investments	-	-	-	-	147 563	138 841
Intangible assets	-	-	-	-	620	783
Property, plant and equipment	5 449	5 150	241	319	62 151	60 587
Total administered assets	8 814	10 643	4 231	14 226	792 380	753 443
Administered liabilities						
Current						
Payables	401	341	3 632	664	8 298	8 423
Employee benefits	678	539	551	491	1 694	1 357
Lease incentives liability	116	116	-	-	116	116
Other current liabilities	-	-	58	104	120 244	116 776
Non-current						
Payables	36	20	93	81	224	164
Employee benefits	396	222	982	905	2 422	1 831
Lease incentives liability	698	814	-	-	698	814
Other non-current liabilities	-	-	-	-	95 690	89 524
Total administered liabilities	2 325	2 052	5 316	2 245	229 386	219 005
Net administered assets	6 489	8 591	(1 085)	11 981	562 994	534 438

Attorney-General's Department
Notes to and forming part of the financial statements
For the year ended 30 June 2016

Note A1 Administered Activities

Activity 1: Liquor and Gambling Services

This administered activity recognises activities in relation to the receipt of payments associated with Gaming Machines and Gaming Taxation. It also recognises receipts and payments associated with Betting Services, Racing Operations, Lottery Licences and Liquor Subsidies.

Activity 2: Consumer and Business Services

This administered activity includes activities in relation to the Agents Indemnity Fund and the Second Hand Vehicles Compensation Fund.

Activity 3: Victims of Crime

This administered activity relates to receipts and payments associated with the Victims of Crime Act 2001. The Act provides for payment of compensation to persons who suffer injury as a result of criminal acts and the recovery from the offenders. Payments to victims and the monies recovered from offenders are processed through an interest bearing special deposit account.

Activity 4: State Rescue

This administered activity relates to the activities of the State Rescue Helicopter Service used by the SA Police Department, Department of Health, SA Country Fire Service, SA Ambulance Service and other non-government organisations.

Activity 5: Trust Accounts

This administered activity relates to activities associated with the Residential Tenancies Fund and the Crown Solicitor's Trust Account. The Department receives monies which are held in trust pending the outcome of future events or settlements. The Department does not have direct control over these funds and acts in the capacity as trustee. Beneficiaries include other government departments for the sale of government property, claims from individuals and funding for the administration of these trusts (funded by the income earned from investing the Funds' monies).

Activity 6: Emergency

This administered activity relates to activities associated with the ongoing maintenance and support of the SA Computer Aided Dispatch (SACAD) systems and services relied on by the State's police, ambulance and emergency services.

Activity 7: Legal Aid

This administered activity relates to grant payments made to the Legal Services Commission. The Department receives annual specific grant funding from the Commonwealth which, together with the State Government component, is paid to the Legal Services Commission. The Commonwealth grant funding provides legal assistance for matters arising under Commonwealth law, while the State Government grant funding is expended on State law matters.

Activity 8: Government Radio Network

This administered activity relates to a significant project to upgrade the existing SA Government Radio Network (SAGRN), together with the ongoing maintenance and support of the SAGRN systems and services on which South Australian public safety organisations and government agencies rely to meet their radio communications needs.

Activity 9: Fines Enforcement and Recovery

This administered activity relates to the collection of revenue from the Fines Enforcement and Recovery Unit.

Attorney-General's Department
Notes to and forming part of the financial statements
For the year ended 30 June 2016

Note A1 Administered Activities (continued)

Activity 10: Independent Commission Against Corruption and Office for Public Integrity

This administered activity seeks to:

- identify and investigate corruption in public administration;
- assist in identifying and dealing with misconduct and maladministration in public administration; and
- prevent or minimise corruption, misconduct and maladministration in public administration through education and evaluation of practices, policies and procedures.

Activity 11: Other

This administered activity reflects the financial performance and position of various other administered activities, including Royal Commissions which, administratively, fall under the Department.

Note A2 Taxation revenue

	2016	2015
	\$'000	\$'000
Taxation gaming machines	283 863	286 991
Taxation off-course totalisator	3 725	3 792
Total taxation revenue	287 588	290 783

Note A3 Revenues from SA Government

	2016	2015
	\$'000	\$'000
Appropriations from Consolidated Account pursuant to the Appropriations Act	59 822	77 365
Appropriations received from the Treasurer's Contingency Fund	-	7 251
Appropriations under other Acts	12 668	12 401
Total revenues from SA Government	72 490	97 017

Total revenues from Government consists of \$59.8 million (\$77.4 million) for operational and capital funding. For details on the expenditure associated with the operational funding received refer to Note A7 to Note A13. There were no material variations between the amount appropriated and the expenditure associated with this appropriation.

Note A4 Grants and subsidies received

	2016	2015
	\$'000	\$'000
Grants from SA Government Agencies		
State Rescue Helicopter Service	2 857	638
SA Computer Aided Dispatch	290	871
Other	712	1 101
Total grants and subsidies received	3 859	2 610

Attorney-General's Department
Notes to and forming part of the financial statements
For the year ended 30 June 2016

Note A5 Interest and investment revenues

	2016	2015
	\$'000	\$'000
Distribution from investments	7 421	4 743
Interest from the Department of Treasury and Finance	5 404	6 047
Interest from Agents	4 944	5 294
Interest from investments	2 688	3 015
Interest from Housing SA	1 233	1 160
Total interest revenues	21 690	20 259

Note A6 Recoveries and other income

	2016	2015
	\$'000	\$'000
Gaming Machine Trading Round revenue	5 707	3 734
Sundry recoveries	4 286	2 752
Recoveries for State Rescue Helicopter Service	4 149	2 530
Confiscation of profits	1 579	1 162
Recoveries from offenders	640	770
Other	381	381
Total recoveries and other income	16 742	11 329

Note A7 Net loss from the disposal of non-current assets

	2016	2015
	\$'000	\$'000
Government Radio network assets		
Proceeds from disposal	-	-
Less net book value of assets disposed	-	51
Net loss from disposal of assets	-	51
Total net loss from disposal of non-current assets	-	51

Note A8 Grants and subsidies

	2016	2015
	\$'000	\$'000
Legal Services Commission	37 121	33 974
Victims of Crime	3 876	3 640
Liquor Subsidies	3 082	2 663
Other	2 633	2 654
Total grants and subsidies	46 712	42 931

Attorney-General's Department
Notes to and forming part of the financial statements
For the year ended 30 June 2016

Note A9 **Victims of Crime payments**

	2016	2015
	\$'000	\$'000
Victims of Crime payments	13 420	12 578
Total Victims of Crime payments	13 420	12 578

Note A10 **State Rescue Helicopter Service charges**

	2016	2015
	\$'000	\$'000
State Rescue Helicopter Service charges	16 950	11 875
Total State Rescue Helicopter Service charges	16 950	11 875

Note A11 **Employee benefits expense**

	2016	2015
	\$'000	\$'000
Salaries and wages	19 945	15 946
Employment on-costs - superannuation	2 333	2 217
Long service leave	1 180	731
Employment on-costs - other	1 119	973
Annual leave	583	409
Board fees	366	798
Other	13	5
Skills and experience retention leave	8	20
Total employee benefits expenses	25 547	21 099

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Note A11 Employee benefits expense (continued)

Remuneration of officers

	2016 No.	2015 No.
The number of officers, including judicial officers, whose remuneration received or receivable falls within the following bands:		
\$141 500 to \$145 000*	n/a	2
\$145 001 to \$155 000	4	4
\$155 001 to \$165 000	3	3
\$165 001 to \$175 000	-	1
\$175 001 to \$185 000	-	1
\$185 001 to \$195 000	1	-
\$195 001 to \$205 000	1	-
\$205 001 to \$215 000	-	1
\$215 001 to \$225 000	2	-
\$245 001 to \$255 000	-	1
\$265 001 to \$275 000	1	2
\$275 001 to \$285 000	1	-
\$315 001 to \$325 000	1	1
\$325 001 to \$335 000	-	2
\$345 001 to \$355 000	1	-
\$355 001 to \$365 000	1	-
\$415 001 to \$425 000	-	1
\$425 001 to \$435 000	1	-
\$475 001 to \$485 000	1	-
\$485 001 to \$495 000	-	2
\$495 001 to \$505 000	2	2
\$505 001 to \$515 000	1	-
\$515 001 to \$525 000	-	1
\$525 001 to \$535 000	1	1
\$555 001 to \$565 000	-	1
\$565 001 to \$575 000	1	-
\$745 001 to \$755 000 **	1	-
Total number of officers	24	26

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2014-15.

** Includes payment of long service leave, annual leave, termination benefits for officers who have left the Department.

The table includes all officers who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of officers reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. Total remuneration received or due and receivable by these officers was \$7.8 million (2015 - \$7.6 million).

There were nil TVSPs paid during the reporting period and nil for 2014-15.

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Note A12 Depreciation and amortisation expense

	2016	2015
	\$'000	\$'000
Depreciation		
Government Radio Network assets	5 702	5 601
Information technology	659	545
Leasehold improvements	569	340
Buildings and other structures	55	55
Plant and equipment	81	50
Total depreciation expense	7 066	6 591
Amortisation		
Intangible assets	207	156
Total amortisation	207	156
Total depreciation and amortisation expense	7 273	6 747

Note A13 Other expenses

	2016	2015
	\$'000	\$'000
Government Radio Network expenditure	18 989	17 985
Suitor payments	16 936	15 306
Claims	14 926	16 819
Gaming Machine Trading Round disbursements	5 434	3 654
Information and communications technology	3 465	3 533
Contract staff	2 918	2 141
Accommodation	2 878	2 603
Consultants	2 501	249
Transfer from Victims of Crime Fund	2 137	2 334
Legal fees	1 555	1 233
Office expenses	769	851
Promotions and publications	536	252
Contract maintenance	458	876
Telephone related expenses	190	164
Other expenses	4 247	3 366
Total other expenses	77 939	71 366

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

	No.	2016	No.	2015
		\$'000		\$'000
Below \$10 000	10	40	11	48
Between \$10 000 and \$50 000	7	208	5	136
Above \$50 000	9	2 253	1	65
Total paid/payable to consultants engaged	26	2 501	17	249

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Note A13 Other expenses (continued)

	2016	2015
	\$'000	\$'000
Auditor's remuneration		
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	103	94
Total auditor's remuneration	103	94

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

Note A14 Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Deposits with the Treasurer	422 701	405 703
Total cash and cash equivalents	422 701	405 703

Interest rate risk

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

	Crown Solicitor's Trust		Residential Tenancies	
	Account		Fund	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Movement in Trust Accounts				
Balance 1 July 2015	4 507	2 677	5 495	10 992
Receipts	37 310	44 394	106 119	97 546
Payments	(38 929)	(42 564)	(107 314)	(103 043)
Balance at 30 June 2016	2 888	4 507	4 300	5 495

Note A15 Receivables

	2016	2015
	\$'000	\$'000
Receivables	24 806	24 397
Accrued interest	5 757	3 817
Prepayments	578	394
Other	3 295	3 958
Total receivables	34 436	32 566

Interest rate and credit risk

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

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

- Maturity analysis of receivables - Refer to table in Note A26
- Categorisation of financial instruments and risk exposure information - Refer to Note A26

Attorney-General's Department
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Note A16 Investments

	2016 \$'000	2015 \$'000
Current		
Funds invested with the Public Trustee	124 909	114 963
Total current investments	124 909	114 963
Non-current		
Funds invested with the Public Trustee	147 563	138 841
Total non-current investments	147 563	138 841
Total investments	272 472	253 804

Investments represent funds invested with the Public Trustee as follows:

Residential Tenancies Fund	211 196	195 286
Agents Indemnity Fund	57 460	54 868
Second Hand Vehicles Compensation Fund	3 816	3 650
Total investments	272 472	253 804

Note A17 Property, plant and equipment

	2016 \$'000	2015 \$'000
Buildings & other structures		
At cost (deemed fair value)	1 934	1 934
Less accumulated depreciation	(455)	(400)
Total buildings & other structures	1 479	1 534
Leasehold improvements		
At cost (deemed fair value)	4 472	4 437
Less accumulated depreciation	(1 275)	(706)
Total leasehold improvements	3 197	3 731
Plant and equipment		
At cost (deemed fair value)	731	794
Less accumulated depreciation	(303)	(285)
Total plant and equipment	428	509
Information technology		
At cost (deemed fair value)	5 440	4 799
Less accumulated depreciation	(3 844)	(3 197)
Total information technology	1 596	1 602
Capital work in progress		
At cost (deemed fair value)	14 391	6 444
Less accumulated depreciation	-	-
Total capital work in progress	14 391	6 444
Government Radio network assets		
At cost (deemed fair value)	73 334	73 341
Less accumulated depreciation	(32 274)	(26 574)
Total government radio network assets	41 060	46 767
Total property, plant and equipment	62 151	60 587

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Note A17 Property, plant and equipment (continued)

(1) Valuations of land & buildings and leasehold improvements were performed by Martin Burns, M.B.A., B.App.Sc., Property Resource Management, AAPI, an independent Certified Practising Valuer of Liquid Pacific as at 30 June 2015.

(2) Valuations of buildings and improvements and radio network assets were performed by an independent valuer, Mark Ochota, Principal Consultant of UXC Consulting as at 30 June 2016.

(3) There were no indications of impairment of property, plant and equipment and infrastructure at 30 June 2016.

Property, plant and equipment movement schedule – Administered items

	Leasehold improvements	Information technology	Plant and equipment	Capital work in progress
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2015	3 731	1 602	509	6 444
Additions	35	575	-	8 038
Depreciation and amortisation	(569)	(659)	(81)	-
Donated assets	-	-	-	-
Transfers (from) to work in progress	-	81	-	(81)
Revaluation	-	-	-	-
Disposal	-	(3)	-	-
Other	-	-	-	(10)
Carrying amount at 30 June 2016	3 197	1 596	428	14 391

	Buildings and other structures	Government Radio network assets	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2015	1 534	46 767	60 587
Additions	-	-	8 648
Depreciation and amortisation	(55)	(5 702)	(7 066)
Donated assets	-	-	-
Transfers (from) to work in progress	-	-	-
Revaluation	-	-	-
Disposal	-	(6)	(9)
Other	-	1	(9)
Carrying amount at 30 June 2016	1 479	41 060	62 151

	Leasehold improvements	Information technology	Plant and equipment	Capital work in progress
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2014	2 369	708	356	1 425
Additions	1 570	331	203	6 211
Depreciation and amortisation	(340)	(545)	(50)	-
Donated assets	-	-	-	-
Transfers (from) to work in progress	-	1 108	-	(1 184)
Revaluation	132	-	-	-
Disposal	-	-	-	-
Other	-	-	-	(8)
Carrying amount at 30 June 2015	3 731	1 602	509	6 444

Attorney-General's Department
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Note A17 **Property, plant and equipment (continued)**

	Buildings and other structures	Government Radio network assets	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2014	1 589	57 607	64 054
Additions	-	906	9 221
Depreciation and amortisation	(55)	(5 601)	(6 591)
Donated assets	-	(6 170)	(6 170)
Transfers (from) to work in progress	-	76	-
Revaluation	-	-	132
Disposal	-	(51)	(51)
Other	-	-	(8)
Carrying amount at 30 June 2015	1 534	46 767	60 587

SA Government Radio Network donated voice terminals to various other government agencies total value of \$6.2 million.

Note A18 **Intangible assets**

	2016	2015
	\$'000	\$'000
Intangible assets		
Intangible assets at cost	1 009	964
Accumulated amortisation	(389)	(181)
Total intangible assets	620	783

Intangibles movement schedule

	Intangibles	Total
	\$'000	\$'000
Carrying amount 1 July 2015	783	783
Transfers from (to) work in progress	-	-
Additions	44	44
Donated assets	-	-
Depreciation and amortisation	(207)	(207)
Carrying amount 30 June 2016	620	620

	Intangibles	Total
	\$'000	\$'000
Carrying amount 1 July 2014	728	728
Transfers from (to) work in progress	-	-
Additions	175	175
Donated assets	36	36
Depreciation and amortisation	(156)	(156)
Carrying amount 30 June 2015	783	783

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Note A19 Fair value measurement

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs use in measurement.

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2016.

Fair value measurements at 30 June 2016	Level 3	2016
Recurring fair value measurements	\$'000	\$'000
Government Radio network assets	41 060	41 060
Leasehold improvements	3 197	3 197
Information technology	1 596	1 596
Buildings and other structures	1 479	1 479
Plant and equipment	428	428
Total recurring fair value measurements	47 760	47 760

Fair value measurements at 30 June 2015	Level 3	2015
Recurring fair value measurements	\$'000	\$'000
Government Radio network assets	46 767	46 767
Leasehold improvements	3 731	3 731
Information technology	1 602	1 602
Buildings & other structures	1 534	1 534
Plant and equipment	509	509
Total recurring fair value measurements	54 143	54 143

Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new standard.

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2016. The Department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Attorney-General's Department
Notes to and forming part of the financial statements
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Note A19 Fair value measurement (continued)

Reconciliation of fair value measurements - Level 3

All assets have been determined to be at Level 3. The fair values were determined using depreciated replacement cost approach. Key assumptions were assessing the remaining useful life and the purpose of the assets.

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurement.

	Leasehold improvements	Information technology	Plant and equipment	Buildings & other structures	Government Radio network assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2015	3 731	1 602	509	1 534	46 767	54 143
Additions	35	575	-	-	-	610
Transfers from (to) work in progress	-	81	-	-	-	81
Disposals	-	(3)	-	-	(6)	(9)
Subtotal	3 766	2 255	509	1 534	46 761	54 825
Gains/(losses) for the period recognised in net result						
Depreciation and amortisation	(569)	(659)	(81)	(55)	(5 702)	(7 066)
Subtotal	(569)	(659)	(81)	(55)	(5 702)	(7 066)
Gains/(losses) for the period recognised in other comprehensive income						
Revaluation	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Carrying amount at 30 June 2016	3 197	1 596	428	1 479	41 059	47 759

Attorney-General's Department
Notes to and forming part of the financial statements
For the year ended 30 June 2016

Note A19 Fair value measurement (continued)

	Leasehold improvements	Information technology	Plant and equipment	Buildings & other structures	Government Radio network assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2014	2 369	708	356	1 589	57 607	62 629
Additions	1 570	331	203	-	906	3 010
Transfers from (to) work in progress	-	1 108	-	-	76	1 184
Resources provided free of charge	-	-	-	-	(6 170)	(6 170)
Disposals	-	-	-	-	(51)	(51)
Subtotal	3 939	2 147	559	1 589	52 368	60 602
Gains/(losses) for the period recognised in net result						
Depreciation and amortisation	(340)	(545)	(50)	(55)	(5 601)	(6 591)
Subtotal	(340)	(545)	(50)	(55)	(5 601)	(6 591)
Gains/(losses) for the period recognised in other comprehensive income						
Revaluation	132	-	-	-	-	132
Subtotal	132	-	-	-	-	132
Carrying amount at 30 June 2015	3 731	1 602	509	1 534	46 767	54 143

Attorney-General's Department
Notes to and forming part of the financial statements
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Note A20 Payables – administered items

	2016 \$'000	2015 \$'000
Current		
Accruals	7 471	6 959
Creditors	582	1 208
Employment on costs	245	256
Total current payables	8 298	8 423
Non-current		
Employment on costs	224	164
Total non-current payables	224	164
Total payables	8 522	8 587

The Department of Treasury and Finance has performed an actuarial assessment of long service leave as at 30 June 2016. The percentage of the proportion of long service leave taken as leave has increased from the 30 June 2015 percentage rate of 37% to 40% for 30 June 2016 and the average factor for the calculation of employer superannuation on-cost is 10.2% (10.3% 2015). These rates are used in the employment on-cost calculation. The financial effect of the change in the superannuation on-cost rate on employment on-costs and employee benefit expense is immaterial.

Interest rate and credit risk

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

- a) Maturity analysis of receivables - Refer to table in Note A26
- b) Categorisation of financial instruments and risk exposure information - Refer to Note A26

Note A21 Employee benefits – administered items

	2016 \$'000	2015 \$'000
Current		
Annual leave	879	770
Long service leave	490	421
Accrued salaries and wages	266	115
Skills and experience retention leave	59	51
Total current employee benefits	1 694	1 357
Non-current		
Long service leave	2 422	1 831
Total non-current employee benefits	2 422	1 831
Total employee benefits	4 116	3 188

AASB 119 contains the calculation methodology for long service leave liability. An actuarial assessment performed by the Department of Treasury and Finance was used to calculate the liability.

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Note A21 Employee benefits – administered items (continued)

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has decreased from 2015 (3%) to 2016 (2%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, has an impact of an increase in the reported long service leave liability.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$201 000 and employee benefit expense of \$201 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and the salary inflation rate remained at 3% for annual leave and skills, experience and retention leave liability.

Note A22 Other liabilities – administered items

	2016 \$'000	2015 \$'000
Current		
Security bonds lodged	86 177	81 852
Gaming, fines and other receipts payable to the Department of Treasury and Finance	30 198	29 772
Crown Solicitor's Trust Account	2 889	4 507
Other	980	645
Total other current liabilities	120 244	116 776
Non-current		
Security bonds lodged	92 946	89 524
Other	2 744	-
Total other non-current liabilities	95 690	89 524
Total other liabilities	215 934	206 300

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Note A23 Cash flow reconciliation – administered items

	2016	2015
	\$'000	\$'000
Reconciliation of cash and cash equivalents disclosed in the Statement of Financial Position		
Cash and cash equivalents disclosed in the Statement of Financial Position	422 701	405 703
Balance as per the Statement of Cash Flows	422 701	405 703
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by operating activities	33 711	55 692
Add/(less) non cash items		
Depreciation expense	(7 273)	(6 747)
Donated asset expense	(9)	(6 170)
Donated asset revenues	-	36
Loss on disposal of assets	-	(51)
Other non cash items	-	(6)
Assets in payables	(1 455)	(223)
Movements in assets and liabilities		
Increase/(decrease) in receivables	2 304	(126)
Increase/(decrease) in investments	8 862	7 941
Decrease/(increase) in payables	56	(524)
Decrease/(increase) in employee benefits	(928)	(810)
Decrease/(increase) in other liabilities	(9 634)	7 269
Net result	25 634	56 281

Note A24 Unrecognised contractual commitments – administered items

Operating Leases Commitments

Commitments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are as follows:

	2016	2015
	\$'000	\$'000
Within one year	1 462	875
Later than one year but not longer than five years	6 031	3 439
Later than five years	2 120	1 996
Total operating lease commitments	9 613	6 310

The accommodation and office equipment leases are non-cancellable leases with rental payable monthly in advance.

Contingent rental provisions within the accommodation lease agreements provide for the minimum lease payments to be increased on specified rent review dates. Options exist to renew the accommodation leases at the end of the term of the lease.

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Note A24 Unrecognised contractual commitments – administered items (continued)

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

	2016	2015
	\$'000	\$'000
Within one year	985	1 057
Later than one year but not longer than five years	3 660	3 417
Later than five years	468	1 192
Total operating lease commitments	5 113	5 666

When acting as lessor leases are non-cancellable leases for access rights to State owned land sites. The leases have terms ranging from 1 to 25 years with some having a right of renewal.

Other commitments

	2016	2015
	\$'000	\$'000
Grants ⁽¹⁾	64 430	80 129
Motor vehicles ⁽²⁾	94	60
Capital ⁽³⁾	84 622	92 473
Other ⁽⁴⁾	96 074	104 868
Total other commitments	245 220	277 530
Within one year	96 551	91 601
Later than one year but not longer than five years	135 431	160 102
Later than five years	13 238	25 827
Total other commitments	245 220	277 530

(1) Grant amounts payable under agreements in respect of which the grantee has yet to provide the services required under the agreement. The grant commitments as at 30 June 2016 relates to the National Partnership Agreement on Legal Assistance Services between the Commonwealth of Australia and the States and Territories.

(2) Agreements for the provision of motor vehicles to executive officers or sections (i.e. pool vehicles) are leased from SAFA through their agent LeasePlan Australia. There are no purchase options available to the Department.

(3) Includes the SA Government Radio Network Upgrade.

(4) Other commitments relate to purchase orders placed for goods and services before 30 June 2016 and annual service and maintenance for the SA Computer Aided Dispatch, SA Government Radio Network and SA State Rescue Helicopter Service.

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Note A25 Contingent assets and liabilities – administered items

The Department is not aware of any contingent assets.

The Agents Indemnity Fund has an estimated contingent obligation to pay \$0.52 million (\$2.58 million) relating to current and expected claims against the Fund.

The Department is of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Under the Residential Tenancies Act 1995, bonds lodged prior to 9 May 2015 accrue interest which is paid to tenants when a bond is repaid to them. Interest is not paid when a bond is paid to landlords or third parties such as the SA Housing Trust. All bonds lodged after 9 May 2015 (inclusive) will not accrue interest. The interest payable to tenants has not been recorded as a liability as the Fund does not have a present obligation until the tenant lodges a claim for the repayment of the bond. It is estimated that the contingent interest liability as at 30 June 2016 is \$104 000 (\$109 000).

Note A26 Financial instruments – administered items

Financial risk management

Risk management is managed by the department's corporate services section and departmental risk management policies are in accordance with the Risk Management Policy Statement issued by the Premier and Treasurer and the principles established in the Australian Standard Risk Management Principles and Guidelines.

The department is exposed to financial risk – liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

(a) Categorization of financial assets

The following table discloses the categorization of financial assets and financial liabilities:

Category of financial asset and financial liability	Category of financial asset and financial liability	Note	2016		2015	
			Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets						
Cash and cash equivalents	Cash and cash equivalents	A14	422 701	422 701	405 703	405 703
Loans and receivables	Loans and receivables ⁽¹⁾⁽²⁾	A15	33 527	33 527	32 172	32 172
Available for sale investments	Investments	A16	272 472	272 472	253 804	253 804
Total financial assets at cost			728 700	728 700	691 679	691 679
Financial liabilities						
Financial liabilities at cost	Payables ⁽¹⁾	A20	7 795	7 795	8 090	8 090
	Other financial liabilities	A22	215 920	215 920	206 260	206 260
Total financial liabilities at cost			223 715	223 715	214 350	214 350

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

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Note A26 Financial instruments – administered items (continued)

²Receivables amount disclosed here excludes prepayments. Prepayments are presented in Note A15 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Financial Assets

Cash and Receivables are recorded at the carrying amount which approximates net fair value.

Investments represent funds held by the Public Trustee on behalf of the Residential Tenancies Fund, Agents Indemnity Fund and the Second Hand Vehicles Compensation Fund (the Funds). The Public Trustee has invested in collective investment vehicles for the purpose of gaining exposure to Australian and international equities. The managers of such vehicles have invested in a variety of financial instruments which expose the Funds to investment risks, including market, credit, interest and currency risk. These investments are valued by the Public Trustee at reporting date and recognised at fair value.

Financial Liabilities

Financial liabilities principally represent security bonds held on behalf of third parties and taxation receipts payable to the Treasurer. The carrying amount of all financial liabilities is considered to be a reasonable estimate of net fair value.

Credit Risk

At reporting date funds totalling \$272.0 million were invested with the Public Trustee. Pooled investment funds are not rated for credit risk. The Public Trustee considers the credit risk of individual fund managers prior to investing funds and reviews these assessments quarterly.

Other than pooled investments, the Department has no significant concentration of credit risk. The Department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

Allowances for impairment of financial assets are calculated on past experiences and expected changes in client credit rating. Currently the Department does not hold any collateral as security for any of its financial assets. There are no financial assets administered by the Department.

(b) Ageing analysis of financial assets

The following table discloses the ageing of financial assets which are past due, analysed into those assets which are impaired and not impaired.

	Past due by			Total \$'000
	Overdue for < 30 days \$'000	Overdue for 30- 60 days \$'000	Overdue for > 60 days \$'000	
2016				
Not impaired Receivables ⁽¹⁾	33 008	378	141	33 527
Impaired Receivables ⁽¹⁾	-	-	-	-
2015				
Not impaired Receivables ⁽¹⁾	31 297	-	-	31 297
Impaired Receivables ⁽¹⁾	-	-	-	-

Attorney-General's Department
Notes to and forming part of the financial statements
For the year ended 30 June 2016

Note A26 Financial instruments – administered items (continued)

(c) Maturity analysis of financial assets and liabilities

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

	Carrying amount \$'000	Contractual Maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
2016				
Financial assets				
Cash & cash equivalents	422 701	422 701	-	-
Investments	272 472	124 909	147 563	-
Receivables ⁽¹⁾	33 527	33 527	-	-
Total financial assets	728 700	581 137	147 563	-
Financial liabilities				
Payables ⁽¹⁾	7 858	7 858	-	-
Other financial liabilities	215 920	120 230	92 946	2 744
Total financial liabilities	223 778	128 088	92 946	2 744

	Carrying amount \$'000	Contractual Maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
2015				
Financial assets				
Cash & cash equivalents	405 703	405 703	-	-
Investments	253 804	114 963	138 841	-
Receivables ⁽¹⁾	32 172	32 172	-	-
Total financial assets	691 679	552 838	138 841	-
Financial liabilities				
Payables ⁽¹⁾	8 090	8 090	-	-
Other financial liabilities	206 260	116 736	89 524	-
Total financial liabilities	214 350	124 826	89 524	-

Liquidity Risk

Financial liabilities principally represent security bonds held on behalf of third parties and taxation receipts payable to the Treasurer. Security bonds are payable on receipt of an application from the tenant or lessee. Cash balances and Cash Common Funds held with the Public Trustee are available at call.

(d) Market risk

Activities administered by the Department are exposed to price risk. Price risk represents the risk that the fair value of investments held with the Public Trustee will fluctuate due to changes in the market price for the underlying asset.

Investments held with the Public Trustee are classified as 'available for sale' financial assets. Net gains or losses resulting from movements in the fair value of investments are recognised directly in equity. Accordingly there is no impact on administered income and expenses.

Cash administered by the Department is also subject to interest rate risk.

Attorney-General's Department
Notes to and forming part of the financial statements
For the year ended 30 June 2016

Note A26 Financial instruments – administered items (continued)

Sensitivity Analysis

The impact of a 1% movement in interest rates and a 1% movement in equity indexes on financial assets administered by the Department is shown in the following table.

	Carrying amount \$'000	Interest rate risk		Price risk	
		-1% Operating surplus \$'000	1% Operating surplus \$'000	-1% Equity \$'000	1% Equity \$'000
2016					
Financial assets					
Cash and cash equivalents	422 701	(4 227)	4 227	-	-
Investments	272 472	-	-	(2 725)	2 725
Total increase/(decrease)		(4 227)	4 227	(2 725)	2 725
2015					
Financial assets					
Cash and cash equivalents	405 703	(4 057)	4 057	-	-
Investments	253 804	-	-	(2 538)	2 538
Total increase/(decrease)		(4 057)	4 057	(2 538)	2 538

Attorney-General's Department
Notes to and forming part of the financial statements
For the year ended 30 June 2016

Note A27 Transactions with SA Government

	Note	SA Government		Non-SA Government		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses							
Payments to Consolidated Account		362 354	358 477	-	-	362 354	358 477
Grants and subsidies	A8						
Legal Services Commission		-	-	37 121	33 974	37 121	33 974
Victims of Crime		1 793	762	2 083	2 878	3 876	3 640
Liquor subsidies		-	-	3 082	2 663	3 082	2 663
Other		982	784	1 651	1 870	2 633	2 654
Victims of Crime payments	A9	30	2	13 390	12 576	13 420	12 578
State Rescue Helicopter Service charges	A10	101	-	16 849	11 875	16 950	11 875
Employee benefits expenses	A11	1 540	1 031	24 007	20 068	25 547	21 099
Depreciation and amortisation expense	A12	-	-	7 273	6 747	7 273	6 747
Donated asset		-	-	9	6 170	9	6 170
Net loss from the disposal of non-current assets	A7	-	-	-	51	-	51
Other expenses	A13						
Government Radio Network expenditure		289	446	18 700	17 539	18 989	17 985
Suitor payments		53	-	16 883	15 306	16 936	15 306
Information and communications technology		290	404	3 175	3 129	3 465	3 533
Claims		-	-	14 926	16 819	14 926	16 819
Transfer from Victims of Crime Fund		-	-	2 137	2 334	2 137	2 334
Accommodation		2 592	2 456	286	147	2 878	2 603
Gaming Machine Trading Round disbursements		19	10	5 415	3 644	5 434	3 654
Telephone related expenses		98	71	92	93	190	164
Legal fees		43	76	1 512	1 157	1 555	1 233
Contract staff		-	11	2 918	2 130	2 918	2 141
Office expenses		219	-	550	851	769	851
Contract maintenance		-	-	458	876	458	876
Consultants		-	-	2 501	249	2 501	249
Promotions and publications		-	-	536	252	536	252
Other		408	-	3 839	3 366	4 247	3 366
Total expenses		370 811	364 530	179 393	166 764	550 204	531 294

Attorney-General's Department
Notes to and forming part of the financial statements
For the year ended 30 June 2016

Note A27 Transactions with SA Government (continued)

		SA Government		Non-SA Government		Total	
		2016	2015	2016	2015	2016	2015
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income							
Taxation	A2	-	-	287 588	290 783	287 588	290 783
Revenues from SA Government	A3	72 490	97 017	-	-	72 490	97 017
Commonwealth revenues		-	-	15 699	16 194	15 699	16 194
Grants and subsidies received	A4						
SA Computer Aided Dispatch		290	871	-	-	290	871
State Rescue Helicopter Service		2 857	638	-	-	2 857	638
Other		712	808	-	293	712	1 101
Interest and investment revenues	A5						
Interest from the DTF		5 404	6 047	-	-	5 404	6 047
Interest from agents		-	-	4 944	5 294	4 944	5 294
Distribution from investments		7 421	3 459	-	1 284	7 421	4 743
Interest from investments		2 688	3 015	-	-	2 688	3 015
Interest from Housing SA		1 233	1 160	-	-	1 233	1 160
Victims of Crime levies		12 831	13 941	29 206	28 727	42 037	42 668
Fines and related fees		863	1 312	85 793	77 642	86 656	78 954
Fees and charges		-	-	2 947	2 814	2 947	2 814
Government Radio Network recoveries		25 309	23 138	821	1 908	26 130	25 046
Donated assets		-	36	-	-	-	36
Recoveries and other incomes	A6						
Recoveries for State Rescue Helicopter Service		3 956	1 716	193	814	4 149	2 530
Gaming Machine Trading Round revenue		-	-	5 707	3 734	5 707	3 734
Confiscation of profits		1 579	1 162	-	-	1 579	1 162
Sundry recoveries		2 324	1 495	1 962	1 257	4 286	2 752
Recoveries from offenders		-	-	640	770	640	770
Other		-	-	381	381	381	381
Total income		139 957	155 815	435 881	431 895	575 838	587 710
Financial assets							
Receivables	A15						
Receivables		2 163	1 411	22 643	22 986	24 806	24 397
Accrued interest		5 757	3 817	-	-	5 757	3 817
Prepayments		11	-	567	394	578	394
Other		1 562	1 760	1 733	2 198	3 295	3 958
Investments	A16	272 472	253 804	-	-	272 472	253 804
Total financial assets		281 965	260 792	24 943	25 578	306 908	286 370
Financial liabilities							
Payables	A20						
Accruals		375	2 226	7 096	4 733	7 471	6 959
Creditors		582	1 208	-	-	582	1 208
Employment on costs		207	90	262	330	469	420
Other liabilities	A22						
Security bonds lodged		-	-	179 123	171 376	179 123	171 376
Gaming, fines and other receipts payable to the DTF		30 198	29 772	-	-	30 198	29 772
Crown Solicitor's Trust Account		2 889	4 507	-	-	2 889	4 507
Other liabilities		23	645	3 701	-	3 724	645
Total financial liabilities		34 274	38 448	190 182	176 439	224 456	214 887

Attorney-General's Department
Notes to and forming part of the financial statements
For the year ended 30 June 2016

Note A28 Budgetary reporting and explanations of major variances between budget and actual amounts

The following are brief explanations of variances between original budget and actual amounts.

Explanations are provided for variances where the variance exceeds the greater of 10 per cent of the original budgeted amount and 5 per cent of original budgeted total expenses.

		Original budget ¹ 2016 \$'000	Actual 2016 \$'000	Variance \$'000
Statement of Comprehensive Income				
Expenses				
Payments to Consolidated Account		384 531	362 354	(22 177)
Grants and subsidies		53 232	46 712	(6 520)
Victims of Crime payments		20 696	13 420	(7 276)
State Rescue Helicopter Service Charges		13 936	16 950	3 014
Employee benefits		18 886	25 547	6 661
Depreciation and amortisation		11 587	7 273	(4 314)
Donated assets		-	9	9
Other	a	41 422	77 939	36 517
Total expenses		544 290	550 204	5 914
Income				
Taxation		310 183	287 588	(22 595)
Revenues from SA Government	b	111 463	72 490	(38 973)
Fines and related fees		72 923	86 656	13 733
Victims of Crime levies		45 497	42 037	(3 460)
Government Radio Network recoveries		25 371	26 130	759
Commonwealth revenue		16 469	15 699	(770)
Grants and subsidies received		4 669	3 859	(810)
Interest and investment		36 483	21 690	(14 793)
Fees and charges		439	2 947	2 508
Recoveries and other income		9 688	16 742	7 054
Total income		633 185	575 838	(57 347)
Net result		88 895	25 634	(63 261)
Other comprehensive income				
Market value movement of investments		-	2 922	2 922
Total other comprehensive income		-	2 922	2 922
Total comprehensive result		88 895	28 556	(60 339)

1 These budgeted amounts have not been subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Papers, Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

- a) Other expenses was greater than the original budget due to suitor payments, native title and royal commission expenditure not included in the original budget.
- b) Revenues from SA government was lower than the original budget due to funding for the SA Government Radio Network which has been carried over into the 2016-17 financial year.

Attorney-General's Department
Notes to and forming part of the financial statements
For the year ended 30 June 2016

Note A28 **Budgetary reporting and explanations of major variances between budget and actual amounts (continued)**

		Original budget ¹ 2016 \$'000	Actual 2016 \$'000	Variance \$'000
Investing expenditure summary	Note			
Total new projects		-	-	-
Total existing projects	a	54 749	8 667	(46 082)
Total annual programs		220	45	(175)
Total investing expenditure		54 969	8 712	(46 257)

1 These budgeted amounts have not been subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Papers, Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

a The decrease in investing expenditure compared to original budget is mainly due to funding for the SA Government Radio Network which has been carried over into the 2016-17 financial year.

Attorney-General's Department
Statement of Comprehensive Income
for the year ended 30 June 2016

We certify that the attached general purpose financial statements for the Attorney-General's Department:

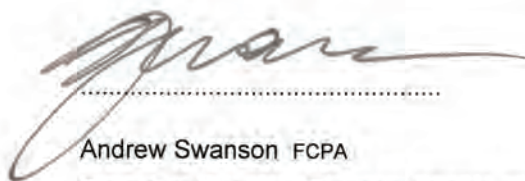
- comply with relevant Treasurer's Instructions issued under Section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Attorney-General's Department; and
- present a true and fair view of the financial position of the Attorney-General's Department as at 30 June 2016 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Attorney-General's Department for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Caroline Meador
A/Chief Executive
Attorney-General's Department

15 September 2016



Andrew Swanson FCPA
Executive Director - Finance, People and Performance
Attorney-General's Department

15 September 2016



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**To the Acting Chief Executive
Attorney-General's Department**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the Attorney-General's Department for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2016
- Disaggregated Disclosures - Assets and Liabilities as at 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2016
- a Statement of Administered Financial Position as at 30 June 2016
- a Statement of Administered Changes in Equity for the year ended 30 June 2016
- a Statement of Administered Cash Flows for the year ended 30 June 2016
- a Schedule of Expenses and Income attributable to administered activities for the year ended 30 June 2016
- a Schedule of Assets and Liabilities attributable to administered activities as at 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information for administered items
- a Certificate from the Acting Chief Executive and the Executive Director, Finance, People and Performance.

The Acting Chief Executive's responsibility for the financial report

The Acting Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the Acting Chief Executive determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial report 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 comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

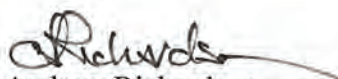
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 Acting Chief Executive, as well as evaluating the overall presentation of the financial report.

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

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on the Attorney-General's Department's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Attorney-General's Department as at 30 June 2016, 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.



Andrew Richardson

Auditor-General

22 September 2016

Public Trustee

Financial report
for the year ended
30 June 2016

**Statement of Comprehensive Income
for the year ended 30 June 2016**

	Note	2016 \$'000	2015 \$'000
Income			
Fees and charges	4(a)	20 736	20 820
Interest	4(b)	631	728
Gain from the disposal of fixed assets		-	1
Unrealised gains on financial assets		-	331
Other income	4(c)	1 123	766
Total income		22 490	22 646
Expenses			
Employee benefits	5(a), 5(b), 5(c), 5(d)	14 748	14 753
Supplies and services	5(e)	6 178	5 845
Unrealised losses on financial assets		628	-
Depreciation and amortisation		922	892
Total expenses		22 476	21 490
Profit before income tax equivalents		14	1 156
Income tax equivalent	2(c)	4	347
Profit after income tax equivalents		10	809
Total comprehensive result		10	809

The profit after income tax equivalents and total 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 2016**

	Note	2016 \$'000	2015 \$'000
Assets:			
Current assets			
Cash and cash equivalents	16	6 343	6 759
Receivables	6	1 973	931
Total current assets		8 316	7 690
Non-current assets			
Financial assets	7, 8	20 737	21 361
Plant and equipment	9	2 804	3 474
Intangible assets	10	388	436
Total non-current assets		23 929	25 271
Total assets		32 245	32 961
Liabilities:			
Current liabilities			
Payables	11	912	1 289
Lease Incentive		268	268
Employee benefits	12	1 623	1 444
Provisions	13	18	16
Total current liabilities		2 821	3 017
Non-current liabilities			
Payables	11	421	419
Lease Incentive		781	1 048
Employee benefits	12	4 184	4 216
Provisions	13	31	35
Total non-current liabilities		5 417	5 718
Total liabilities		8 238	8 735
Net assets		24 007	24 226
Equity:			
Retained earnings		24 007	24 226
Total equity		24 007	24 226
Contingent assets and liabilities	14		
Unrecognised contractual commitments	17		

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

**Statement of Changes in Equity
for the year ended 30 June 2016**

	Note	Retained Earnings	Total
		\$'000	\$'000
Balance as at 30 June 2014		<u>24 857</u>	<u>24 857</u>
Profit/(Loss) after income tax equivalent		809	809
Total comprehensive result for 2014/15		<u>809</u>	<u>809</u>
Transactions with State Government as owner			
Dividends provided for	13	<u>(1 440)</u>	<u>(1 440)</u>
Balance as at 30 June 2015		<u>24 226</u>	<u>24 226</u>
Profit/(Loss) after income tax equivalent		10	10
Total comprehensive result for 2015/16		<u>10</u>	<u>10</u>
Transactions with State Government as owner			
Dividends paid	13	<u>(229)</u>	<u>(229)</u>
Balance as at 30 June 2016		<u><u>24 007</u></u>	<u><u>24 007</u></u>

The above statement should be read in conjunction with the accompanying notes
All changes in equity are attributable to the SA Government as owner

**Statement of Cash Flows
for the year ended 30 June 2016**

	Note	2016 Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000
Cash flows from operating activities:			
Cash inflows			
Fees and charges		22 388	22 893
Sundry income		14	27
Interest		631	727
Distributions		602	397
Cash generated from operations		23 635	24 044
Cash outflows			
Employee benefits		(14 521)	(14 279)
Supplies and services		(7 168)	(6 685)
Tax equivalents		(319)	(889)
GST remitted to ATO		(1 607)	(1 450)
Cash used in operations		(23 615)	(23 303)
Net cash provided by operating activities	15(b)	20	741
Cash flows from investing activities:			
Cash inflows			
Proceeds from disposal of plant and equipment		-	1
Cash generated from investing activities		-	1
Cash outflows			
Financial assets		(3)	(3 611)
Purchase of plant and equipment		(109)	(101)
Purchase of intangibles		(95)	(136)
Cash used in investing activities		(207)	(3 848)
Net cash used in investing activities		(207)	(3 847)
Cash flows from financing activities:			
Cash outflows			
Dividend distribution to State Government	15(c)	(229)	(1 440)
Net cash used in financing activities		(229)	(1 440)
Net increase/(decrease) in cash and cash equivalents		(416)	(4 546)
Cash and cash equivalents at 1 July		6 759	11 305
Cash and cash equivalents at 30 June	16	6 343	6 759

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2015-16

1 Objectives of Public Trustee

The office of the Public Trustee was established in 1881 and is constituted under the provisions of the *Public Trustee Act 1995*. The Public Trustee is a statutory officer pursuant to the *Public Trustee Act 1995*. Public Trustee is a body corporate with the powers of a natural person.

The role of the Public Trustee is to provide all South Australians with access to will making services, powers of attorney preparation and deceased estate and trust administration. Public Trustee also has a role in managing the financial affairs of those people in the community who lack the capacity to manage their own affairs as determined by the courts, the South Australian Civil and Administrative Tribunal (SACAT) or through activation of powers of attorney.

2 Summary of significant accounting policies

The corporate financial statements present the financial performance, financial position and cash flows of Public Trustee as at 30 June 2016 together with the supporting notes.

Financial statements relating to funds administered by Public Trustee are prepared separately, detailing Trusts being Administered and Common Funds under Management.

a) Basis of accounting

Statement of Compliance

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

Public Trustee has applied Australian Accounting Standards that are applicable to not-for-profit entities, as Public Trustee is a not-for-profit entity.

Except for AASB 2015-7 which has been early adopted, Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by Public Trustee for the reporting period ending 30 June 2016. Refer to 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 Public Trustee's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; 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 these financial statements:
 - (i) revenues, expenses, financial assets and liabilities where the counter-party/transaction is with an entity within the SA Government as at reporting date, classified according to their nature;
 - (ii) expenses incurred as a result of engaging consultants;
 - (iii) employee targeted voluntary separation packages (TVSP) information;
 - (iv) employees whose normal remuneration is equal to or greater than the base executive remuneration level and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and
 - (v) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented for the year ended 30 June 2015.

b) Comparative information

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

Where presentation or classification of items in the financial statements has been amended comparative amounts have been reclassified unless reclassification is impracticable. The restated comparative amounts do not replace the original financial statements for the preceding period.

For the year ended 30 June 2016 Public Trustee has not applied an accounting policy retrospectively or made a retrospective restatement of items or reclassified items in the financial statements.

c) Taxation and dividend

The *Public Trustee Act 1995*, through the provisions of Sections 47 and 48, provides for the payment to Government of taxation equivalents and dividends. The income tax liability is based on the Treasurer's accounting profit method, which requires that the corporate income tax rate be applied to the net profit. The Public Trustee consults with the Minister as to whether a dividend should be paid to the Treasurer for that financial year and, if so, as to the amount of the dividend.

Public Trustee is also liable for payroll tax, fringe benefits tax and goods and services tax.

d) Events after the reporting period

Where an event occurs after 30 June 2016 but provides information about conditions that existed at 30 June, adjustments are made to amounts recognised in the financial statements.

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

e) Basis of valuation

Non-current assets and liabilities with the exception of Employee Benefits, are carried at deemed fair value.

Fair Value measurement

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Public Trustee classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

- Level 1 – traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 – not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 – not traded in an active market and are derived from unobservable inputs.

Plant and Equipment

Plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation or amortisation. The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amounts from these assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets' employment and subsequent disposal. The expected

net cash flows have not been discounted to their present values in determining the recoverable amount. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. The acquisition of software is capitalised when the expenditure meets the definition and recognition criteria of an asset and when the amount of expenditure is greater than or equal to \$5,000. Software is measured at cost unless the asset is acquired for no cost or for a nominal amount and then the asset's fair value is deemed to be cost. All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 Intangible Assets are expensed.

Depreciation and Amortisation

Plant and equipment and intangible assets are depreciated or amortised on a straight-line basis over their estimated useful lives, commencing from the time the asset is held ready for use. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to physical assets such as plant and equipment.

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

<i>Class of fixed asset</i>	<i>Depreciation rate</i>
Plant and equipment	20% - 27%
Software	20% - 27%
Accommodation fit out	10%

Financial Instruments

Financial instruments are carried at fair value determined as below:

- Cash and cash equivalents: are valued at nominal amounts. This asset consists of cash at bank, on hand and short term money market deposits that are readily converted to cash and which are subject to insignificant risk of changes in value.
- Investments: on acquisition are brought to account at cost and subsequently revalued at the balance date to fair value. Fixed interest investments are classified as held at fair value through the profit or loss and valued at market value based on independently obtained market yields applying at the balance date. Australian and International equities currently held in pooled funds are valued at the fair value prices established by the managers of the collective investment vehicles in which Public Trustee has invested.

Financial Instruments - Recognition

Public Trustee recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Financial Instruments - Measurement

Financial assets and liabilities held at fair value through the profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income. Fair value of financial instruments are classified, according to fair value hierarchy, at level 2 - fair values that are based on inputs that are directly or indirectly observable for the asset/liability.

- Fair value in an active market
The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.
- Fair value of unlisted unit trusts
Investments in other unlisted unit trusts are recorded at the fair value as reported by the managers of such funds.

Financial Instruments - Classification

Investments in financial assets such as equities and units in unlisted schemes have been classified as 'Fair value through the profit or loss' and recognised in the Statement of Financial Position at fair value, with changes in fair value during the period recognised in the Statement of Comprehensive Income.

If any indication of impairment exists, an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the Statement of Comprehensive Income.

Receivables and Payables are valued on a historical cost basis and it is considered that carrying value approximates market value.

Distributions from trust investments are recognised on a present entitlement basis.

f) Rounding

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

g) Income and expenses

Income and expenses are recognised in Public Trustee's Statement of Comprehensive Income when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

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

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer and is determined by comparing proceeds with carrying amounts.

Commissions and fees are charged against estates pursuant to Sections 44 and 45 of the Public Trustee Act 1995 and other Acts.

h) Employee benefits

Provision has been made in the Financial Statements, where stated, for Public Trustee's liability for employee benefits arising from services rendered by employees to balance date that remain unpaid. Related on-costs consequential to the employment of employees (payroll tax and superannuation contributions) have been included under "Payables" (Refer Note 11).

Salaries and wages

Liability for salaries and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

Superannuation

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

Annual leave

Provision has been made for the unused component of annual leave to balance date. The provision has been calculated at nominal amounts based on current salary rates plus 3% inflation rate as recommended in Accounting Policy Framework IV, paragraphs 5.7 and 5.8.

Skills and experience retention leave

Skills and experience retention leave is recognised on a pro-rata basis up to balance date in respect of services provided by Public Trustee employees with greater than 15 years service. The skills and experience retention leave is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid.

Long service leave

Long service leave is recognised on a pro-rata basis in respect of services provided by Public Trustee employees up to balance date. The liability was measured by an actuarial assessment performed by the Department of Treasury and Finance based on Public Trustee employee data. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows. This calculation is consistent with Public

Trustee's experience of employee retention and leave taken. Long service leave for officers who submitted resignations prior to the reporting date with termination dates early in the following financial year has been calculated at nominal value. The current liability portion has been based on the past history of annual payments.

Sick leave

No provision has been made in respect of sick leave, as entitlements are non-vesting. As sick leave taken by employees is considered to be taken from the current year's accrual, no liability is recognised.

i) Leases

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

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

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

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

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

j) Insurance

Public Trustee has insured for risks through the State Government's insurers, SAICORP, a division of the South Australian Government Financing Authority. The excess payable under this arrangement varies depending on each class of insurance held.

k) Current and non-current items

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

l) Receivables

Receivables comprise debtors, accrued investment income, income tax equivalent refund due, prepayments and doubtful debts. Debtors arise in the normal course of selling goods and services to the public and other agencies. Trade receivables are payable within 30 days after the issue of an invoice or the services have been provided under a contractual arrangement.

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

m) Payables

Payables include creditors, accrued expenses, employment on-costs, income tax equivalents and Goods and Services Tax (refer Note 2(o)).

Creditors represent the amounts owing for goods and services received but not paid prior to the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of Public Trustee.

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

All amounts are measured at their nominal amount and are normally settled within 30 days after Public Trustee receives an invoice.

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

n) Provisions

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2016 provided by a consulting actuary engaged through the Office for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

Public Trustee is responsible for the payment of workers compensation claims.

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

o) Accounting for the Goods and Services tax (GST)

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

- The amount of GST incurred by Public Trustee as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- Receivables and payables are stated with the amount of GST included.

The net GST payable to or recoverable from, the Australian Taxation Office has been recognised as a payable or receivable in the Statement of Financial Position.

Cash flows are reported on a gross basis in the Statement of Cash Flows. The GST component of the cash flows arising from investing or financing activities, which is recoverable from, or payable to, the Australian Taxation Office, is classified as operating cash flows.

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

p) Disaggregated reporting

Disaggregated reporting has been deemed not appropriate for Public Trustee, as assets, liabilities, income and expenses attributable to different activities cannot be reliably determined.

q) Impairment

All assets are assessed annually for evidence of impairment at reporting date, where there is an indication of impairment, the recoverable amount is estimated. Any amount by which the carrying amount exceeds the recoverable amount is recorded as an impairment loss.

3 New and revised accounting standards

Except for AASB 2015-7 which Public Trustee 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 Public Trustee for the period ending 30 June 2016. The Public Trustee has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements.

4 Income

a) Fees and charges

	2016	2015
	\$'000	\$'000
Commissions	10 351	10 610
Fees and charges	1 931	1 842
Management Fees ¹	8 454	8 368
Total fees and charges	20 736	20 820

¹A management fee is charged against common funds at the rate of one-twelfth of one percent of the value of each fund as at the first business day of the month.

b) Interest

	2016	2015
	\$'000	\$'000
Interest on operating and reserve accounts	33	38
Interest on fixed term investments	598	690
Total interest	631	728

c) Other income

	2016	2015
	\$'000	\$'000
Sundry income	14	27
Distributions from trusts	1 109	739
Total other income	1 123	766

5 Expenditure

a) Superannuation

During 2015-16 Public Trustee paid an amount of \$1.3 million (\$1.3 million) to the Department of Treasury and Finance towards the accruing Government liability for superannuation in respect of its employees.

b) Remuneration of employees

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

	2016	2015
	Number of Employees	Number of Employees
\$141 500 - \$145 000		1
\$155 000 - \$164 999	1	-
\$225 000 - \$234 999	1	1
\$235 000 - \$244 999	-	1
\$245 000 - \$254 999	1	-
\$285 000 - \$294 999	-	1
\$305 000 - \$314 999	1	-
	4	4

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and any fringe benefits tax paid or payable in respect of those benefits. Total remuneration received or due and receivable by these employees was \$945 000 (\$901 000).

c) Targeted voluntary separation packages (TVSPs)

Public Trustee provided for no TVSPs during 2015-16 or the previous year.

d) Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2015-16 financial year were:

Public Trustee Audit and Risk Management Committee

Ms Christine Locher (to 31 January 2016)

Ms Virginia Hickey

Mr Chris Oerman (from 1 February 2016)

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

	2016 Number of Members	2015 Number of Members
\$0 - \$9 999	2	1
\$10 000 - \$19 999	1	1
	<u>3</u>	<u>2</u>

The total remuneration received or receivable by members was \$19 000 (\$19 000).

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

In accordance with the Department of Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.

e) Supplies and services

	2016 \$'000	2015 \$'000
Minor works, maintenance and equipment	8	13
Insurance	264	206
Information technology	1 348	1 493
Accommodation and telecommunication	2 005	1 850
Legal expenses	18	37
Service contractors	1 125	905
Other Supplies and services	1 158	1 164
Auditors remuneration ¹	193	177
Consultancies ²	59	-
Total supplies and services	<u>6 178</u>	<u>5 845</u>

¹ Audit fees paid/payable to the Auditor General's Department relating to the audit of financial statements. No other services were provided by the Auditor General's Department.

² Public Trustee paid one consultant in 2015-16. Public Trustee paid for no consultancies in 2014-15.

6 Receivables

	2016 \$'000	2015 \$'000
<i>Current receivables</i>		
Debtors	577	20
Doubtful debts	(3)	(3)
Accrued investment income	1 225	716
Prepayments	174	198
Total Receivables	<u>1 973</u>	<u>931</u>

Receivables are generally settled within 30 days after the issue of an invoice.

7 Financial assets

Public Trustee is required, pursuant to section 46(2)(c) of the *Public Trustee Act 1995*, to obtain the Treasurer's approval as to the manner of investment of corporate funds.

	2016 \$'000	2015 \$'000
<i>Non-current financial assets</i>		
Australian fixed interest	2 978	3 000
Australian fixed interest (pooled funds)	7 251	7 106
International equities (pooled funds)	3 529	4 420
Australian listed property (pooled funds)	1 886	1 575
Australian equities (pooled funds)	5 093	5 260
Total financial assets	20 737	21 361

8 Financial instruments

a) Fair value of financial assets and liabilities

Financial instruments are readily tradeable and carried at fair value based upon the valuation policies set out in Note 2(e). The aggregate carrying amounts for each class of financial instrument are as disclosed within the notes to the financial statements.

b) Investment in collective investment vehicles

In addition to holding financial instruments directly, Public Trustee has invested in collective investment vehicles for the purpose of gaining exposure to Australian and International assets. The managers of such vehicles have invested in a variety of financial instruments, which expose Public Trustee to investment risks, including market risk, credit risk, interest risk and currency risk. Public Trustee has assessed the investment rules of these collective investments and determined their suitability as investments.

c) Financial risk management

Public Trustee's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of Public Trustee. Only Australian domiciled pooled funds are used for investments in overseas assets. These funds are not directly exposed to foreign exchange risk as the pooled funds are fully hedged against currency risk.

Management of risk is focused on both strategic and business process risk. Annually, an analysis of strategic risk is undertaken which is comprehensive and covers investment, financial, operational and administrative responsibilities of Public Trustee. Business processes are documented, key risks are identified and management strategies used to control these risks are in place.

d) Market risk

Price risk

Public Trustee is exposed to equity securities price risk. This arises from investments held by Public Trustee and classified on the Statement of Financial Position as financial assets at fair value through the profit or loss. Public Trustee is not directly exposed to commodity price risk, as the classes of investments include Australian shares, International shares and listed properties.

To manage its price risk arising from investments, Public Trustee diversifies its portfolio. Diversification of the portfolio is done in accordance with its Investment Guidelines. The analysis detailed below is based on the assumption that the market indexes had increased/decreased by a set percentage with all other variables held constant and all instruments moving according to the historical correlation with the index.

Cash flow and interest rate risk

Public Trustee's interest rate risk arises from cash investments, short term investments and Australian fixed interest investments. Instruments issued at fixed interest rates expose Public Trustee to fair value interest rate risk and variable rate instruments expose Public Trustee to cash flow interest rate risk. Public Trustee invests in short term money market instruments with maturities less than one year and with credit ratings that satisfy the credit rating requirements of Public Trustee's Cash Common Fund.

A sensitivity analysis is provided below, outlining the exposure to each type of market risk at reporting date, showing how profit or loss would be affected by the changes in the relevant risk variable that were reasonably

possible at that date. All instruments are designated as financial assets at fair value through the profit or loss; therefore there is no direct impact on equity.

Sensitivity analysis – 30 June 2016

		Interest Rate Risk		Price Risk	
		- 1% State- ment of Compre- hensive Income \$'000	+ 1% State- ment of Compre- hensive Income \$'000	- 20% State- ment of Compre- hensive Income \$'000	+ 10% State- ment of Compre- hensive Income \$'000
	Carrying Amount \$'000				
Financial assets					
Cash and cash equivalents	6 343	(63)	63	-	-
Financial assets at fair value through profit or loss:					
Australian fixed interest FRN	2 978	(30)	30	-	-
Australian fixed interest (pooled funds)	7 251	(73)	73	-	-
International equities (pooled funds)	3 529	-	-	(706)	353
Australian listed property (pooled funds)	1 886	-	-	(377)	189
Australian equities (pooled funds)	5 093	-	-	(1 019)	509
Total (decrease)/increase		<u>(166)</u>	<u>166</u>	<u>(2 102)</u>	<u>1 051</u>

Sensitivity analysis – 30 June 2015

		Interest Rate Risk		Price Risk	
		- 1% State- ment of Compre- hensive Income \$'000	+ 1% State- ment of Compre- hensive Income \$'000	- 20% State- ment of Compre- hensive Income \$'000	+ 10% State- ment of Compre- hensive Income \$'000
	Carrying Amount \$'000				
Financial assets					
Cash and cash equivalents	6 759	(68)	68	-	-
Financial assets at fair value through profit or loss:					
Australian fixed interest FRN	3 000	(30)	30	-	-
Australian fixed interest (pooled funds)	7 106	(71)	71	-	-
International equities (pooled funds)	4 420	-	-	(884)	442
Australian listed property (pooled funds)	1 575	-	-	(315)	157
Australian equities (pooled funds)	5 260	-	-	(1 052)	526
Total (decrease)/increase		<u>(169)</u>	<u>169</u>	<u>(2 251)</u>	<u>1 125</u>

e) Credit risk

Credit risk is managed at the corporate level. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to outstanding receivables and committed

transactions. Public Trustee has no direct exposure to derivative instruments, thus credit risk arises primarily through investments with banking corporations.

Short-term money market instruments must have a short-term Standard & Poor's (S&P) rating of A1 or in the case of the issuer being a bank under the *Banking Act 1959* a rating of A2 is accepted. Floating rate instruments must have a long-term S&P credit rating of A+ or better or where the counter party is a bank under the *Banking Act 1959* a rating of BBB or better is accepted.

If there is no independent rating, Public Trustee assesses the credit quality of the customer, taking into account its financial position and past experience. Pooled investment funds are not rated; however, Public Trustee has made a thorough assessment of all pooled funds managers in regard to credit and other risks prior to investing funds with each manager. The credit risk lies with the pooled fund manager responsible for the management of the underlying investments. Public Trustee continually monitors these assessments.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	2016 \$'000	2015 \$'000
<i>Cash at bank, short-term bank deposits and floating rate notes</i>		
A1+	2 343	1 759
A1	1 500	-
A2	2 500	5 000
Total cash at bank, short-term bank deposits and floating rate notes	6 343	6 759
	2016 \$'000	2015 \$'000
<i>Long-term bank deposits</i>		
A	2 978	3 000
Total long-term bank deposits	2 978	3 000
	2016 \$'000	2015 \$'000
<i>Trade receivables</i>		
<i>Counterparties with external ratings</i>		
A1	12	-
A1+	3	3
A2	25	31
A	7	7
<i>Counterparties without external ratings</i>		
Existing customers with no defaults in the past	1 926	890
Total trade receivables	1 973	931

f) Liquidity risk

Public Trustee has working capital policies in place in order to maintain liquidity. Short-term investment analysis assists in determining the amount, if any, to be invested or reinvested in order to maintain working capital. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions. Public Trustee manage the liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

All current financial assets held to maturity have a maturity date within 12 months. Pooled Funds investments have no maturity date.

9 Plant and equipment

2016	Opening Balance	Addit -ions	Dispos- als	Deprec- iation	Revaluation / Other	Closing Balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Plant and equipment at cost	1 308	138	(25)	-	-	1 421
Accommodation fit-out	6 254	-	-	-	-	6 254
Work in progress at cost	67	(41)	-	-	-	26
Total plant and equipment	7 629	97	(25)	-	-	7 701
Less: accumulated depreciation						
Plant and equipment	(1 048)	-	25	(142)	-	(1 165)
Accommodation fit-out	(3 107)	-	-	(625)	-	(3 732)
Total accumulated depreciation	(4 155)	-	25	(767)	-	(4 897)
Net plant and equipment	3 474	97	-	(767)	-	2 804
2015	Opening Balance	Addit -ions	Dispos- als	Deprec- iation	Revaluation / Other	Closing Balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Plant and equipment at cost	1 287	34	(13)	-	-	1 308
Accommodation fit-out	6 254	-	-	-	-	6 254
Work in progress at cost	-	67	-	-	-	67
Total plant and equipment	7 541	101	(13)	-	-	7 629
Less: accumulated depreciation						
Plant and equipment	(909)	-	13	(152)	-	(1 048)
Accommodation fit-out	(2 482)	-	-	(625)	-	(3 107)
Total accumulated depreciation	(3 391)	-	13	(777)	-	(4 155)
Net plant and equipment	4 150	101	-	(777)	-	3 474

Plant and Equipment assets are classified as Level 3 assets for fair value purposes as valuation is based on management's assessment of useful life and condition. The significant input to the valuation is management's assessment of useful life which is disclosed in Note 2(e).

There have been no movements in the fair value of Plant and Equipment other than movements as a result of additions, disposals and current year depreciation as shown above.

10 Intangible assets

2016	Opening Balance \$'000	Addit- ions \$'000	Dispos- als \$'000	Amort- isation \$'000	Revaluation / Other \$'000	Closing Balance \$'000
Software at cost	6 531	200	-	-	-	6 731
Work in progress at cost	130	(93)	-	-	-	37
Less: accumulated ammortisation	(6 225)	-	-	(155)	-	(6 380)
Total intangible assets	436	107	-	(155)	-	388

Work in progress items are transferred to intangible assets when ready for use.

2015	Opening Balance \$'000	Addit- ions \$'000	Dispos- als \$'000	Amort- isation \$'000	Revaluation / Other \$'000	Closing Balance \$'000
Software at cost	6 525	6	-	-	-	6 531
Work in progress at cost	-	130	-	-	-	130
Less: accumulated ammortisation	(6 110)	-	-	(115)	-	(6 225)
Total intangible assets	415	136	-	(115)	-	436

11 Payables

	2016 \$'000	2015 \$'000
<i>Current liabilities</i>		
Trade creditors and accrued expenses	507	616
Income tax equivalents	-	141
GST payable	120	326
Employment on-costs	285	206
	<u>912</u>	<u>1 289</u>
<i>Non-current liabilities</i>		
Employment on-costs	421	419
Total payables	<u>1 333</u>	<u>1 708</u>

12 Employee benefits

	2016 \$'000	2015 \$'000
<i>Current Liabilities</i>		
Long service leave ¹	478	279
Accrued salaries	190	196
Annual leave ²	798	820
Skills and experience retention leave ²	157	149
	<u>1 623</u>	<u>1 444</u>
<i>Non-current liabilities</i>		
Long service leave ¹	4 184	4 216
Total employee benefits	<u>5 807</u>	<u>5 660</u>

¹The actuarial assessment performed by the Department of Treasury and Finance has provided the basis for the calculation of the long service leave liability. AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased to 2% (3%). The net financial effect of the decrease in the bond yield is an increase in the long service leave liability of \$285 000 and

employee benefits expense of \$285 000. The actuarial assessment did not change the salary inflation rate assumption of 4 % for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate. Accounting Policy Framework IV outlines that the proportion of long service estimated to be taken as leave has increased to 40% (37%).

²The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 3% for annual leave and skills, experience and retention leave liability.

13 Provisions

	2016 \$'000	2015 \$'000
<i>Current Liabilities</i>		
Provision for dividend to State Government ¹	-	-
Provision for workers' compensation ²	18	16
	<u>18</u>	<u>16</u>
<i>Non-current Liabilities</i>		
Provision for workers' compensation ²	31	35
Total provisions	<u>49</u>	<u>51</u>

	2016 \$'000	2015 \$'000
<i>Provisions for dividend</i>		
Provision for dividend to State Government at 1 July ¹	-	-
Add: additional provision recognised ¹	229	1 440
Less: payments to State Government	(229)	(1 440)
Provision for dividend at 30 June	<u>-</u>	<u>-</u>

	2016 \$'000	2015 \$'000
<i>Provision for workers' compensation</i>		
Provision for workers' compensation at 1 July	51	51
Add: Increase in provision	10	190
Less: payments from provision	(12)	(190)
Provision for workers' compensation at 30 June	<u>49</u>	<u>51</u>

¹In accordance with the Public Trustee Charter, agreed by the Attorney-General and Treasurer, any differences between forecast profit and audited profit will be addressed through an adjustment to the final dividend in the following financial year. An additional final 2014-15 dividend of \$227,000 was approved and paid in October 2015. In 2015-16 an interim dividend of \$2,000 (2014-15 interim dividend of \$460,000) was paid to the Government.

14 Contingencies

Public Trustee had no known contingent assets or liabilities as at balance date.

15 Cash flow reconciliation

a)	Reconciliation of cash and cash equivalents		
		2016 \$'000	2015 \$'000
	Cash and cash equivalents disclosed in the Statement of Financial Position	6 343	6 759
	Balance as per the Statement of Cash Flows	6 343	6 759

b) Reconciliation of profit/loss after income tax equivalents to net cash provided by operating activities

	2016 \$'000	2015 \$'000
Profit/(Loss) for the year after income tax equivalent	10	809
Add/Less non cash items:-		
Depreciation and amortisation	922	892
Lease incentive	(268)	(268)
Unrealised loss (gain) on financial assets	628	(331)
Loss (Gain) on disposal of equipment	-	(1)
Change in assets and liabilities:-		
Decrease (Increase) in receivables	(1 042)	(319)
Increase (Decrease) in payables	(109)	15
Increase (Decrease) in employee benefits and on-costs	228	474
Increase (Decrease) in provisions	(2)	-
Increase (Decrease) in income tax equivalents	(141)	(542)
(Decrease) Increase in GST liability	(206)	12
Net cash provided by operating activities	<u>20</u>	<u>741</u>

c) Reconciliation of dividend paid to State Government

	2016 \$'000	2015 \$'000
Final dividend paid for 2013-14	-	980
Interim dividend paid for 2014-15	-	460
Final dividend paid for 2014-15	227	-
Interim dividend paid for 2015-16	2	-
Total dividend paid	<u>229</u>	<u>1 440</u>

16 Cash and cash equivalents

	2016 \$'000	2015 \$'000
<i>Cash and cash equivalents</i>		
Cash	2 343	1 759
Short term financial assets held to maturity	4 000	5 000
	<u>6 343</u>	<u>6 759</u>

17 Unrecognised contractual commitments

Public Trustee has no capital contractual arrangements for 2014-15 or 2015-16.

	2016 \$'000	2015 \$'000
<i>Operating lease commitments</i>		
One year or less	2 127	2 079
Later than one year but no longer than five years	6 654	8 921
Later than five years	-	-
Total operating lease commitments	<u>8 781</u>	<u>11 000</u>

Public Trustee's operating leases are for office accommodation. Office accommodation is leased from the Department of Planning, Transport and Infrastructure. The leases are non-cancellable and expire in May 2020. Rent is payable monthly in advance.

18 Transactions with SA Government

	Note	SA Government		Non-SA Government		Total	
		2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income							
Fees and charges	4(a)	-	-	20 736	20 820	20 736	20 820
<i>Interest</i>	4(b)						
Interest on operating account		33	38	-	-	33	38
Interest on fixed term investments		-	-	598	690	598	690
<i>Other income</i>	4(c)						
Sundry Income		-	-	14	27	14	27
Distributions from trusts		-	-	1 109	739	1 109	739
Gain from disposal of fixed assets		-	-	-	1	-	1
Unrealised gains on financial assets		-	-	-	331	-	331
Total income		33	38	22 457	22 608	22 490	22 646

	Note	SA Government		Non-SA Government		Total	
		2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses							
<i>Employee Benefit Expenses</i>	5	658	649	14 090	14 104	14 748	14 753
<i>Supplies and services</i>	5(e)						
Insurance		264	206	-	-	264	206
Information technology		371	473	977	1020	1 348	1 493
Accommodation and telecommunication		1 975	1 815	30	35	2 005	1 850
Legal expenses		18	37	-	-	18	37
Service contractors		681	616	444	289	1 125	905
Other supplies and services		116	117	1 042	1 047	1 158	1 164
Auditors remuneration		193	177	-	-	193	177
Minor works, maintenance and equipment		-	-	8	13	8	13
Consultancies		-	-	59	-	59	-
Unrealised losses on financial assets		-	-	628	-	628	-
<i>Total supplies and services</i>		3 618	3 441	3 188	2404	6 806	5 845
Total Expenses		4 276	4 090	17 278	16 508	21 554	20 598

Public Trustee
CORPORATE

	Note	SA Government		Non-SA Government		Total	
		2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets							
<i>Current assets</i>							
Cash	16						
Cash and cash equivalents		2 343	1 759	4 000	5 000	6 343	6 759
<i>Receivables</i>							
Debtors	6	171	1	406	19	577	20
Doubtful debts		-	-	(3)	(3)	(3)	(3)
Accrued investment income		3	3	1 222	713	1 225	716
Prepayments		-	-	174	198	174	198
Total Current Assets		2 517	1 763	5 799	5 927	8 316	7 690
<i>Non-current assets</i>							
Financial assets	7,8	-	-	20 737	21 361	20 737	21 361
Total financial assets		2 517	1 763	26 536	27 288	29 053	29 051
Financial Liabilities							
<i>Payables</i>							
Trade creditors	11	261	321	246	295	507	616
Income tax equivalents		-	141	-	-	-	141
On-costs on employee benefits		359	292	347	333	706	625
Goods and services tax		-	-	120	326	120	326
Total financial liabilities		620	754	713	954	1 333	1 708

STATEMENT OF TRUSTS BEING ADMINISTERED

Statement of Trusts Being Administered as at 30 June 2016			
	Note	2016 \$'000	2015 \$'000
Trust funds under administration	3		
Deceased Estates		160 062	161 754
Trusts		120 819	123 760
Administration Matters		41 595	40 620
Court Award Orders		387 204	398 241
Protected Estates		310 322	292 454
Workers Compensation Awards		201	203
Power of Attorney		57 832	60 905
Investors		315 892	301 116
Total funds		1 393 927	1 379 053
Represented by			
Investment in Common Funds	1(b), 2		
Non current assets			
Australian equities		161 152	158 450
International equities		98 092	127 229
Property securities		70 198	42 131
Australian fixed interest investments		147 153	189 830
International fixed interest investments		39 838	34 862
		516 433	552 502
Current assets			
Cash and cash equivalents		16 002	13 014
Australian fixed interest investments		362 104	316 659
Advances to estates		3 148	4 626
Other assets		24 776	29 318
		406 030	363 617
Current liabilities			
Bank overdraft		198	109
Income distribution payable		25 767	13 929
Other liabilities		83	47
		26 048	14 085
Net Common Fund assets		896 415	902 034
Estate assets	1(c)		
Non current assets			
Real estate		312 508	310 626
Superannuation		112 487	105 726
Personal chattels		21 994	19 277
Equities		20 555	19 956
Fixed interest and cash assets		14 831	15 525
Mortgages		59	59
		482 434	471 169
Current assets			
Other assets		25 997	16 557
Current liabilities			
Other liabilities		10 919	10 707
Net estate assets		497 512	477 019
Total net assets		1 393 927	1 379 053

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Statement of Principal Accounting Policies

(a) Format of the Accounts

The Statement of Trusts Being Administered (the 'Statement') and related notes are special purpose financial statements that provide information on the value and nature of trusts being administered. The Statement consolidates all trusts being administered by Public Trustee. Accordingly, no Accounting Standards and other mandatory reporting requirements are applied in the preparation and presentation of this Statement.

Public Trustee has prepared the Statement, where appropriate, based on the general principles outlined in Australian Accounting Standards.

The Statement of Trusts Being Administered has been prepared using the accrual basis of accounting. Dividend income is recognised on the date that shares are quoted as ex-dividend. Distributions from trusts are recognised on a present entitlement basis.

(b) Basis of valuation of common fund assets and liabilities

For the 2015-2016 reporting period assets for the Australian Shares Common Fund, Overseas Fixed Interest Common Fund, Overseas Shares Common Fund and the Property Common Fund are reported at market value to comply with current accounting standards.

Australian Fixed Interest Investments: Are valued at market value based on independently obtained market yields applying at balance date.

Advances to Estates: Are carried at their nominal amounts. Public Trustee is authorised by the Public Trustee Act 1995 to advance monies where an estate has insufficient monies to make payments as authorised or required to administer the estate, usually on a short term basis. Funds advanced are a first charge on the estate's property vested under the control of Public Trustee. The interest rate applicable on advances at 30 June 2016 was 2.20% (2.30%).

Cash at Bank and Cash Equivalents: Are carried at nominal amounts, translated at prevailing exchange rates where applicable. This asset consists of cash at bank and on hand, as well as other short term, highly liquid investments with original maturities of three months or less.

Other assets and other liabilities: Are carried at their nominal amounts.

(c) Basis of valuation for estate assets

Real Estate: For deceased estates, real estate is initially valued as at date of death. In other matters, the initial valuation is at the date Public Trustee is being appointed manager, administrator or new trustee. Public Trustee revalues all South Australian real estate other than accommodation bonds annually. All other real estate is revalued to current value where these values can be ascertained. Such revaluations are determined by reference to valuations established by the South Australian Valuer-General, with a revaluation last being carried out as at 30 June 2016. Accommodation bonds are valued annually at cost less retention amount until the retention terms have expired.

Superannuation: During the 2015-2016 reporting period client moneys were invested within an approved superannuation provider and were valued at fair value.

Personal Chattels: For deceased estates, valuation is at date of death; in other matters, valuation is at the date of Public Trustee being appointed manager, administrator or new trustee. In the case of some sundry minor assets, nominal values are used for valuation purposes.

Investment by Estates in Common Funds: Valuation of estate investment in common funds is based on the underlying fair value of common funds as at balance date.

Other Estate Investments: Investments other than equities are shown at their face value. Valuation is performed at the date of the Public Trustee being appointed manager, administrator or new trustee or at the date of death in the case of deceased estates. Equities are valued at net fair value as at balance date.

STATEMENT OF TRUSTS BEING ADMINISTERED

2. Operation of the Common Funds

Common Funds managed by Public Trustee have been established pursuant to Section 29 of the *Public Trustee Act 1995* or its predecessor legislation. Financial Statements for each common fund operated by Public Trustee are presented within the annual report of Public Trustee.

Investment in Common Funds (with the exception of direct investment in the Cash Common Fund) are by way of notional unit holdings in the common funds. Contributors may invest in the Cash Common Fund or alternately invest in a selection of common funds in proportions determined by one or more of the following standard investment strategies provided by Public Trustee:

- Capital Stable
- Growth
- Balanced
- Equities

3 Trust Funds under Administration

	Number		Value	
	2016	2015	2016 \$'000	2015 \$'000
Deceased Estates				
Monies and assets held under the administration of the Public Trustee pursuant to the provisions of the <i>Public Trustee Act 1995</i>	1 325	1 234	160 062	161 754
Trusts				
Monies and assets held under the administration of the Public Trustee pursuant to the terms of a Will or a Deed of Trust	1 280	1 313	120 819	123 760
Administration Matters				
Monies paid and assets transferred to the Public Trustee on account of minor beneficiaries pursuant to the <i>Public Trustee Act 1995</i>	382	356	41 595	40 620
Court Award Orders				
Monies directed by the Court to be paid to the Public Trustee on behalf of clients and invested and applied by the Public Trustee as the Court directs and monies administered by the Public Trustee under the <i>Aged and Infirm Persons Property Act 1940</i>	836	794	387 204	398 241
Protected Estates				
Monies administered by the Public Trustee under the <i>Guardianship and Administration Act 1993</i>	3 400	3 332	310 322	292 454
Workers Compensation Awards				
Monies directed by the Court to be paid to the Public Trustee on behalf of widows and minors and invested and applied by the Public Trustee as the Court directs	3	3	201	203
Powers of Attorney				
Monies and assets held on behalf of donors who have appointed the Public Trustee to act on their behalf	306	311	57 832	60 905
Investors				
Monies invested in Common Funds pursuant to Section 29 (1) of the <i>Public Trustee Act 1995</i> by classes of persons approved by the Minister	273	283	315 892	301 116
	<u>7 805</u>	<u>7 626</u>	<u>1 393 927</u>	<u>1 379 053</u>

STATEMENT OF TRUSTS BEING ADMINISTERED

4 Unclaimed Monies

During the reporting period, amounts totalling \$166 822 (\$628 872) in respect of estates became/were identified as unclaimed monies. Payment of these amounts to the Consolidated Account pursuant to Section 32 (1) of the Public Trustee Act 1995 is expected to occur in the next financial year.

**Cash Common Fund
Statement of Comprehensive Income
for the year ended 30 June 2016**

	Note	2016 \$'000	2015 \$'000
Investment income			
Interest	2(e)	14 327	15 826
Net (loss) on financial assets held at fair value through profit or loss	2(b), 3(d)	(1 032)	(987)
Other income		6	-
Total investment income		<u>13 301</u>	<u>14 839</u>
Expenses			
Public Trustee management fees	2(f)	4 604	4 407
Legal and advisory expenses		110	105
Other expenses		29	29
Total expenses		<u>4 743</u>	<u>4 541</u>
Net operating profit		<u>8 558</u>	<u>10 298</u>
Financing costs attributable to unitholders			
Undistributed income brought forward		1 027	1 243
Distributions to unitholders	2(h), 4	(9 613)	(11 501)
Transfers from net assets to determine distributable income	2(i)	1 032	987
Total financing costs attributable to unitholders		<u>(7 554)</u>	<u>(9 271)</u>
(Increase) in net assets attributable to unitholders		<u>(1 004)</u>	<u>(1 027)</u>
Total comprehensive income for the year		<u>-</u>	<u>-</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

**Cash Common Fund
Statement of Financial Position
as at 30 June 2016**

	Note	2016 \$'000	2015 \$'000
Assets:			
Cash and cash equivalents	5	16 002	13 014
Advances to estates		3 148	4 626
Financial assets held at fair value through profit or loss	6	411 020	408 132
Other assets		2 536	3 316
Total assets		<u>432 706</u>	<u>429 088</u>
Liabilities:			
Income distribution payable		1 004	1 027
Bank overdraft	5	198	109
Funds deposited by other Common Funds		50 992	61 681
Other liabilities		54	45
Total liabilities (excluding net assets attributable to unitholders)		<u>52 248</u>	<u>62 862</u>
Net assets attributable to unitholders - liability	3	<u>380 458</u>	<u>366 226</u>
Represented by:			
Fair value of outstanding units based on net asset value		<u>380 458</u>	<u>366 226</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes

**Cash Common Fund
Statement of Cash Flows
for the year ended 30 June 2016**

	Note	2016 Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000
Cash flows from operating activities:			
Cash inflows			
Interest received		15 338	16 393
Cash generated from operations		<u>15 338</u>	<u>16 393</u>
Cash outflows			
Payments for expenses		(4 715)	(4 536)
Cash used in operations		<u>(4 715)</u>	<u>(4 536)</u>
Net cash provided by operating activities	10(b)	<u>10 623</u>	<u>11 857</u>
Cash flows from investing activities:			
Cash inflows			
Proceeds from the sale of financial assets held at fair value through profit or loss		277 366	171 059
Net repayments of advances to estates		1 478	268
Cash generated from investing activities		<u>278 844</u>	<u>171 327</u>
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		(281 512)	(176 396)
Cash used in investing activities		<u>(281 512)</u>	<u>(176 396)</u>
Net cash (used in) investing activities		<u>(2 668)</u>	<u>(5 069)</u>
Cash flows from financing activities:			
Cash inflows			
Net proceeds/payments from applications/redemptions from/(to) unitholders		15 248	13 654
Net proceeds/payments from applications/redemptions from/(to) other Common Funds		(10 691)	(972)
Cash generated from financing activities		<u>4 557</u>	<u>12 682</u>
Cash outflows			
Distributions paid		(9 613)	(11 501)
Cash used in financing activities		<u>(9 613)</u>	<u>(11 501)</u>
Net cash (used in) / provided by financing activities		<u>(5 056)</u>	<u>1 181</u>
Net increase in cash and cash equivalents		<u>2 899</u>	<u>7 969</u>
Cash and cash equivalents at 1 July		<u>12 905</u>	<u>4 936</u>
Cash and cash equivalents at 30 June	5	<u><u>15 804</u></u>	<u><u>12 905</u></u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

Short Term Fixed Interest Common Fund
Statement of Comprehensive Income
for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Investment income			
Interest	2(e)	1 572	1 816
Net (loss) on financial assets held at fair value through profit or loss	2(b), 3(d)	(237)	(72)
Other Income		2	-
Total investment income		<u>1 337</u>	<u>1 744</u>
Expenses			
Public Trustee management fees	2(f)	336	345
Legal and advisory expenses		8	8
Total expenses		<u>344</u>	<u>353</u>
Net operating profit		<u>993</u>	<u>1 391</u>
Financing costs attributable to unitholders			
Undistributed Income brought forward		687	748
Distributions to unitholders	2(h), 4	(1 308)	(1 524)
Transfers from net assets to determine distributable income	2(i)	237	72
Total financing costs attributable to unitholders		<u>(384)</u>	<u>(704)</u>
(Increase) in net assets attributable to unitholders		<u>(609)</u>	<u>(687)</u>
Total comprehensive income for the year		<u>-</u>	<u>-</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

Short Term Fixed Interest Common Fund
Statement of Financial Position
as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Assets:			
Cash and cash equivalents	5	17 854	19 484
Financial assets held at fair value through profit or loss	6	31 388	32 250
Other assets		304	312
Total assets		<u>49 546</u>	<u>52 046</u>
Liabilities:			
Income distribution payable		609	687
Other liabilities		2	1
Total liabilities (excluding net assets attributable to unitholders)		<u>611</u>	<u>688</u>
Net assets attributable to unitholders - liability	3	<u>48 935</u>	<u>51 358</u>
Represented by:			
Fair value of outstanding units based on net asset value		<u>48 935</u>	<u>51 358</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Short Term Fixed Interest Common Fund
Statement of Cash Flows
for the year ended 30 June 2016

	Note	2016 Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000
Cash flows from operating activities:			
Cash inflows			
Interest received		1 701	1 985
Cash generated from operations		<u>1 701</u>	<u>1 985</u>
Cash outflows			
Payments for expenses		(344)	(353)
Cash used in operations		<u>(344)</u>	<u>(353)</u>
Net cash provided by operating activities	10(b)	<u>1 357</u>	<u>1 632</u>
Cash flows from investing activities:			
Cash inflows			
Proceeds from the sale of financial assets held at fair value through profit or loss		12 007	16 234
Cash generated from investing activities		<u>12 007</u>	<u>16 234</u>
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		(11 500)	(15 500)
Cash used in investing activities		<u>(11 500)</u>	<u>(15 500)</u>
Net cash provided by investing activities		<u>507</u>	<u>734</u>
Cash flows from financing activities:			
Cash inflows			
Proceeds from applications by unitholders		4 770	4 024
Cash generated from financing activities		<u>4 770</u>	<u>4 024</u>
Cash outflows			
Payments for redemptions by unitholders		(6 956)	(4 031)
Distributions paid		(1 308)	(1 524)
Cash used in financing activities		<u>(8 264)</u>	<u>(5 555)</u>
Net cash (used in) by financing activities		<u>(3 494)</u>	<u>(1 531)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(1 630)</u>	<u>835</u>
Cash and cash equivalents at 1 July		<u>19 484</u>	<u>18 649</u>
Cash and cash equivalents at 30 June	5	<u>17 854</u>	<u>19 484</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

Long Term Fixed Interest Common Fund
Statement of Comprehensive Income
for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Investment income			
Interest	2(c)	3 387	3 708
Net gain on financial assets held at fair value through profit or loss	2(b), 3(d)	916	727
Other Income		4	-
Total investment income		4 307	4 435
Expenses			
Public Trustee management fees	2(f)	706	746
Legal and advisory expenses		17	18
Total expenses		723	764
Net operating profit		3 584	3 671
Financing costs attributable to unitholders			
Undistributed Income brought forward		1 459	1 722
Distributions to unitholders	2(h), 4	(2 806)	(3 503)
Transfers (to) net assets to determine distributable income	2(i)	(916)	(431)
Total financing costs attributable to unitholders		(2 263)	(2 212)
(Increase) in net assets attributable to unitholders		(1 321)	(1 459)
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

Long Term Fixed Interest Common Fund
Statement of Financial Position
as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Assets:			
Cash and cash equivalents	5	24 280	27 578
Financial assets held at fair value through profit or loss	6	66 849	66 107
Other assets		713	724
Total assets		91 842	94 409
Liabilities:			
Income Distribution Payable		1 321	1 459
Other liabilities		4	-
Total liabilities (excluding net assets attributable to unitholders)		1 325	1 459
Net assets attributable to unitholders - liability	3	90 517	92 950
Represented by:			
Fair value of outstanding units based on net asset value		90 517	92 950

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Long Term Fixed Interest Common Fund
Statement of Cash Flows
for the year ended 30 June 2016

	Note	2016 Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000
Cash flows from operating activities:			
Cash inflows			
Interest received		3 577	4 054
Cash generated from operations		<u>3 577</u>	<u>4 054</u>
Cash outflows			
Payments for expenses		(720)	(764)
Cash used in operations		<u>(720)</u>	<u>(764)</u>
Net cash provided by operating activities	10(b)	<u>2 857</u>	<u>3 290</u>
Cash flows from investing activities:			
Cash inflows			
Proceeds from the sale of financial assets held at fair value through profit or loss		6 000	21 271
Cash generated from investing activities		<u>6 000</u>	<u>21 271</u>
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		(6 000)	(10 000)
Cash used in investing activities		<u>(6 000)</u>	<u>(10 000)</u>
Net cash provided by investing activities		<u>-</u>	<u>11 271</u>
Cash flows from financing activities:			
Cash inflows			
Proceeds from applications by unitholders		8 222	7 991
Cash generated from financing activities		<u>8 222</u>	<u>7 991</u>
Cash outflows			
Payments for redemptions by unitholders		(11 571)	(8 710)
Distributions paid		(2 806)	(3 503)
Cash used in financing activities		<u>(14 377)</u>	<u>(12 213)</u>
Net cash (used in) financing activities		<u>(6 155)</u>	<u>(4 222)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(3 298)</u>	<u>10 339</u>
Cash and cash equivalents at 1 July		<u>27 578</u>	<u>17 239</u>
Cash and cash equivalents at 30 June	5	<u>24 280</u>	<u>27 578</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

Overseas Fixed Interest Common Fund
Statement of Comprehensive Income
for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Investment income			
Trust Distributions		895	559
Interest	2(e)	84	176
Net gain on financial assets held at fair value through profit or loss	2(b), 3(d)	896	732
Other Income		80	102
Total investment income		1 955	1 569
Expenses			
Public Trustee management fees	2(f)	391	335
Legal and advisory expenses		9	8
Total expenses		400	343
Net operating profit		1 555	1 226
Financing costs attributable to unitholders			
Undistributed Income brought forward		308	275
Distributions to unitholders	2(h), 4	(541)	(461)
Transfers (to) net assets to determine distributable income	2(i)	(896)	(732)
Total Financing costs attributable to unitholders		(1 129)	(918)
(Increase) in net assets attributable to unitholders		(426)	(308)
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

Overseas Fixed Interest Common Fund
Statement of Financial Position
as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Assets:			
Cash and cash equivalents	5	4 107	3 758
Financial assets held at fair value through profit or loss	6	39 838	34 862
Other assets		359	349
Total assets		44 304	38 969
Liabilities:			
Income distribution payable		426	308
Other liabilities		2	1
Total liabilities (excluding net assets attributable to unitholders)		428	309
Net assets attributable to unitholders - liability	3	43 876	38 660
Represented by:			
Fair value of outstanding units based on net asset value		43 876	38 660

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Overseas Fixed Interest Common Fund
Statement of Cash Flows
for the year ended 30 June 2016

	Note	2016 Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000
Cash flows from operating activities:			
Cash inflows			
Trust distributions received		886	217
Interest received		84	202
Cash generated from operations		<u>970</u>	<u>419</u>
Cash outflows			
Payments for expenses		(400)	(344)
Cash used in operations		<u>(400)</u>	<u>(344)</u>
Net cash provided by operating activities	10(b)	<u>570</u>	<u>75</u>
Cash flows from investing activities:			
Cash inflows			
Proceeds from the sale of financial assets held at fair value through profit or loss		-	13 698
Cash generated from investing activities		<u>-</u>	<u>13 698</u>
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		(4 000)	(23 000)
Cash used in investing activities		<u>(4 000)</u>	<u>(23 000)</u>
Net cash (used in) investing activities		<u>(4 000)</u>	<u>(9 302)</u>
Cash flows from financing activities:			
Cash inflows			
Proceeds from applications by unitholders		7 996	3 270
Cash generated from financing activities		<u>7 996</u>	<u>3 270</u>
Cash outflows			
Payments for redemptions by unitholders		(3 676)	(3 492)
Distributions paid		(541)	(461)
Cash used in financing activities		<u>(4 217)</u>	<u>(3 953)</u>
Net cash provided by / (used in) financing activities		<u>3 779</u>	<u>(683)</u>
Net increase / (decrease) in cash and cash equivalents		<u>349</u>	<u>(9 910)</u>
Cash and cash equivalents at 1 July		<u>3 758</u>	<u>13 668</u>
Cash and cash equivalents at 30 June	5	<u>4 107</u>	<u>3 758</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

**Australian Shares Common Fund
Statement of Comprehensive Income
for the year ended 30 June 2016**

	Note	2016 \$'000	2015 \$'000
Investment income			
Trust Distributions		5 035	8 593
Interest	2(e)	71	143
Net gain on financial assets held at fair value through profit or loss	2(b), 3(d)	2 128	229
Other Income		574	535
Total investment income		7 808	9 500
Expenses			
Public Trustee management fees	2(f)	1 660	1 717
Legal and advisory expenses		40	41
Total expenses		1 700	1 758
Net operating profit		6 108	7 742
Financing costs attributable to unitholders			
Undistributed Income brought forward		5 145	6 307
Distributions to unitholders	2(h), 4	(6 951)	(8 675)
Transfers (to) net assets to determine distributable income	2(i)	(2 128)	(229)
Total financing costs attributable to unitholders		(3 934)	(2 597)
(Increase) in net assets attributable to unitholders		(2 174)	(5 145)
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

**Australian Shares Common Fund
Statement of Financial Position
as at 30 June 2016**

	Note	2016 \$'000	2015 \$'000
Assets:			
Cash and cash equivalents	5	2 204	3 717
Financial assets held at fair value through profit or loss	6	161 152	158 450
Other assets		2 471	5 655
Total assets		165 827	167 822
Liabilities:			
Income Distribution Payable		2 174	5 145
Other liabilities		10	-
Total liabilities (excluding net assets attributable to unitholders)		2 184	5 145
Net assets attributable to unitholders - liability	3	163 643	162 677
Represented by:			
Fair value of outstanding units based on net asset value		163 643	162 677

The above Statement of Financial Position should be read in conjunction with the accompanying notes

**Australian Shares Common Fund
Statement of Cash Flows
for the year ended 30 June 2016**

	Note	2016 Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000
Cash flows from operating activities:			
Cash inflows			
Trust distributions received		8 216	8 522
Interest received		74	157
Cash generated from operations		<u>8 290</u>	<u>8 679</u>
Cash outflows			
Payments for expenses		(1 690)	(1 758)
Cash used in operations		<u>(1 690)</u>	<u>(1 758)</u>
Net cash provided by operating activities	10(b)	<u>6 600</u>	<u>6 921</u>
Cash flows from investing activities:			
Cash inflows			
Proceeds from the sale of financial assets held at fair value through profit or loss		-	-
Cash generated from investing activities		<u>-</u>	<u>-</u>
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		-	-
Cash used in investing activities		<u>-</u>	<u>-</u>
Net cash provided by (used in) investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities:			
Cash inflows			
Proceeds from applications by unitholders		16 708	12 540
Cash generated from financing activities		<u>16 708</u>	<u>12 540</u>
Cash outflows			
Payments for redemptions by unitholders		(17 870)	(16 005)
Distributions paid		(6 951)	(8 675)
Cash used in financing activities		<u>(24 821)</u>	<u>(24 680)</u>
Net cash (used in) financing activities		<u>(8 113)</u>	<u>(12 140)</u>
Net (decrease) in cash and cash equivalents		<u>(1 513)</u>	<u>(5 219)</u>
Cash and cash equivalents at 1 July		<u>3 717</u>	<u>8 936</u>
Cash and cash equivalents at 30 June	5	<u>2 204</u>	<u>3 717</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

**Overseas Shares Common Fund
Statement of Comprehensive Income
for the year ended 30 June 2016**

	Note	2016 \$'000	2015 \$'000
Investment income			
Trust Distributions		14 647	17 406
Interest	2(e)	104	87
Net (loss) / gain on financial assets held at fair value through profit or loss	2(b), 3(d)	(15 999)	5 707
Other Income		362	509
Total investment income		(886)	23 709
Expenses			
Public Trustee management fees	2(f)	1 302	1 379
Legal and advisory expenses		31	33
Total Expenses		1 333	1 412
Net operating profit		(2 219)	22 297
Financing costs attributable to unitholders			
Undistributed Income brought forward		783	205
Distributions to unitholders	2(h), 4	(7 957)	(205)
Transfers from / (to) net assets to determine distributable income	2(i)	24 509	(21 514)
Total financing costs attributable to unitholders		17 335	(21 514)
(Increase) in net assets attributable to unitholders		(15 116)	(783)
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

**Overseas Shares Common Fund
Statement of Financial Position
as at 30 June 2016**

	Note	2016 \$'000	2015 \$'000
Assets:			
Cash and cash equivalents	5	1 117	4 139
Financial assets held at fair value through profit or loss	6	98 092	127 229
Other assets		14 416	15 009
Total assets		113 625	146 377
Liabilities:			
Income distribution payable		15 116	783
Other liabilities		7	-
Total liabilities (excluding net assets attributable to unitholders)		15 123	783
Net assets attributable to unitholders - liability	3	98 502	145 594
Represented by:			
Fair value of outstanding units based on net asset value		98 502	145 594

The above Statement of Financial Position should be read in conjunction with the accompanying notes

**Overseas Shares Common Fund
Statement of Cash Flows
for the year ended 30 June 2016**

	Note	2016 Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000
Cash flows from operating activities:			
Cash inflows			
Trust distributions received		15 234	5 902
Interest received		108	88
Cash generated from operations		<u>15 342</u>	<u>5 990</u>
Cash outflows			
Payments for expenses		(1 324)	(1 412)
Cash used in operations		<u>(1 324)</u>	<u>(1 412)</u>
Net cash provided by operating activities	10(b)	<u>14 018</u>	<u>4 578</u>
Cash flows from investing activities:			
Cash inflows			
Proceeds from the sale of financial assets held at fair value through profit or loss		30 750	-
Cash generated from investing activities		<u>30 750</u>	<u>-</u>
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		(17 250)	-
Cash used in investing activities		<u>(17 250)</u>	<u>-</u>
Net cash provided by investing activities		<u>13 500</u>	<u>-</u>
Cash flows from financing activities:			
Cash inflows			
Proceeds from applications by unitholders		9 454	9 832
Cash generated from financing activities		<u>9 454</u>	<u>9 832</u>
Cash outflows			
Payments for redemptions by unitholders		(32 037)	(12 836)
Distributions paid		(7 957)	(205)
Cash used in financing activities		<u>(39 994)</u>	<u>(13 041)</u>
Net cash (used in) financing activities		<u>(30 540)</u>	<u>(3 209)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(3 022)</u>	<u>1 369</u>
Cash and cash equivalents at 1 July		<u>4 139</u>	<u>2 770</u>
Cash and cash equivalents at 30 June	5	<u>1 117</u>	<u>4 139</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

**Property Common Fund
Statement of Comprehensive Income
for the year ended 30 June 2016**

	Note	2016 \$'000	2015 \$'000
Investment income			
Trust Distributions		4 436	4 304
Interest	2(e)	114	50
Net gain on financial assets held at fair value through profit or loss	2(b), 3(d)	5 012	940
Other Income		116	112
Total investment income		9 678	5 406
Expenses			
Public Trustee management fees	2(f)	564	486
Legal and advisory expenses		14	12
Total expenses		578	498
Net operating profit		9 100	4 908
Financing costs attributable to unitholders			
Undistributed Income brought forward		4 520	2 078
Distributions to unitholders	2(h), 4	(4 745)	(2 725)
Transfers (to) / from net assets to determine distributable income	2(i)	(3 758)	259
Total Financing costs attributable to unitholders		(3 983)	(388)
(Increase) in net assets attributable to unitholders		(5 117)	(4 520)
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

**Property Common Fund
Statement of Financial Position
as at 30 June 2016**

	Note	2016 \$'000	2015 \$'000
Assets:			
Cash and cash equivalents	5	1 430	3 005
Financial assets held at fair value through profit or loss	6	70 198	42 131
Other assets		3 977	3 953
Total assets		75 605	49 089
Liabilities:			
Income distribution payable		5 117	4 520
Other liabilities		4	-
Total liabilities (excluding net assets attributable to unitholders)		5 121	4 520
Net assets attributable to unitholders - liability	3	70 484	44 569
Represented by:			
Fair value of outstanding units based on net asset value		70 484	44 569

The above Statement of Financial Position should be read in conjunction with the accompanying notes

**Property Common Fund
Statement of Cash Flows
for the year ended 30 June 2016**

	Note	2016 Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000
Cash flows from operating activities:			
Cash inflows			
Trust distributions received		4 409	4 127
Interest received		117	48
Cash generated from operations		<u>4 526</u>	<u>4 175</u>
Cash outflows			
Payments for expenses		(574)	(498)
Cash used in operations		<u>(574)</u>	<u>(498)</u>
Net cash provided by operating activities	10(b)	<u>3 952</u>	<u>3 677</u>
Cash flows from investing activities:			
Cash inflows			
Proceeds from the sale of financial assets held at fair value through profit or loss		4 000	4 500
Cash generated from investing activities		<u>4 000</u>	<u>4 500</u>
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		(26 939)	(3 500)
Cash used in investing activities		<u>(26 939)</u>	<u>(3 500)</u>
Net cash (used in) / provided by investing activities		<u>(22 939)</u>	<u>1 000</u>
Cash flows from financing activities:			
Cash inflows			
Proceeds from applications by unitholders		27 677	4 100
Cash generated from financing activities		<u>27 677</u>	<u>4 100</u>
Cash outflows			
Payments for redemptions by unitholders		(5 520)	(4 440)
Distributions paid		(4 745)	(2 725)
Cash used in financing activities		<u>(10 265)</u>	<u>(7 165)</u>
Net cash provided by / (used in) financing activities		<u>17 412</u>	<u>(3 065)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(1 575)</u>	<u>1 612</u>
Cash and cash equivalents at 1 July		<u>3 005</u>	<u>1 393</u>
Cash and cash equivalents at 30 June	5	<u>1 430</u>	<u>3 005</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

Notes to and forming part of the financial statements

1. General information

The Common Funds have been established pursuant to the *Public Trustee Act 1995* or its predecessor legislation. The following Common Funds were active for the whole of the current and comparative reporting periods:

- Cash Common Fund;
- Short Term Fixed Interest Common Fund;
- Long Term Fixed Interest Common Fund;
- Australian Shares Common Fund;
- Overseas Fixed Interest Common Fund;
- Overseas Shares Common Fund; and
- Property Common Fund.

The Inflation Linked Investments Common Fund was dormant throughout 2015-16, has nil assets and liabilities and has not been reported.

Investment in Common Funds (with the exception of direct investment in the Cash Common Fund) is by way of notional unit holdings in the Common Funds. Unitholders may invest in the Cash Common Fund or alternately invest in a selection of Common Funds in proportions determined by one or more of the following standard investment strategies provided by Public Trustee:

- | | |
|------------------|------------|
| • Capital Stable | • Growth |
| • Balanced | • Equities |

Management of Common Fund investments is undertaken by Public Trustee. An Investment Advisory Committee consisting of senior Public Trustee personnel, with attendance by external investment advisors, assists the Public Trustee in ensuring a sound and prudent system for investing client funds.

Australian and International Equity investments, Property investments together with Overseas Fixed Interest investments are made using Australian domiciled pooled funds.

During the reporting period the investment portfolio further invested in infrastructure. More specifically the Property Common Fund invested \$14.5 million with the Dexus Wholesale Property Fund. To fund the additional investment in infrastructure a revised strategic asset allocation (SAA) was approved to increase funds available for investment in the Property Common Fund. This change was implemented on 1 December 2015 and Public Trustee rebalanced the investment portfolio to the revised SAA neutral position on that date.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of accounting

Comparative Information

The presentation and classification of items in the financial statements are consistent with prior periods.

Statement of Compliance

The Public Trustee Common Funds financial statements are general purpose financial statements and have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions issued pursuant to the provisions of the *Public Finance and Audit Act 1987*.

Basis of Preparation

The Public Trustee Common Funds financial statements have been prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated. The statements have also been prepared on the basis that all funds are distributable to unitholders resulting in zero residual equity. On this basis, the Statement of Changes in Equity has not been included for reporting purposes as the changes in equity are zero.

2. Summary of significant accounting policies (continued)

(b) Financial instruments

(i) Classification

The Funds' investments are classified as at fair value through profit or loss.

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded debt and equity instruments, unlisted trusts, unlisted equity instruments and commercial paper. Loans and receivables/payables comprise amounts due to or from the Common Funds.

(ii) Recognition

The Funds recognise financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

(iii) Measurement

(a) Financial Assets held at fair value through the profit or loss

Financial assets and liabilities are held at fair value through the profit or loss. Investments in pooled funds are recorded at fair value as reported by the managers of such funds. Public Trustee has determined the fair value of financial assets to be the market value of these investments at balance date. Accounting Standard *AASB 7 Financial Instruments: Disclosures* requires disclosure of the measurement methodology used to value financial instruments. Public Trustee invests through fund managers and utilises pricing data provided by those managers which is indirectly derived from the pricing of the underlying securities. Consistent with the definitions in *AASB 7* this methodology is classified as level 2 of the fair value hierarchy.

(b) Loans and receivables

Loan assets are measured initially at fair value and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each Statement of Financial Position date to determine whether there is objective evidence of impairment for example when there has been a significant or prolonged decline in the fair value below cost.

If any such indication of impairment exists, an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the Statement of Comprehensive Income.

(c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be returned into the Common Funds at any time for cash equal to a proportionate share of the Common Funds' net asset values. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the Statement of Financial Position date if unitholders exercise their right to return the units back to the Common Funds. For financial reporting purposes and compliance with Australian Accounting Standards assets are recorded at net asset value.

(d) Cash and cash equivalents

For Statement of Cash Flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, where applicable, are shown within liabilities on the Statement of Financial Position.

2. Summary of significant accounting policies (continued)

For all Common Funds (other than Cash Common Fund) cash equivalents include the Funds' investments in and borrowings from the Cash Common Fund.

Payments and receipts relating to the purchase and sale of investment securities are classified as investing cash flows because the core activity of the Public Trustee is the administration of Trustee Services.

(e) Investment income

Interest income and expenses are recognised in the Statement of Comprehensive Income for all debt instruments using the effective interest method. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(b).

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. Dividends declared on securities sold short are recorded as a dividend expense on the ex-dividend date.

Trust distributions are recognised when the right to receive payment is established.

(f) Expenses

All expenses, including management fees, are recognised in the Statement of Comprehensive Income on an accrual basis.

Management fees are charged against each Common Fund at a rate of one-twelfth of one percent of the value of the fund as at the first business day of each month as authorised by the *Public Trustee Act 1995*.

(g) Income tax

Under current legislation, the Common Funds are not subject to income tax provided the taxable income of the Fund is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Fund).

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, the portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Funds to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefits of imputation credits and foreign tax paid are passed on to unitholders.

The Funds currently incur withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the Statement of Comprehensive Income.

(h) Distributions

Public Trustee distributes Common Fund income and capital based on the financial results at 31 December and 30 June.

Public Trustee recognises Common Fund distributions to client accounts on the date they are paid by Public Trustee. Public Trustee charges clients with income and capital commission on the date the Common Funds makes a distribution to client accounts and interest earned is credited when received.

2. Summary of significant accounting policies (continued)

The items above are accrued as appropriate in the statutory accounts under Australian Accounting Standards and the distributions are recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

(i) Transfers (to)/from net assets to determine distributable income

Non-distributable income is included in net assets attributable to unitholders and may consist of unrealised changes in the net fair value of financial instruments held at fair value through profit or loss, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, and net capital losses. Net capital gains on the realisation of any financial instruments and accrued income not yet assessable will be included in the determination of distributable income in the same year in which it becomes assessable for tax. Movements in net assets attributable to unitholders are recognised in the Statement of Comprehensive Income as financing costs.

(j) Foreign currency translation

i) Functional and presentation currency

Items included in the Common Funds' financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Common Funds compete for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

The Funds do not isolate that portion of gains or losses on financial instruments which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

(k) Receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment using the effective interest rate method. Amounts are generally received within 30 days of being recorded as receivables.

(l) Payables

Payables include liabilities and accrued expenses owing by the Funds which are unpaid as at balance date.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately on the Statement of Financial Position as unitholders are presently entitled to the distributable income as at 30 June 2016 under the Trust Deed.

(m) Applications and redemptions

Applications received for units in the Common Funds are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

(n) Goods and services tax (GST)

The Common Funds are registered entities under the Goods and Services Tax (GST) legislation. Investments in Public Trustee Common Funds are classified as input taxed financial supplies and no GST is charged on such supplies. The GST incurred on the costs of various services provided to the Common Funds by third parties such as management fees have been passed onto the Common Funds. The Common Funds qualify for Reduced Input Tax Credits (RITC) at a rate of 75% hence investment management fees and other expenses have been recognised in the Statement of Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position.

2. Summary of significant accounting policies (continued)

(o) Use of estimates

The Common Funds financial statements include estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(p) New accounting standards and interpretations

There are no new accounting standards and interpretations that have been identified that will have a material impact on the Common Funds' financial statements for the 30 June 2016 reporting period.

(q) Rounding of amounts

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

3. Net assets attributable to unitholders

Movements in number of units and net assets attributable to unitholders during the year were as follows:

Each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

(a) Common Fund unit prices

Common Fund unit prices at 30 June	2016		2015	
	Purchase Price	Redemption Price	Purchase Price	Redemption Price
Short Term Fixed Interest	\$1.0081	\$1.0051	\$1.0125	\$1.0095
Long Term Fixed Interest	\$1.0780	\$1.0748	\$1.0667	\$1.0635
Overseas Fixed Interest	\$0.9049	\$0.9027	\$0.8854	\$0.8833
Australian Shares	\$1.7159	\$1.7063	\$1.6916	\$1.6822
Overseas Shares	\$1.1752	\$1.1689	\$1.4711	\$1.4632
Property	\$1.0995	\$1.0929	\$1.0282	\$1.0221

COMMON FUNDS

3. Net assets attributable to unitholders (continued)

(b) Movements in units

Common Fund						
Short Term Fixed Interest		Long Term Fixed Interest		Overseas Fixed Interest		
2016	2015	2016	2015	2016	2015	
No. of	No. of	No. of	No. of	No. of	No. of	
units	units	units	units	units	units	
000's	000's	000's	000's	000's	000's	
Opening balance	50 797	50 816	87 269	87 977	43 747	44 023
Applications	4 721	3 967	7 676	7 446	8 966	3 683
Redemptions	(6 904)	(3 986)	(10 849)	(8 154)	(4 129)	(3 959)
Closing balance	48 614	50 797	84 096	87 269	48 584	43 747

Common Fund						
Australian Shares		Overseas Shares		Property		
2016	2015	2016	2015	2016	2015	
No. of	No. of	No. of	No. of	No. of	No. of	
units	units	units	units	units	units	
000's	000's	000's	000's	000's	000's	
Opening balance	96 469	98 622	99 326	101 718	43 521	43 900
Applications	9 784	7 020	6 637	7 085	25 717	3 642
Redemptions	(10 578)	(9 173)	(21 868)	(9 477)	(5 109)	(4 021)
Closing balance	95 675	96 469	84 095	99 326	64 129	43 521

COMMON FUNDS

3. Net assets attributable to unitholders (continued)

(c) Movements in funds employed

	Common Fund							
	Cash		Short Term Fixed Interest		Long Term Fixed Interest		Overseas Fixed Interest	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Opening balance	366 226	353 564	51 358	51 437	92 950	93 238	38 660	38 150
Applications	3 056	2 608	4 770	4 024	8 222	7 991	7 996	3 270
Redemptions	(4 145)	(2 600)	(6 956)	(4 031)	(11 571)	(8 710)	(3 676)	(3 492)
Increase/(decrease) in net assets attributable to unitholders ¹	15 321	12 654	(237)	(72)	916	431	896	732
Closing balance	380 458	366 226	48 935	51 358	90 517	92 950	43 876	38 660

	Common Fund					
	Australian Shares		Overseas Shares		Property	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Opening balance	162 677	165 913	145 594	127 084	44 569	45 168
Applications	16 708	12 540	9 454	9 832	27 677	4 100
Redemptions	(17 870)	(16 005)	(32 037)	(12 836)	(5 520)	(4 440)
Increase/(decrease) in net assets attributable to unitholders	2 128	229	(24 509)	21 514	3 758	(259)
Closing balance	163 643	162 677	98 502	145 594	70 484	44 569

¹ The Cash Common Fund is the primary working account for trust administration operations. Movements in net assets attributable to unitholders are typically high volume, low value transactions.

(d) Net realised and unrealised gains (losses) on financial assets

	Net Unrealised Gains (Losses)		Net Realised Gains (Losses)		Total Gains (Losses)	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Common Fund						
Cash	(869)	(798)	(163)	(189)	(1 032)	(987)
Short Term Fixed Interest	(16)	(70)	(221)	(2)	(237)	(72)
Long Term Fixed Interest	-	793	916	(66)	916	727
Overseas Fixed Interest	896	478	-	254	896	732
Australian Shares	2 128	229	-	-	2 128	229
Overseas Shares	(15 722)	5 707	(277)	-	(15 999)	5 707
Property	4 553	605	459	335	5 012	940
	(9 030)	6 944	714	332	(8 316)	7 276

COMMON FUNDS

4. Distributions to unitholders

The distributions, including cents per unit (CPU), were paid/payable as follows:

Cash Common Fund

	2016 \$'000	2016 CPU	2015 \$'000	2015 CPU
Distributions paid	9 613	0.0255	11 501	0.0319
Undistributable income brought forward	(1 027)	-	(1 243)	-
Distributions payable	<u>1 004</u>	-	<u>1 027</u>	-
	<u>9 590</u>		<u>11 285</u>	

Short Term Fixed Interest Common Fund

	2016 \$'000	2016 CPU	2015 \$'000	2015 CPU
Distributions paid	1 308	0.0269	1 524	0.0300
Undistributable income brought forward	(687)	-	(748)	-
Distributions payable	<u>609</u>	-	<u>687</u>	-
	<u>1 230</u>		<u>1 463</u>	

Long Term Fixed Interest Common Fund

	2016 \$'000	2016 CPU	2015 \$'000	2015 CPU
Distributions paid	2 806	0.0334	3 503	0.0401
Undistributable income brought forward	(1 459)	-	(1 722)	-
Distributions payable	<u>1 321</u>	-	<u>1 459</u>	-
	<u>2 668</u>		<u>3 240</u>	

Overseas Fixed Interest Common Fund

	2016 \$'000	2016 CPU	2015 \$'000	2015 CPU
Distributions paid	541	0.0111	461	0.0105
Undistributable income brought forward	(308)	-	(275)	-
Distributions payable	<u>426</u>	-	<u>308</u>	-
	<u>659</u>		<u>494</u>	

Australian Shares Common Fund

	2016 \$'000	2016 CPU	2015 \$'000	2015 CPU
Distributions paid	6 951	0.0727	8 675	0.0899
Undistributable income brought forward	(5 145)	-	(6 307)	-
Distributions payable	<u>2 174</u>	-	<u>5 145</u>	-
	<u>3 980</u>		<u>7 513</u>	

COMMON FUNDS

4. Distributions to unitholders (continued)

Overseas Shares Common Fund

	2016 \$'000	2016 CPU	2015 \$'000	2015 CPU
Distributions paid	7 957	0.0946	205	0.0021
Undistributable income brought forward	(783)	-	(205)	-
Distributions payable	<u>15 116</u>	-	<u>783</u>	-
	<u>22 290</u>		<u>783</u>	

Property Common Fund

	2016 \$'000	2016 CPU	2015 \$'000	2015 CPU
Distributions paid	4 745	0.0740	2 725	0.0626
Undistributable income brought forward	(4 520)	-	(2 078)	-
Distributions payable	<u>5 117</u>	-	<u>4 520</u>	-
	<u>5 342</u>		<u>5 167</u>	

In accordance with the *Public Trustee Act 1995*, investors received a proportionate distribution of net income depending on the number of days units were held.

Included in the distributions at 30 June 2016 were the following net realised capital gains which were distributed to unitholders based on the number of units held as at 30 June 2016:

Common Fund Capital Distributions Paid

	2016 \$'000	2016 CPU	2015 \$'000	2015 CPU
Long Term Fixed Interest	54	0.0006	452	0.0052
Australian Shares	3 928	0.0411	5 088	0.0527
Overseas Shares	7 175	0.0853	-	-
Property	<u>4 113</u>	<u>0.0641</u>	<u>1 981</u>	<u>0.0455</u>
	<u>15 270</u>		<u>7 521</u>	

COMMON FUNDS

5. Cash and cash equivalents

Cash Common Fund	2016	2015
	\$'000	\$'000
Cash at bank	2	14
Money market instruments	16 000	13 000
Bank overdraft	(198)	(109)
	<u>15 804</u>	<u>12 905</u>
 Short Term Fixed Interest Common Fund	 2016	 2015
	\$'000	\$'000
Deposits in Cash Common Fund	<u>17 854</u>	<u>19 484</u>
	<u>17 854</u>	<u>19 484</u>
 Long Term Fixed Interest Common Fund	 2016	 2015
	\$'000	\$'000
Deposits in Cash Common Fund	<u>24 280</u>	<u>27 578</u>
	<u>24 280</u>	<u>27 578</u>
 Overseas Fixed Interest Common Fund	 2016	 2015
	\$'000	\$'000
Deposits in Cash Common Fund	<u>4 107</u>	<u>3 758</u>
	<u>4 107</u>	<u>3 758</u>
 Australian Shares Common Fund	 2016	 2015
	\$'000	\$'000
Deposits in Cash Common Fund	<u>2 204</u>	<u>3 717</u>
	<u>2 204</u>	<u>3 717</u>
 Overseas Shares Common Fund	 2016	 2015
	\$'000	\$'000
Deposits in Cash Common Fund	<u>1 117</u>	<u>4 139</u>
	<u>1 117</u>	<u>4 139</u>
 Property Common Fund	 2016	 2015
	\$'000	\$'000
Deposits in Cash Common Fund	<u>1 430</u>	<u>3 005</u>
	<u>1 430</u>	<u>3 005</u>

5. Cash and Cash Equivalents (continued)

(a) Cash at bank and on hand

The cash deposit is held with a financial institution and is interest bearing at 1.95% (2015: 2.20%) per annum as at 30 June 2016 available at call. During 2015-16 Public Trustee's customer banking operations were provided by the Commonwealth Bank of Australia (CBA) as part of the whole of Government banking contract. Public Trustee also continued to manage a Westpac Banking Corporation (WBC) account during 2015-16 where a small number of deposits continue to be received. The CBA cash rate is the Reserve Bank target rate plus 20 basis points.

(b) Bank overdraft

The reported bank overdraft held as at 30 June 2016 was \$0.198 million (2015: \$0.109 million) being a total of Public Trustee's CBA Cash Common Fund banking account balance of \$3.171 million (2015: \$1.724 million) less unrepresented cheques of \$2.276 million (2015: \$1.751 million) and deposits to the CBA Cash Common Fund banking account that cannot be attributed to specific customers as at 30 June 2016 of \$1.093 million (2015: \$0.082 million). These amounts are allocated to specific customer accounts upon identification.

(c) Money market instruments

These investments bear floating interest rates between 2.74% and 6.80% (2015: 2.85% and 6.40%). These investments are available at call.

(d) Deposits in Cash Common Fund

Deposits in the Cash Common Fund act as operating cash accounts for the other Common Funds, and are interest bearing. These investments are available at call.

(e) Advances to other Common Funds / borrowings from Cash Common Fund

There were no advances from the Cash Common Fund to other Common Funds for the period to 30 June 2016.

COMMON FUNDS

6. Financial assets held at fair value through profit and loss

	Common Funds			
	Cash		Short Term Fixed Interest	
	2016	2015	2016	2015
	Fair Value \$'000	Fair Value \$'000	Fair Value \$'000	Fair Value \$'000
Designated as at fair value through profit or loss				
Fixed interest securities ¹	411 020	408 132	31 388	32 250
Total designated as at fair value through profit or loss	411 020	408 132	31 388	32 250
	Long Term Fixed Interest		Overseas Fixed Interest	
	2016	2015	2016	2015
	Fair Value	Fair Value	Fair Value	Fair Value
	\$'000	\$'000	\$'000	\$'000
Designated as at fair value through profit or loss				
Fixed interest securities	66 849	66 107	-	-
Unlisted unit trusts	-	-	39 838	34 862
Total designated as at fair value through profit or loss	66 849	66 107	39 838	34 862
	Australian Shares		Overseas Shares	
	2016	2015	2016	2015
	Fair Value	Fair Value	Fair Value	Fair Value
	\$'000	\$'000	\$'000	\$'000
Designated as at fair value through profit or loss				
Unlisted unit trusts	161 152	158 450	98 092	127 229
Total designated as at fair value through profit or loss	161 152	158 450	98 092	127 229
	Property			
	2016	2015		
	Fair Value	Fair Value		
	\$'000	\$'000		
Designated as at fair value through profit or loss				
Unlisted unit trusts	70 198	42 131		
Total designated as at fair value through profit or loss	70 198	42 131		

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 9.

¹ Includes other common funds deposits in the Cash Common Fund of \$50.992 million (2015: \$61.681 million).

COMMON FUNDS

7. Revenue and assets for entities within the SA Government

	2016	2015
	\$'000	\$'000
Public Trustee Common Fund Distributions	10 430	8 004
Refunds & Reimbursements	750	695
Gain / (Loss) on Public Trustee Common Funds	1 104	-
Total revenue for entities within SA Government	12 284	8 699
Public Trustee Common Funds	276 207	262 155
Total assets for entities within SA Government	276 207	262 155

Public Trustee administers funds on behalf of a number of government entities that invest in the Common Funds.

8. Derivative financial instruments

Public Trustee did not invest in derivative investments for the year ended 30 June 2016.

9. Financial risk management

Public Trustee's Common Fund activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance. Only Australian domiciled pooled funds are used for overseas asset purchases. In terms of currency exposure, the Overseas Fixed Interest Common Fund is 100% hedged and the Overseas Shares Common Fund maintains a 50% hedged benchmark position which reduces currency volatility. Overseas currency exposure in the Property Common Fund is 100% hedged.

The Manager, Investment Services is responsible for ensuring that all investments are within the guidelines specified by Public Trustee's Investment Guidelines and Procedures Manual. The Manager, Investment Services may recommend to the Public Trustee and the Public Trustee may, after consultation with the Investment Advisory Committee, approve investments outside of Public Trustee's Investment Guidelines.

(a) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to outstanding receivables and committed transactions.

Short-term money market instruments must have a short-term Standard and Poors (S&P) rating of A1 or in the case of the issuer being a bank under the *Banking Act 1959* a rating of A2 is accepted. Floating rate instruments must have a long-term S&P credit rating of A+ or better or where the counter party is a bank under the *Banking Act 1959*, a rating of BBB or better is accepted. Long-term investments must have long-term S&P credit ratings of A+ or better or be an investment in a Commonwealth or Semi-government bond. If there is no independent rating, Public Trustee assesses the credit quality of the provider, taking into account its financial position and past experience.

Credit risk arises primarily with the following classes of instruments and counterparties:

- Sovereign debt of the Australian Commonwealth and State Governments
- Sovereign debt of the foreign governments
- Banking corporations
- Corporate debt of investment grade
- Pooled Investment Funds

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets.

The credit quality of financial assets that are neither past due nor impaired are assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

9. Financial risk management (continued)

Pooled Fund Investments are not rated, however, Public Trustee makes a thorough assessment of all Pooled Fund Managers in regard to credit and other risks prior to the investment of funds with each manager. The credit risk lies with the Pooled Fund Manager responsible for the management of the underlying investments. Public Trustee continually monitors these assessments.

Credit Risk Analysis

	2016 \$'000	2015 \$'000
Cash Common Fund		
<i>Cash and short term investments</i>		
A+	-	5 025
A1+	158 826	139 053
A1	104 500	95 000
A2	65 007	65 017
Cash at bank	16 002	13 014
	<u>344 335</u>	<u>317 109</u>
<i>Long term investments</i>		
AAA	3 470	-
AA	-	4 535
AA-	44 659	76 740
A-	2 470	5 523
A	15 951	6 000
A+	16 137	11 239
	<u>82 687</u>	<u>104 037</u>
Short Term Fixed Interest Common Fund		
<i>Cash and short term investments</i>		
A1+	10 074	2 500
A2	3 000	7 031
Cash	17 854	19 484
	<u>30 928</u>	<u>29 015</u>
<i>Long term investments</i>		
AA+	2 078	2 116
AA	5 240	5 375
AA-	1 521	-
A-	4 497	1 510
A	1 985	-
A+	2 993	-
A1	-	3 000
A1+	-	9 715
A2	-	1 003
	<u>18 314</u>	<u>22 719</u>
Long Term Fixed Interest Common Fund		
<i>Cash and short term investments</i>		
AAA	4 040	-
A1+	15 656	1 000
A2	1 000	2 000
Cash	24 280	27 578
	<u>44 976</u>	<u>30 578</u>
<i>Long term investments</i>		
AAA	5 548	7 219
AA+	24 825	24 210
AA	11 189	11 989
AA-	3 588	14 364
A-	1 003	-
A1+	-	5 325
	<u>46 153</u>	<u>63 107</u>

9. Financial risk management (continued)

(b) Market risk

(i) Price risk

The Australian Shares Common Fund, Overseas Shares Common Fund, Property Common Fund and the Overseas Fixed Interest Common Fund are exposed to price risk. Public Trustee is not directly exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, Public Trustee diversifies its portfolio. Diversification of the portfolio is in accordance with Public Trustee's Investment Guidelines. Irrespective of what type of investment vehicle is used, the primary focus is to ensure the risk/reward objectives of Public Trustee's investment approach are met. The Common Funds comprise a number of sub-portfolios which invest in different sectors of the equity market.

The Australian Shares Common Fund invests primarily in ASX 300 Companies. The Australian Shares Common Fund portfolio consists of listed shares, convertible notes, instalment receipts, preference shares and options. No derivative products are permitted under Public Trustee's Investment Guidelines.

Equities in the Overseas Shares Common Fund consist of investments through Australian domiciled-pooled funds that obviate exposure to currency price risk. An "active" approach is used by the fund utilising a variety of fund managers with different investment styles. This provides diversification benefits and reduces the overall level of risk.

The Property Common Fund primarily invests in listed securities including exchange traded options from the Property Trust sector of any Australian or overseas stock exchange or any listed company whose major activity is in real properties. Investments in this class also comprise un-listed unit trusts where the holding of property or infrastructure is the primary business activity of the issuer.

(ii) Cash flow and interest rate risk

Public Trustee is exposed to interest rate risk arising from cash investments, short term investments and Australian fixed interest investments. Instruments issued at fixed interest rates expose Public Trustee to fair value interest rate risk and variable rate instruments expose Public Trustee to cash flow interest rate risk.

The Cash Common Fund can invest in short term money market instruments with up to one year maturity, floating rate investment instruments with maturity terms up to 10 years if the counterparty is a bank with a credit rating of A- or better or fixed interest instruments with maturity terms up to 3 years. Securities with greater than one year maturity are restricted to make up less than 20% of the overall fund.

The Short Term Fixed Interest Common Fund can invest in fixed interest securities with maturity terms of three years if the credit rating is A+ or better, or a maturity term of up to 6 years for Commonwealth bonds, Semi-government bonds. The Long Term Fixed Interest Common Fund invests in securities with maturities ranging from 5 years to 25 years.

(iii) Foreign exchange risk

The Overseas Fixed Interest Common Fund and the Overseas Shares Common Fund are indirectly exposed to foreign exchange risk as a result of their investments in other unit trusts which in turn invest in financial instruments that are denominated in foreign currencies. A sensitivity analysis is provided below, outlining the exposure to each type of market risk at the end of each reporting period, showing how profit or loss and equity would have been affected by the changes in the relevant risk variable that was reasonably possible at that date. All instruments are designated as financial assets at fair value through the profit or loss; resulting in no impact on equity.

COMMON FUNDS

9. Financial risk management (continued) - sensitivity analysis

Cash Common Fund

	2016				
	Interest rate risk		Price risk		Carrying Amount \$'000
	-	+	-	+	
	1%	1%	20%	10%	
	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	
<i>Financial assets</i>					
Cash & cash equivalents	16 002	(160)	160	-	-
Financial assets held at fair value through profit or loss	411 020	(4 110)	4 110	-	-
<i>Financial liabilities</i>					
Bank overdraft	(198)	(2)	2	-	-
Total (decrease) increase	(4 272)	4 272	-	-	

	2015				
	Interest rate risk		Price risk		Carrying Amount \$'000
	-	+	-	+	
	1%	1%	20%	10%	
	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	
<i>Financial assets</i>					
Cash & cash equivalents	13 014	(130)	130	-	-
Financial assets held at fair value through profit or loss	408 132	(4 081)	4 081	-	-
<i>Financial liabilities</i>					
Bank overdraft	(109)	(1)	1	-	-
Total (decrease) increase	(4 212)	4 212	-	-	

Short Term Fixed Interest Common Fund

	2016				
	Interest rate risk		Price risk		Carrying Amount \$'000
	-	+	-	+	
	1%	1%	20%	10%	
	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	
<i>Financial assets</i>					
Deposits with Cash Common Fund	17 854	(179)	179	-	-
Financial assets held at fair value through profit or loss	31 388	(314)	314	-	-
Total (decrease) increase	(493)	493	-	-	

	2015				
	Interest rate risk		Price risk		Carrying Amount \$'000
	-	+	-	+	
	1%	1%	20%	10%	
	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	
<i>Financial assets</i>					
Deposits with Cash Common Fund	19 484	(195)	195	-	-
Financial assets held at fair value through profit or loss	32 250	(323)	323	-	-
Total (decrease) increase	(518)	518	-	-	

COMMON FUNDS

9. Financial risk management (continued) - sensitivity analysis

Long Term Fixed Interest Common Fund

	2016				
	Interest rate risk		Price risk		
	-	+	-	+	
	1%	1%	20%	10%	
	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss	
Carrying Amount	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>					
Deposits with Cash Common Fund	24 280	(243)	243	-	-
Financial assets held at fair value through profit or loss	66 849	(668)	668	-	-
Total (decrease) increase		(911)	911	-	-

	2015				
	Interest rate risk		Price risk		
	-	+	-	+	
	1%	1%	20%	10%	
	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss	
Carrying Amount	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>					
Deposits with Cash Common Fund	27 578	(276)	276	-	-
Financial assets held at fair value through profit or loss	66 107	(661)	661	-	-
Total (decrease) increase		(937)	937	-	-

Overseas Fixed Interest Common Fund

	2016				
	Interest rate risk		Price risk		
	-	+	-	+	
	1%	1%	20%	10%	
	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss	
Carrying Amount	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>					
Deposits with Cash Common Fund	4 107	(41)	41	-	-
Financial assets held at fair value through profit or loss	39 838	-	-	(7 968)	3 984
Total (decrease) increase		(41)	41	(7 968)	3 984

	2015				
	Interest rate risk		Price risk		
	-	+	-	+	
	1%	1%	20%	10%	
	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss	
Carrying Amount	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>					
Deposits with Cash Common Fund	3 758	(38)	38	-	-
Financial assets held at fair value through profit or loss	34 862	-	-	(6 972)	3 486
Total (decrease) increase		(38)	38	(6 972)	3 486

COMMON FUNDS

9. Financial risk management (continued) - sensitivity analysis

Australian Shares Common Fund

	2016			
	Interest rate risk		Price risk	
	-	+	-	+
	1%	1%	20%	10%
Carrying Amount	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss
\$'000	\$'000	\$'000	\$'000	\$'000
Deposits with Cash Common Fund	2 204	(22)	22	-
Financial assets held at fair value through profit or loss	161 152	-	-	(32 230)
Total (decrease) increase		(22)	22	(32 230)

	2015			
	Interest rate risk		Price risk	
	-	+	-	+
	1%	1%	20%	10%
Carrying Amount	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss
\$'000	\$'000	\$'000	\$'000	\$'000
Deposits with Cash Common Fund	3 717	(37)	37	-
Financial assets held at fair value through profit or loss	158 450	-	-	(31 690)
Total (decrease) increase		(37)	37	(31 690)

Overseas Shares Common Fund

	2016			
	Interest rate risk		Price risk	
	-	+	-	+
	1%	1%	20%	10%
Carrying Amount	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss
\$'000	\$'000	\$'000	\$'000	\$'000
Deposits with Cash Common Fund	1 117	(11)	11	-
Financial assets held at fair value through profit or loss	98 092	-	-	(19 618)
Total (decrease) increase		(11)	11	(19 618)

	2015			
	Interest rate risk		Price risk	
	-	+	-	+
	1%	1%	20%	10%
Carrying Amount	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss
\$'000	\$'000	\$'000	\$'000	\$'000
Deposits with Cash Common Fund	4 139	(41)	41	-
Financial assets held at fair value through profit or loss	127 229	-	-	(25 446)
Total (decrease) increase		(41)	41	(25 446)

COMMON FUNDS

9. Financial risk management (continued) - sensitivity analysis

Property Common Fund

	2016				
	Interest rate risk		Price risk		
	-	+	-	+	
	1%	1%	20%	10%	
Carrying Amount	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss	
\$'000	\$'000	\$'000	\$'000	\$'000	
<i>Financial assets</i>					
Deposits with Cash Common Fund	1 430	(14)	14	-	-
Financial assets held at fair value through profit or loss	70 198	-	-	(14 040)	7 020
Total (decrease) increase		(14)	14	(14 040)	7 020

	2015				
	Interest rate risk		Price risk		
	-	+	-	+	
	1%	1%	20%	10%	
Carrying Amount	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss	
\$'000	\$'000	\$'000	\$'000	\$'000	
<i>Financial assets</i>					
Deposits with Cash Common Fund	3 005	(30)	30	-	-
Financial assets held at fair value through profit or loss	42 131	-	-	(8 426)	4 213
Total (decrease) increase		(30)	30	(8 426)	4 213

(c) Liquidity risk

Public Trustee has working capital policies in place in order to maintain liquidity for clients. Short-term investment analysis assists in determining the amount, if any, to be invested or reinvested in order to maintain working capital. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions. Public Trustee manages the liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

(d) Fair value estimation

The fair value of financial assets and financial liabilities are estimated for recognition and measurement or for disclosure purposes. The fair value of these assets and liabilities is equal to their carrying amount.

Cash and cash equivalents are valued at nominal amounts. This asset consists of cash at bank, on hand and short-term money market deposits with maturities of three months or less that is readily converted to cash and which are subject to insignificant risk of changes in value.

Financial assets and liabilities are held at fair value through the profit or loss. Investments in pooled funds are recorded at fair value as reported by the managers of such funds. Public Trustee has determined the fair value of financial assets to be market value of these investments at balance date. Accounting Standard *AASB 7 Financial Instruments: Disclosures* requires disclosure of the measurement methodology used to value financial instruments. Public Trustee invests through fund managers and utilises pricing data provided by those managers which is indirectly derived from the pricing of the underlying securities. Consistent with the definitions in AASB 7 this methodology is classified as level 2 of the fair value hierarchy.

Receivables and payables are valued on a historical cost basis and Public Trustee considers that the carrying value approximates market value.

COMMON FUNDS

10. Cash flow reconciliation

Cash Common Fund	2016	2015
	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Statement of Cash Flows	15 804	12 905
Statement of Financial Position	15 804	12 905
(b) Reconciliation of profit/loss to net cash provided by (used in) operating activities:		
Net operating profit for the year	8 558	10 298
Non-cash operating activities		
Net losses on financial instruments held at fair value through profit or loss	1 032	987
Amortisation of discounts and premiums	226	146
Movement in assets and liabilities		
Decrease in receivables and other assets	780	426
(Decrease) / increase in payables and other liabilities	9	5
Adjustment for balance day transactions	18	(5)
Net cash provided by operating activities	10 623	11 857
 Short Term Fixed Interest Common Fund	 2016	 2015
	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Statement of Cash Flows	17 854	19 484
Statement of Financial Position	17 854	19 484
(b) Reconciliation of profit/loss to net cash provided by (used in) operating activities:		
Net operating profit for the year	993	1 391
Non-cash operating activities		
Net losses on financial instruments held at fair value through profit or loss	237	72
Amortisation of discounts and premiums	118	122
Movement in assets and liabilities		
Decrease in receivables and other assets	8	47
Increase in payables and other liabilities	1	-
Net cash provided by operating activities	1 357	1 632
 Long Term Fixed Interest Common Fund	 2016	 2015
	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Statement of Cash Flows	24 280	27 578
Statement of Financial Position	24 280	27 578
(b) Reconciliation of profit/loss to net cash provided by (used in) operating activities:		
Net operating profit for the year	3 584	3 671
Non-cash operating activities		
Net (gains) on financial instruments held at fair value through profit or loss	(916)	(727)
Amortisation of discounts and premiums	174	183
Movement in assets and liabilities		
Decrease in receivables and other assets	11	163
Increase in payables and other liabilities	4	-
Net cash provided by operating activities	2 857	3 290

COMMON FUNDS

10. Cash flow reconciliation (continued)

Overseas Fixed Interest Common Fund	2016	2015
	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Statement of Cash Flows	4 107	3 758
Statement of Financial Position	4 107	3 758
(b) Reconciliation of profit/loss to net cash provided by (used in) operating activities:		
Net operating profit for the year	1 555	1 226
Non-cash operating activities		
Net (gains) on financial instruments held at fair value through profit or loss	(896)	(732)
Income reinvested and not received in cash	(80)	(102)
Movement in assets and liabilities		
(Increase) in receivables and other assets	(10)	(316)
Increase / (decrease) in payables and other liabilities	1	(1)
Net cash provided by operating activities	570	75
 Australian Shares Common Fund	 2016	 2015
	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Statement of Cash Flows	2 204	3 717
Statement of Financial Position	2 204	3 717
(b) Reconciliation of profit/loss to net cash provided by (used in) operating activities:		
Net operating profit for the year	6 108	7 742
Non-cash operating activities		
Net (gains) on financial instruments held at fair value through profit or loss	(2 128)	(229)
Income reinvested and not received in cash	(574)	(535)
Movement in assets and liabilities		
Decrease / (increase) in receivables and other assets	3 184	(57)
Increase in payables and other liabilities	10	-
Net cash provided by operating activities	6 600	6 921
 Overseas Shares Common Fund	 2016	 2015
	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Statement of Cash Flows	1 117	4 139
Statement of Financial Position	1 117	4 139
(b) Reconciliation of profit/loss to net cash provided by (used in) operating activities:		
Net operating profit for the year	(2 219)	22 297
Non-cash operating activities		
Net losses / (gains) on financial instruments held at fair value through profit or loss	15 999	(5 707)
Income reinvested and not received in cash	(362)	(509)
Movement in assets and liabilities		
Decrease / (increase) in receivables and other assets	593	(11 503)
Increase in payables and other liabilities	7	-
Net cash provided by operating activities	14 018	4 578

COMMON FUNDS

10. Cash flow reconciliation (continued)

Property Common Fund	2016 \$'000	2015 \$'000
(a) Reconciliation of cash and cash equivalents		
Statement of Cash Flows	1 430	3 005
Statement of Financial Position	1 430	3 005
(b) Reconciliation of profit/loss to net cash provided by (used in) operating activities:		
Net operating profit for the year	9 100	4 908
Non-cash operating activities		
Net (gains) on financial instruments held at fair value through profit or loss	(5 012)	(940)
Income reinvested and not received in cash	(116)	(112)
Movement in assets and liabilities		
(Increase) in receivables and other assets	(24)	(179)
Increase in payables and other liabilities	4	-
Net cash provided by operating activities	<u>3 952</u>	<u>3 677</u>

11. Events occurring after balance date

Nil

Certification of the Financial Statements

We certify that the:-

- accompanying Public Trustee Corporate Statements, Common Fund Statements and Statement of Trusts being Administered and the notes thereto:-
 - are in accordance with the accounts and records of Public Trustee; and
 - comply with relevant Treasurer's instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of Public Trustee at the end of the financial year and the result of its operations and cash flows for the financial year.
- Internal controls employed by Public Trustee over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Debra Contala
Public Trustee



Tony Brumfield
General Manager, Business and Client
Financial Services

Date: - 15 September 2016



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To the Public Trustee

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and sections 26(2), 30(2) and 50(2) of the *Public Trustee Act 1995*, I have audited the accompanying financial report of the Public Trustee for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016 for Corporate Operations
- a Statement of Financial Position as at 30 June 2016 for Corporate Operations
- a Statement of Changes in Equity for the year ended 30 June 2016 for Corporate Operations
- a Statement of Cash Flows for the year ended 30 June 2016 for Corporate Operations
- a Statement of Trusts being Administered as at 30 June 2016
- a Statement of Comprehensive Income for the year ended 30 June 2016 for each of the Common Funds
- a Statement of Financial Position as at 30 June 2016 for each of the Common Funds
- a Statement of Cash Flows for the year ended 30 June 2016 for each of the Common Funds
- notes, for each of the financial statements, comprising a summary of significant accounting policies and other explanatory information for administered items
- a Certificate from the Public Trustee and the General Manager, Business and Client Financial Services.

The Public Trustee's responsibility for the financial report

The Public Trustee is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the Public Trustee determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial report 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 comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

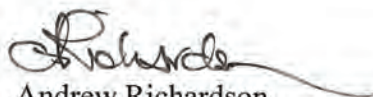
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 Public Trustee, as well as evaluating the overall presentation of the financial report.

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

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on the Public Trustee's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Public Trustee as at 30 June 2016, 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.



Andrew Richardson

Auditor-General

19 September 2016

Auditor-General's Department

Financial report
for the year ended
30 June 2016

Auditor-General's Department

Statement of Comprehensive Income for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Expenses:			
Employee expenses	4	12 747	11 748
Supplies and services:	5		
Contractors		1 300	1 369
Office accommodation and service costs		689	696
Consultancies		266	103
Other supplies and services	6	1 331	1 231
		3 586	3 399
Depreciation and amortisation		169	199
Total expenses		16 502	15 346
Income:			
Employee benefits transferred	7	-	220
Other income		1	2
Total income		1	222
Net cost of providing services	16.2	16 501	15 124
Revenues from (Payments to) SA Government:			
Appropriations and contingency provision grant	8	16 603	16 229
Return of surplus cash		(1 000)	-
Total Revenues from (Payments to) SA Government		15 603	16 229
Net result		(898)	1 105
Total comprehensive result		(898)	1 105

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

**Statement of Financial Position
as at 30 June 2016**

	Note	2016 \$'000	2015 \$'000
Current assets:			
Cash and cash equivalents	9,16.1	4 770	4 789
Receivables	10	172	141
Total current assets		<u>4 942</u>	<u>4 930</u>
Non-current assets:			
Computing and office facilities	11	334	295
Intangible assets	11	40	39
Total non-current assets		<u>374</u>	<u>334</u>
Total assets		<u>5 316</u>	<u>5 264</u>
Current liabilities:			
Payables	12	467	296
Employee benefits	13	1 415	1 201
Provision for workers compensation	14	18	9
Total current liabilities		<u>1 900</u>	<u>1 506</u>
Non-current liabilities:			
Payables	12	318	262
Employee benefits	13	3 116	2 623
Provision for workers compensation	14	35	28
Total non-current liabilities		<u>3 469</u>	<u>2 913</u>
Total liabilities		<u>5 369</u>	<u>4 419</u>
Net assets		<u>(53)</u>	<u>845</u>
Equity:			
Opening balance – surplus (deficit)		845	(260)
Increase (Decrease) in net assets		(898)	1 105
Total equity		<u>(53)</u>	<u>845</u>

Total equity is attributable to the SA Government as owner

Commitments 15

**Statement of Changes in Equity
for the year ended 30 June 2016**

	Retained earnings	Total
	\$'000	\$'000
Balance at 1 July 2014	(260)	(260)
Total comprehensive result for the year 2014-15	1 105	1 105
Balance at 30 June 2015	845	845
Total comprehensive result for the year 2015-16	(898)	(898)
Balance at 30 June 2016	(53)	(53)

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

**Statement of Cash Flows
for the year ended 30 June 2016**

		2016	2015
		Inflows (Outflows)	Inflows (Outflows)
		\$'000	\$'000
Cash flows from operating activities:	Note		
Cash outflows:			
Employee expenses		(11 826)	(11 730)
Supplies and services		(3 922)	(3 761)
Payments for Paid Parental Leave Scheme		(47)	(43)
Cash inflows:			
Other income		1	2
Goods and services tax refunds from Australian Taxation Office		334	323
Receipts for Paid Parental Leave Scheme		47	38
Cash flows from (to) SA Government:			
Appropriations and contingency provision grant	8	16 603	16 229
Return of surplus cash pursuant to cash alignment policy		(1 000)	-
Net cash provided by operating activities	16.2	190	1 058
Cash flows from investing activities:			
Cash outflows:			
Purchase of computing and office facilities		(186)	(192)
Purchase of intangible assets		(23)	(30)
Net cash (used in) investing activities		(209)	(222)
Net increase (decrease) in cash and cash equivalents		(19)	836
Cash and cash equivalents at 1 July		4 789	3 953
Cash and cash equivalents at 30 June	9,16.1	4 770	4 789

Notes to and forming part of the financial statements

1. Objectives of the Auditor-General's Department (the Department)

The Department is an administrative unit of the public service established under the *Public Finance and Audit Act 1987* (PFAA). The Department's main statutory responsibilities are to audit and examine the activities of State and Local Government agencies and to report the results to Parliament as required by the PFAA.

Controlled

The Department's sole activity is the provision of auditing services covering the various audit and examination responsibilities prescribed under the PFAA. Within this activity class there are two subactivities:

Prescribed audits

Includes all audit and examination work for State and Local Government agencies initiated and undertaken by the Auditor-General under the PFAA. During the year the Department spent \$16.49 million (\$15.34 million) on this activity. The main component of work relates to the annual statutory audit of State public sector agencies.

Special investigations

Under the PFAA, the Parliament, Treasurer, Minister or the Independent Commissioner Against Corruption can require the Auditor-General to undertake certain examinations and report these to Parliament. We have had no such requests that have resulted in expenditure on this activity in 2014-15 or 2015-16. Where we undertake special investigations, we receive special appropriation to fund our work, and therefore we do not charge audit fees.

Administered

We also administer certain activities on behalf of the SA Government but do not control the related income, expenses, assets or liabilities. These comprise the following two activities:

Receiving and passing on auditing fees

We charge fees for our audits as permitted by section 39 of the PFAA, but do not retain these fees. We transfer audit fees received into the Government's Consolidated Account as they are received.

Administering special acts

Section 24(4) of the PFAA provides that the salary and allowances of the Auditor-General, as determined by the Governor, will be paid from the Government's Consolidated Account. The Auditor-General's remuneration, and recoveries from the Consolidated Account for it, are therefore reported as administered items.

2. Summary of significant accounting policies

(a) *Basis of preparation*

The financial statements are general purpose financial statements that have been prepared in accordance with applicable Australian Accounting Standards (AASs) and Treasurer's Instructions (TIs) and Accounting Policy Statements (APSs) issued pursuant to the PFAA. The APSs require certain disclosures in addition to AASs.

The financial statements have been prepared based on a 12 month operating cycle and are presented in Australian currency. Values are rounded to the nearest thousand dollars unless otherwise specified.

We have not early-adopted any AASs or Australian interpretations issued by the Australian Accounting Standards Board.

Income and expenses have been classified according to their nature.

Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle have been classified as current.

The Statement of Cash Flows has been prepared on a cash basis. Other statements are prepared on an accrual basis, and unless otherwise specified, apply the historical cost convention.

The administered financial statements have been prepared applying the same accounting policies as for items controlled by the Auditor-General's Department.

(b) *Taxation*

The Department is liable for payroll tax, fringe benefits tax and goods and services tax (GST) but not income tax. Income, expenses and assets are recognised net of the amount of goods and services tax except:

- when the goods and services tax incurred by the Department on a purchase of goods or services is not recoverable from the Australian Taxation Office it is recognised as part of the cost of acquisition of an asset or as part of an item of expense
- receivables and payables which are stated with the amount of goods and services tax included.

Operating cash flows in the Statement of Cash Flows include GST. The GST on investing and financing cash flows is included as operating cash flows.

(c) Revenues from (Payments to) SA Government

We are funded by Parliamentary appropriations, paid into a special deposit account titled 'Auditor-General's Department Operating Account'. We are also appropriated for some expenses which will not require a cash payment, such as depreciation. Some appropriations are deposited into a special deposit account at Department of Treasury and Finance titled 'Accrual Appropriation Excess Funds'. Although we control this money, its use must be separately approved by the Treasurer. We do not earn interest on either of these special deposit accounts.

Payments to SA Government relate to the return of surplus cash in accordance with the principles of the cash alignment policy.

The appropriation for special acts reported in the administered financial statements relates to recoveries from the Government for the Auditor-General's salary.

(d) Non-current assets

Computing and office facilities are held at fair value as required by the APSs. We use cost less accumulated depreciation to determine fair value. Intangible assets are held at cost less accumulated amortisation. We only capitalise items greater than \$2000. There are no indications of impairment of our assets.

We depreciate/amortise all assets over three years except laptops which we depreciate over two years. Depreciation and amortisation is on a straight-line basis. All computing and office facilities are classified as level 3 as a key input is management's assessment of the useful life and condition.

(e) Payables

All payables are normally settled within 30 days from the date of the invoice or date the invoice is first received.

(f) Employee benefits

Salaries

Liabilities for unpaid salaries for service prior to reporting date are measured at current pay rates.

Annual leave and skills and experience retention leave

The annual leave liability and the skills and experience retention leave liability are expected to be payable within 12 months and are measured at the undiscounted amount expected to be paid.

Sick leave

No liability is recognised, as all sick leave is non-vesting and the average sick leave taken is estimated to be less than the annual entitlement for sick leave.

Long service leave

An actuarial assessment of long service leave liability is undertaken by the Department of Treasury and Finance. The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data for SA Government entities. Expected future payments are discounted using government bonds rates with durations that align with estimated future cash flows.

The long service leave expected to be taken in the 12 months to 30 June 2017 has been estimated by adding the estimated termination payments in this period to the estimated long service leave to be taken by ongoing employees in the 12 months (based on previous years' experience). The basis of calculation is similar to that used in previous years.

Superannuation

Contributions are paid to the South Australian Superannuation Board, who then assume the liabilities to beneficiaries. Contributions due but not yet paid are included in payables.

(g) **Provision for workers compensation**

The Department is responsible for the payment of workers' compensation claims. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. The workers compensation provision is an actuarial estimate of the outstanding liability at 30 June 2016 provided by a consulting actuary engaged through the Office for the Public Sector.

(h) **Events after the end of the reporting period**

There have been no events subsequent to 30 June 2016 that have had a material impact on the information disclosed in these financial statements.

3. **Accounting standards issued not yet adopted which will have a material impact on our financial report**

In next year's financial report, we will include disclosures required by AASB 124 *Related Party Disclosures*.

AASB 16 *Leases* will apply for the first time to our 30 June 2020 financial report. This standard will require us to recognise all leased items in the statement of financial position as assets to represent the value of what we lease, and liabilities to represent expected future lease payments. Depending on what lease arrangements we have entered into at the time, this could see assets and liabilities of up to \$3 million being recognised and, over the lease term, amortised.

4. Employee expenses	2016	2015
Employee benefits:	\$'000	\$'000
Salaries	9 419	8 915
Annual leave	848	827
Long service leave	590	342
Skills and experience retention leave	57	52
Total employee benefits	10 914	10 136
Employee on-costs:		
Superannuation	1 080	1 005
Payroll tax	616	579
Total employee on-costs	1 696	1 584
Workers compensation	137	28
Total employee expenses	12 747	11 748
5. Supplies and services provided by entities within SA Government		
Office accommodation and service costs	686	692
Other supplies and services	186	197
Total supplies and services provided by entities within SA Government	872	889
6. Other supplies and services		
Computing and network processing costs	483	401
Staff recruitment, development and training	299	265
Other expenses	185	172
Motor vehicles	158	168
Staff travel, accommodation and allowances	67	88
Shared Services SA charges	66	69
Fringe benefits tax	61	59
Report printing	12	9
Total other supplies and services	1 331	1 231
7. Employee benefits transferred		
The employee benefits transferred relates to the one off recognition in 2014-15 of the transfer of the Deputy Auditor-General's leave liabilities from the Department's accounts to the Department's administered items accounts upon his appointment as Auditor-General in June 2015. The employee expenses and employee benefits for administered items reflect the one-off recognition of the transferred liabilities in 2014-15.		
8. Appropriations and contingency provision grant		
Appropriations to the Department in 2015-16 amounted to \$16.598 million (\$16.191 million) and there was a contingency provision grant of \$5000 (\$38 000).		
9. Cash and cash equivalents	2016	2015
Deposits with the Treasurer:	\$'000	\$'000
Auditor-General's Department Operating Account	2 824	2 993
Accrual Appropriation Excess Funds	1 946	1 796
Total cash and cash equivalents	4 770	4 789

10. Receivables	2016	2015
Current:	\$'000	\$'000
GST recoverable from the Australian Taxation Office	158	137
Other	14	4
Total current	172	141

Other receivables are with SA Government entities.

11. Non-current assets	2016	2015
11.1 Classes of assets	\$'000	\$'000
Computing and office equipment – at cost	684	723
Accumulated depreciation	(544)	(580)
	140	143
Laptop computer equipment – at cost	388	306
Accumulated depreciation	(273)	(273)
	115	33
Leasehold improvements – at cost	783	758
Accumulated depreciation	(704)	(639)
	79	119
Intangible assets – Computer software – at cost	549	558
Accumulated amortisation	(509)	(519)
	40	39
	374	334

11.2 Reconciliation of carrying amount	Carrying amount			Depreciation/	Carrying amount
	01.07.15	Additions	Disposals	Amortisation	30.06.16
	\$'000	\$'000	\$'000	\$'000	\$'000
Computing and office equipment	143	52	-	55	140
Laptop computer equipment	33	109	-	27	115
Leasehold improvements	119	25	-	65	79
Computer software	39	23	-	22	40
Total computing and office facilities	334	209	-	169	374

	Carrying amount			Depreciation/	Carrying amount
	01.07.14	Additions	Disposals	Amortisation	30.06.15
	\$'000	\$'000	\$'000	\$'000	\$'000
Computing and office equipment	49	137	-	43	143
Laptop computer equipment	70	39	-	76	33
Leasehold improvements	184	-	-	65	119
Computer software	24	30	-	15	39
Total computing and office facilities	327	206	-	199	334

12. Payables	2016	2015
Current:	\$'000	\$'000
Employee on-costs	262	229
Creditors	65	54
Accrued expenses	133	13
Paid Parental Leave Scheme payable	-	-
Total current	460	296
Non-current:		
Employee on-costs	318	262
Total non-current	318	262
Total payables	778	558
Payables to entities within the SA Government	331	282

Creditors are normally settled within 30 days. All payables are non-interest bearing. The carrying amount of payables approximates fair value.

13. Employee benefits	2016	2015
Current:	\$'000	\$'000
Salaries	154	75
Annual leave	958	872
Long service leave	235	198
Skills and experience retention leave	68	56
Total current	1 415	1 201
Non-current:		
Long service leave	3 116	2 623
Total non-current	3 116	2 623
Total employee benefits	4 531	3 824

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has been used to calculate the liability.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 3% at 30 June 2015 to 2% at 30 June 2016. This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The actuarial assessment by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave. As a result there is no net financial effect resulting from changes in the salary inflation rate.

The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long-term discount rate.

For annual leave and skills and experience retention leave the salary inflation rate remained at 3% in 2016.

14. Provision for workers compensation	2016	2015
Current:	\$'000	\$'000
Provision for workers compensation	18	9
Total current	18	9
Non-current:		
Provision for workers compensation	35	28
Total non-current	35	28
Total provision	53	37
Carrying amount at 1 July	37	32
Workers compensation payments	-	-
Increase (Decrease) in provision	16	5
Carrying amount at 30 June	53	37

15. Commitments

Operating lease commitments

The Department's leases of office accommodation and motor vehicles are operating leases.

Office accommodation

Office accommodation is leased from the Building Management Division of the Department of Planning, Transport and Infrastructure. The lease expires on 30 June 2020. The rental amount is based on floor space, with the rental rate reviewable by the Department of Planning, Transport and Infrastructure every two years.

Motor vehicles

Motor vehicles are leased from SAFA through their agent LeasePlan Australia. The vehicles are leased for a specified time period or a specified number of kilometres, whichever occurs first. The lease rate is determined according to the type of vehicle being leased and the number of months of the lease period, and are reviewed annually.

At the reporting date the Department had the following obligations under non-cancellable operating leases (these obligations have not been recognised as liabilities):	2016	2015
	\$'000	\$'000
Not later than one year	700	705
Later than one year but not later than five years	1 927	2 545
Total operating lease commitments as lessee	2 627	3 250

15. Commitments (continued)	2016	2015
<i>Other contractual commitments</i>	\$'000	\$'000
At the reporting date the Department had the following obligations under non-cancellable contracts for audit services (these obligations have not been recognised as liabilities):		
Not later than one year	974	443
Later than one year but not later than five years	1 315	-
Total operating lease commitments as lessee	<u>2 289</u>	<u>443</u>

16. Cash flow reconciliations

16.1 Reconciliation of cash and cash equivalents

Cash and cash equivalents at 30 June per:

Statement of Financial Position	4 770	4 789
Statement of Cash Flows	<u>4 770</u>	<u>4 789</u>

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

Net cost of providing services	(16 501)	(15 124)
Net cash flows from SA Government	15 603	16 229
Depreciation and amortisation	169	199
Movements in assets/liabilities:		
Receivables	(31)	(17)
Employee benefits	707	(137)
Provision for workers compensation	16	5
Payables	227	(97)
Net cash provided by (used in) operating activities	<u>190</u>	<u>1 058</u>

17. Remuneration of employees

The number of employees whose normal remuneration is equal to or greater than the base executive remuneration level during the year are grouped within the following bands:

	2016	2015
	Number	Number
\$155 001 - \$165 000	1	-
\$165 001 - \$175 000	-	1
\$175 001 - \$185 000	3	2
\$205 001 - \$215 000	-	1
\$215 001 - \$225 000	1	-
\$225 001 - \$235 000	-	1
\$235 001 - \$245 000	1	-
\$265 001 - \$275 000	-	1
\$375 001 - \$385 000	1	-
\$885 001 - \$895 000*	-	1
Total	<u>7</u>	<u>7</u>

* This bandwidth includes leave entitlement payments made to an executive employee on termination of service.

The table includes all employees whose normal remuneration is equal to or greater than the base executive remuneration level of \$145 021. Total remuneration received or receivable by these employees was \$1.38 million (\$2.12 million).

The employee remuneration figures detailed above include employee remuneration recorded in both the Department's financial statements and in the administered financial statements of the Department.

18. Remuneration of auditor

	2016	2015
	\$'000	\$'000
Remuneration for audit of financial statements	11	13
	<u>11</u>	<u>13</u>

19. Financial instruments

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

	Carrying amount	
	2016	2015
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	4 770	4 789
Receivables*	14	4
Financial liabilities		
Payables	205	67

* Receivables amounts disclosed exclude amounts relating to statutory receivables where rights or obligations have their source in legislation such as the goods and services tax.

20. Budgetary reporting and explanations of major variances

The following provides details of the 2015-16 original budget, actual amounts and the associated variances.

Statement of Comprehensive Income	Original budget*	Actual	Variance
	\$'000	\$'000	\$'000
Expenses:			
Employee expenses	12 742	12 747	5
Supplies and services:			
Contractors	1 622	1 300	(322)
Office accommodation and service costs	713	689	(24)
Consultancies	137	266	129
Other supplies and services	1 165	1 331	166
Depreciation and amortisation	218	169	(49)
Total expenses	16 597	16 502	(95)
Income:			
Other income	1	1	-
Total income	1	1	-
Net cost of providing services	16 596	16 501	(95)
Revenues from (Payments to) SA Government:			
Appropriations and contingency provision grant	16 598	16 603	5
Return of surplus cash	-	(1 000)	(1 000)
Total Revenues from (Payments to) SA Government	16 598	15 603	(995)
Net result and total comprehensive result	2	(898)	⁽¹⁾(900)
Investing expenditure summary:			
Minor capital works and equipment	211	209	(2)
Total annual programs	211	209	(2)

* The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4) and the amounts have not been adjusted to reflect revised budgets. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements.

⁽¹⁾ The variance in the net result and total comprehensive result is primarily due to the return of surplus cash in accordance with the principles of the cash alignment policy.

**Statement of Administered Comprehensive Income
for the year ended 30 June 2016**

	Note	2016 \$'000	2015 \$'000
Expenses:			
Employee expenses		345	394
Employee benefits transferred	7	-	220
Audit fees paid/payable to Consolidated Account		14 575	14 055
Total expenses		14 920	14 669
Income:			
Fees for audit services		14 575	14 055
Appropriation – Special Acts		316	879
Total income		14 891	14 934
Net result		(29)	265
Total comprehensive result		(29)	265

**Statement of Administered Financial Position
as at 30 June 2016**

	Note	2016 \$'000	2015 \$'000
Current assets:			
Cash and cash equivalents	A2.1	586	731
Receivables	A1	766	1 079
Total assets		1 352	1 810
Current liabilities:			
Employee benefits		40	39
Audit fees payable to Consolidated Account		731	985
GST payable		445	649
Total current liabilities		1 216	1 673
Non-current liabilities:			
Employee benefits – long service leave		334	306
Total non-current liabilities		334	306
Total liabilities		1 550	1 979
Net assets		(198)	(169)
Equity:			
Opening balance – deficit		(169)	(434)
Increase (Decrease) in net assets		(29)	265
Total equity		(198)	(169)

**Statement of Administered Changes in Equity
for the year ended 30 June 2016**

	Retained earnings \$'000	Total \$'000
Balance at 1 July 2014	(434)	(434)
Total comprehensive result for the year 2014-15	265	265
Balance at 30 June 2015	(169)	(169)
Total comprehensive result for the year 2015-16	(29)	(29)
Balance at 30 June 2016	(198)	(198)

**Statement of Administered Cash Flows
for the year ended 30 June 2016**

		2016 Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000
Cash flows from operating activities:	Note		
Cash outflows:			
Employee expenses		(317)	(879)
Amounts paid to Consolidated Account		(14 829)	(14 924)
Goods and services tax paid to Australian Taxation Office		(1 661)	(2 112)
Cash inflows:			
Fees for audit services	A1	16 346	16 402
Cash flows from SA Government:			
Appropriations – Special Acts		316	879
Net cash (used in) operating activities	A2.2	(145)	(634)
Net increase (decrease) in cash and cash equivalents		(145)	(634)
Cash and cash equivalents at 1 July		731	1 365
Cash and cash equivalents at 30 June	A2.1	586	731

Notes to and forming part of the administered financial statements

A1. Receivables	2016 \$'000	2015 \$'000
Fees outstanding at 1 July	1 079	2 020
Billings	16 033	15 461
	17 112	17 481
Receipts	16 346	16 402
Fees outstanding at 30 June	766	1 079

In addition at 30 June, the value of audit work in progress was \$6.97 million (\$7.19 million). We are of the opinion that this amount is recoverable.

A2. Notes to the Administered Statement of Cash Flows

A2.1 Reconciliation of cash and cash equivalents

Cash and cash equivalents at 30 June per:

Statement of Administered Financial Position	586	731
Statement of Administered Cash Flows	586	731

A2.2 Reconciliation of net result to net cash (used in) operating activities	2016	2015
	\$'000	\$'000
Net result	(29)	265
Movements in assets/liabilities:		
Receivables	313	941
Employee benefits	29	(266)
Amounts payable to the Consolidated Account	(254)	(868)
Goods and services tax payable	(204)	(706)
Net cash provided by (used in) operating activities	(145)	(634)

A3. Specific disclosure – SA Government

The following discloses revenues, expenses, assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date.

Income excluding appropriations	12 668	12 378
Expenses	14 575	14 055
Financial assets	647	841
Financial liabilities	731	985

A4. Budgetary reporting and explanations of major variances

The following provides details of the 2015-16 original budget, actual amounts and the associated variances. No explanations are provided as the variances do not exceed the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

Statement of Comprehensive Income

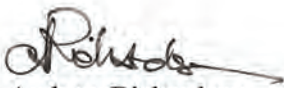
	Original Budget*	Actual	
Expenses:	\$'000	\$'000	\$'000
Employee expenses	327	345	18
Amounts paid/payable to Consolidated Account	14 341	14 575	234
Total expenses	14 668	14 920	252
Income:			
Fees for audit services	14 341	14 575	234
Appropriation – Special Acts	315	316	1
Total income	14 656	14 891	235
Net result and total comprehensive result	(12)	(29)	(17)

* The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4) and the amounts have not been adjusted to reflect revised budgets. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements.

Certification of the Financial Report

We certify that the:

- financial statements:
 - are in accordance with the accounts and records of the Department; and
 - comply with relevant Treasurer's Instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Department at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Department over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Andrew Richardson
Auditor-General



Megan Stint
Manager, Finance

AUDITOR-GENERAL'S DEPARTMENT**INDEPENDENT AUDITOR'S REPORT
TO THE TREASURER OF THE SOUTH AUSTRALIAN GOVERNMENT****Report on the Financial Report**

We have audited the accompanying financial report of the Auditor-General's Department ('the Department'), which comprises the Statement of Financial Position and Statement of Administered Financial Position as at 30 June 2016, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows, Statement of Administered Comprehensive Income, Statement of Administered Changes in Equity and Statement of Administered Cash Flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory notes and the Certification of the Financial Report by Auditor-General and the Manager, Finance.

The Auditor-General and Manager, Finance's Responsibility for the Financial Report

The Auditor-General and the Manager, Finance, of the Department are responsible for the preparation and fair presentation of the financial report in accordance with Section 35 of the Public Finance and Audit Act 1987 (including the Treasurers Instructions promulgated under the provisions of that Act) and Australian Accounting Standards (including Australian Accounting Interpretations) and for such internal control as the Auditor-General and Manager, Finance determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, 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 report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Auditor-General and Manager, Finance, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDITOR-GENERAL'S DEPARTMENT**INDEPENDENT AUDITOR'S REPORT
TO THE TREASURER OF THE SOUTH AUSTRALIAN GOVERNMENT (CONT)*****Independence***

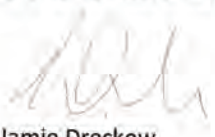
In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

Opinion

In our opinion:

- a) the financial report presents fairly, in all material respects, the financial position of the Department, as at 30 June 2016, and of its financial performance and cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act 1987 and the Australian Accounting Standards (including the Australian Accounting Interpretations); and
- b) the financial report also complies with accounts and records of the Department; and
- c) the internal controls employed by the Department for the financial year ended 30 June 2016 over its financial reporting and the preparation of the financial statements are effective.

We have obtained all of the information and explanations required from the Department.


**Nexia Edwards Marshall
Chartered Accountants**
**Jamie Dreckow
Managing Partner****Adelaide
South Australia****8 September 2016**

Department for
Communities and
Social Inclusion

Financial report
for the year ended
30 June 2016

Department for Communities and Social Inclusion
Statement of Comprehensive Income
for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Expenses			
Employee benefits	5	402 075	382 381
Supplies and services	6	273 484	266 663
Depreciation and amortisation	7	8 287	7 373
Grants, subsidies and client payments	8	534 887	554 001
Net loss from disposal of non-current assets	13	-	2 928
Other expenses	9	70 128	22 242
Total expenses		1 288 861	1 235 588
Income			
Revenue from rent, fees and charges	10	120 799	122 685
Commonwealth revenues	11	70 709	41 446
Interest revenues	12	1	2
Net gain from disposal of non-current assets	13	114	-
Other revenues	14	22 186	17 319
Total income		213 809	181 452
Net cost of providing services		(1 075 052)	(1 054 136)
Revenues from / payments to SA Government			
Revenues from SA Government	15	1 061 822	1 056 866
Payments to SA Government	15	-	(1 748)
Total net revenues from SA Government		1 061 822	1 055 118
Net result		(13 230)	982
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in revaluation surplus		23 519	-
Total other comprehensive income		23 519	-
Total comprehensive result		10 289	982

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

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

Department for Communities and Social Inclusion
Statement of Financial Position
for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	17	141 443	141 516
Receivables	18	22 795	18 334
Inventories	19	470	334
		164 708	160 184
Non-current assets classified as held for sale	20	33 069	18 000
Total current assets		197 777	178 184
Non-current assets			
Receivables	18	15 057	10 602
Property, plant and equipment	21	185 523	181 200
Capital works in progress	22	1 965	2 312
Intangible assets	23	2 568	972
Total non-current assets		205 113	195 086
Total assets		402 890	373 270
Current liabilities			
Payables	25	42 674	44 288
Employee benefits	26	68 572	49 707
Provisions	27	11 036	12 760
Other current liabilities	28	1 950	949
Total current liabilities		124 232	107 704
Non-current liabilities			
Payables	25	5 381	4 333
Employee benefits	26	57 173	52 755
Provisions	27	18 187	21 685
Other non-current liabilities	28	3 769	2 867
Total non-current liabilities		84 510	81 640
Total liabilities		208 742	189 344
Net assets		194 148	183 926
Equity			
Contributed capital	29	74 325	74 325
Retained earnings	29	73 051	86 348
Asset revaluation surplus	29	46 772	23 253
Total equity		194 148	183 926
The total equity is attributable to the SA Government as owner			
Unexpended funding commitments	16		
Unrecognised contractual commitments	31		
Contingent assets and liabilities	33		

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

Department for Communities and Social Inclusion
Statement of Change in Equity
for the year ended 30 June 2016

		Contributed	Asset Revaluation	Retained	
	Note	Capital	Surplus	Earnings	Total
		\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2014		74 325	28 740	79 879	182 944
Net result for 2014-15		-	-	982	982
Total comprehensive result for 2014-15		-	-	982	982
Transfer to retained earnings of net increment realised on sale of land and buildings		-	(5 487)	5 487	-
Balance at 30 June 2015		74 325	23 253	86 348	183 926
Prior period adjustments	2.5	-	-	(67)	(67)
Restated balance at 30 June 2015		74 325	23 253	86 281	183 859
Net result for 2015-16		-	-	(13 230)	(13 230)
Gain on revaluation of property, plant and equipment		-	23 519	-	23 519
Total comprehensive results for 2015-16		-	23 519	(13 230)	10 289
Balance at 30 June 2016	29	74 325	46 772	73 051	194 148

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

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

Department for Communities and Social Inclusion
Statement of Cash Flows
for the year ended 30 June 2016

		2016	2015
		Inflows	Inflows
		(Outflows)	(Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Employee benefits payments		(377 888)	(383 685)
Payments for supplies and services		(384 598)	(334 544)
Payments of grants and subsidies		(533 945)	(555 045)
Other payments		-	-
Cash provided by (used in) operations		(1 296 431)	(1 273 274)
Cash inflows			
Fees and charges		115 528	147 801
Receipts from commonwealth		48 309	41 444
Interest received		1	2
GST recovered from the ATO		55 429	50 289
Other receipts		25 132	17 342
Cash generated from operations		244 399	256 878
Cash flows from SA government			
Receipts from SA government		1 061 822	1 056 866
Payments to SA government		-	(1 748)
Cash generated from SA government		1 061 822	1 055 118
Net cash provided by (used in) operating activities	34	9 790	38 722
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment (including work in progress)		(10 020)	(5 978)
Purchase of intangibles		-	(512)
Cash used in investing activities		(10 020)	(6 490)
Cash inflows			
Proceeds from sale of property, plant and equipment		157	1 748
Cash generated from investing activities		157	1 748
Net cash (used in) investing activities		(9 863)	(4 742)
Net increase/(decrease) in cash and cash equivalents		(73)	33 980
Cash and cash equivalents at the beginning of the period		141 516	107 536
Cash and cash equivalents at 30 June	17	141 443	141 516

Department for Communities and Social Inclusion
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2016

Activities (refer note 4)	Status of Women		Disability SA		Disability Services	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses						
Employee benefits	1 848	1 747	33 048	33 834	194 643	182 504
Supplies and services	422	596	165 243	158 863	64 134	63 447
Depreciation and amortisation	135	9	722	685	4 253	3 608
Grants, subsidies and client payments	650	298	257 681	227 091	196	176
Net loss from disposal of non-current assets	-	14	-	286	-	1 727
Other expenses	3	75	69 412	8 389	471	9 001
Total expenses	3 058	2 739	526 106	429 148	263 697	260 463
Income						
Revenues from rent, fees and charges	124	122	5 730	4 682	24 393	24 886
Commonwealth revenues	-	-	30 200	3 295	2 770	-
Interest revenues	-	-	-	-	1	1
Net gain from disposal of non-current assets	-	-	-	-	114	-
Other revenues	635	511	4 816	5 526	10 951	6 292
Total income	759	633	40 746	13 503	38 229	31 179
Net cost of providing services	(2 299)	(2 106)	(485 360)	(415 645)	(225 468)	(229 284)
Net result	(2 299)	(2 106)	(485 360)	(415 645)	(225 468)	(229 284)

Department for Communities and Social Inclusion
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2016

Activities (refer note 4)	Domiciliary and Community Care Services		Social Housing		Communities and Partners	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefits	35 081	37 331	67 403	67 330	70 052	59 635
Supplies and services	18 400	20 506	4 244	112	21 041	23 139
Depreciation and amortisation	675	670	7	7	2 495	2 394
Grants, subsidies and client payments	36 655	33 901	214 366	270 959	25 339	21 576
Net loss from disposal of non-current assets	-	330	-	10	-	561
Other expenses	102	1 766	2	55	138	2 956
Total expenses	90 913	94 504	286 022	338 473	119 065	110 261
Income						
Revenues from rent, fees and charges	4 840	6 318	68 600	67 263	17 112	19 414
Commonwealth revenues	28 257	28 860	8 870	8 870	612	421
Interest revenues	-	1	-	-	-	-
Net gain from disposal of non-current assets	-	-	-	-	-	-
Other revenues	2 187	2 150	756	3	2 841	2 837
Total income	35 284	37 329	78 226	76 136	20 565	22 672
Net cost of providing services	(55 629)	(57 175)	(207 796)	(262 337)	(98 500)	(87 589)
Net result	(55 629)	(57 175)	(207 796)	(262 337)	(98 500)	(87 589)

Department for Communities and Social Inclusion
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2016

Activities (refer note 4)	General/Not Attributable		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses				
Employee benefits	-	-	402 075	382 381
Supplies and services	-	-	273 484	266 663
Depreciation and amortisation	-	-	8 287	7 373
Grants, subsidies and client payments	-	-	534 887	554 001
Net loss from disposal of non-current assets	-	-	-	2 928
Other expenses	-	-	70 128	22 242
Total expenses	-	-	1 288 861	1 235 588
Income				
Revenues from rent, fees and charges	-	-	120 799	122 685
Commonwealth revenues	-	-	70 709	41 446
Interest revenues	-	-	1	2
Net gain from disposal of non-current assets	-	-	114	-
Other revenues	-	-	22 186	17 319
Total income	-	-	213 809	181 452
Net cost of providing services	-	-	(1 075 052)	(1 054 136)
Revenues from (payments to) SA Government				
Revenues from SA Government	1 061 822	1 056 866	1 061 822	1 056 866
Payments to SA Government	-	(1 748)	-	(1 748)
Total net revenues from SA Government	1 061 822	1 055 118	1 061 822	1 055 118
Net result	1 061 822	1 055 118	(13 230)	982

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the period ended 30 June 2016

1. Objectives of the Department for Communities and Social Inclusion
2. Summary of significant accounting policies
3. New and revised accounting standards and policies
4. Activities of the Department
5. Employee benefits expenses
6. Supplies and services
7. Depreciation and amortisation expense
8. Grants, subsidies and client payments
9. Other expenses
10. Revenues from rent, fees and charges
11. Commonwealth revenues
12. Interest revenues
13. Net gain/(loss) from disposal of non-current assets
14. Other revenues
15. Revenue from / (payments to) SA Government
16. Unexpended funding commitments
17. Cash and cash equivalents
18. Receivables
19. Inventories
20. Non-current assets classified as held for sale
21. Property, plant and equipment
22. Capital works in progress
23. Intangible assets
24. Fair value measurements
25. Payables
26. Employee benefits
27. Provisions
28. Other liabilities
29. Equity
30. Financial instruments / Financial risk management
31. Unrecognised contractual commitments
32. Transferred functions
33. Contingent assets and liabilities
34. Cash flow reconciliation
35. Remuneration of board and committee members
36. Budgetary reporting and explanations of major variances between budget and actual amounts
37. Transactions with SA Government
38. Residential Aged Care sector reporting
39. Events after balance date

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the period ended 30 June 2016

1. Objectives of the Department for Communities and Social Inclusion

The Department for Communities and Social Inclusion (the Department/DCSI) is committed to ensuring that all South Australians, particularly the most vulnerable and disadvantaged, have access to high quality services that protect and enhance the community's wellbeing and provide support to people when they need it. The Department has a commitment to delivering better and more connected services to the vulnerable and disadvantaged in our community, and to build engaged, socially inclusive, strong and vibrant communities.

The work of the Department supports the achievement of the South Australian Government Strategic Priorities. Following a number of machinery of government reforms which were announced by the Premier, Hon Jay Weatherill MP, on 22 October 2011, the Department serves the Minister for Communities and Social Inclusion, Minister for Social Housing, Minister for Disabilities, Minister for Youth, Minister for Volunteers, Minister for the Status of Women, and Minister for Multicultural Affairs.

The Department has responsibility for the delivery of specific programs to the public with respect to activities assigned to the Department under various Acts as delegated, by the respective Ministers, to the Chief Executive of the Department.

The Department also functions as a service provider to the South Australian Housing Trust (SAHT). The financial affairs of the South Australian Housing Trust do not form part of the Department's financial report.

1.1 Administered items

The Department administers certain revenues, expenses, assets and liabilities on behalf of SA Government. They are not controlled by the Department and are consequently not recognised in the Department's financial statements. They are regarded as significant and disclosed in a separate set of financial statements.

1.2 Administrative Restructures

Transferred functions for 2015-2016

There were no functions transferred in the 2015-16 financial year.

Transferred functions for 2014-15

The Administrative Arrangements (Committal of Acts - Minister for Housing and Urban Development) Proclamation 2014, dated 11 December 2014, declared the transfer of administrative arrangements of the *South Australian Housing Trust Act 1995* from the Department to the Minister for Housing and Urban Development. The South Australian Housing Trust Board are the administrators of the *South Australian Housing Trust Act 1995*.

In accordance with Accounting Policy Framework (APF) II General Purpose Financial Statements Framework, Accounting Policy Statement (APS) 5.9, where the transfer date is other than at a month end, for practical purposes, financial statements of the transfer may be based on the nearest end of month date, adjusted for any material transactions that may have occurred in the time between the Gazette date and the end of month date.

Under Public Sector (Reorganisation of Public Sector Operations) Notice 2015, on 5 February 2015, the Department transferred responsibilities for specified employees only associated with the South Australian Housing Trust, to the Urban Renewal Authority trading as Renewal SA.

As per APF II, APS 5.9, the Department transferred 132 employees to Renewal SA as at 31 January 2015.

Department for Communities and Social Inclusion
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for the period ended 30 June 2016

2. Summary of significant accounting policies

2.1 Statement of compliance

The financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

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

The Department has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Department is a not-for-profit entity.

Early adoption of accounting standards

Except for AASB 2015-7 Fair Value Disclosures of Not-For-Profit Public Sector Entities, which the Department has early adopted, AAS's 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 2016. Refer to note 3.

2.2 Basis of preparation

The preparation of the financial statements requires the use of certain accounting estimates, where management is required to exercise its 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.

The preparation of the financial statements also requires compliance with APSs issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency, the APS require the following note disclosures that have been included in this financial report:

- revenues, expenses, financial assets and financial liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature;
- expenses incurred as a result of engaging consultants;
- employee targeted voluntary separation package (TVSP) information;
- employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$0.01 million bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the Department to those employees;
- board/committee member and remuneration information, where a board or committee member is entitled to receive income from membership other than direct out of pocket reimbursement.

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

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

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

The existence of the Department and the ongoing delivery of current programs and services is dependent on government policy and on continuing appropriations by Parliament.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the period ended 30 June 2016

2.3 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 and accompanying notes include all the controlled activities of the Department (refer to the disaggregated schedule for details of the Department's controlled activities).

The Department does not control any other entity and has no interests in unconsolidated structured entities. In forming this view, the Department considered its involvement with each administered item and determined that it does not have control.

In making this assessment, the Department considered its power over the entity, its exposure or rights (e.g. protective and substantive rights) to variable returns from its involvement with the entity and the ability to use its power to affect return amounts (e.g. ability to direct relevant major activities).

The Department has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

The Department's financial statements include both departmental and administered items. The financial statements include assets, liabilities, income and expenses controlled or incurred by the Department in its own right. The Administered financial statements include assets, liabilities, income and expenses which the Department administers on behalf of the SA Government, but does not control. A separate set of financial statements is produced as these administered items are regarded as significant in respect to the Department's operations. Except as otherwise disclosed, administered items are accounted for on the same basis, using the same accounting policies as departmental items.

2.4 Budgeted amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget, Budget Paper 4). Budget information has been included for the Statement of Comprehensive Income and for Investment Expenditure. Budget information has not been included for the Statement of Financial Position or Statement of Cash Flows as the information in these statements are not budgeted for on the same basis and/or determined in a different manner to financial statement information. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes. The budget process is not subject to audit.

2.5 Comparative information

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

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

Where the Department has applied an accounting policy retrospectively, such items are reclassified retrospectively in the financial statements.

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

Prior Period Adjustments

There were prior period adjustments made during the 2015-16 financial year.

The net adjustment of \$0.06 m mainly relates to fixed assets which were not accounted for or disposed of in the correct financial year. Adjustments to the fixed asset module, depreciation and amortisation have also been corrected in the 2015-16 financial year.

There is also a net adjustment of \$0.01 m transferred from controlled to the Donations and Bequests, which is an administered item.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the period ended 30 June 2016

2.6 Rounding

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

2.7 Taxation

DCSI is not subject to income tax. DCSI is liable for payroll tax, fringe benefits tax, goods and services tax (GST), and emergency services levy.

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

- Where the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case GST is recognised as part of the cost of acquisition of the asset or is part of an item of expense.
- Where appropriate, receivables and payables are stated with the amount of GST included.

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

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

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

2.8 Income

Income is recognised in the Statement of Comprehensive Income when and only when the flow of economic benefits has occurred and can be reliably measured. Income is comprised of revenue and gains.

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 the clients or by reference to the stage of completion.

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they were not donated.

Revenues from SA Government

Appropriation is recognised as revenue when the Department obtains control over the funding. Control over appropriation is normally obtained upon receipt.

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

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the period ended 30 June 2016

Net gain/loss on disposal of non-current assets

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

Other revenue

Other revenue consists of National Disability Insurance Scheme (NDIS) revenue, sale of minor equipment, grants, commission, hire charges and family maintenance.

2.9 Expenses

Expenses are recognised in the Statement of Comprehensive Income when and only when the flow or consumption or loss of future economic benefits has occurred and can be reliably measured.

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

The following are specific recognition criteria:

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contribution made by the Department to the superannuation plan in respect of current department staff. The Department of Treasury and Finance (DTF) centrally recognises the superannuation liability in the whole-of-government financial statements.

Employee benefit expenses

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

Depreciation and amortisation expense

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

The useful lives, residual values and depreciation/amortisation method of all major assets are reassessed on an annual basis.

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

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

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

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
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Depreciation/amortisation for non-current assets is determined as follows:

Class of asset	Depreciation Method	Useful Life
Buildings and improvements	Straight Line	40-50 years
Leasehold Improvements	Straight Line	Life of lease
Computing Equipment	Straight Line	3-5 years
Motor Vehicles	Straight Line	3-5 years
Other Plant and Equipment	Straight Line	5-10 years
Computer Software	Straight Line	3-5 years
Independent living equipment program (ILEP)	Straight Line	3-5 years

Grants, subsidies and client payments

Grants that are paid to other entities for general assistance or a particular purpose may be for capital or recurrent purposes and the name of the category reflects the use of the grant. These entities may be other SA Government agencies, Non-Government Organisations (NGOs) or the public. The grants given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation. For contributions payable, the contribution will be recognised as a liability and expense when the Department has a present obligation to pay the contribution.

Resources provided free of charge

Resources provided free of charge are recorded as expenditure in the Statement of Comprehensive Income at their fair value and in the expense line items to which they relate.

Payments to SA Government

Payments to SA Government include the return of surplus cash pursuant to the cash alignment policy and proceeds from sale of assets which 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. The Department has a clearly identifiable operating cycle of twelve months. Therefore assets and liabilities that will be realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.11 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.

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

Cash and cash equivalents

Cash and cash equivalents as reported in the Statement of Financial Position includes cash on hand and at bank, deposits held at call and other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value. Cash and cash equivalents in the Statement of Cash Flows comprise cash and cash equivalents as defined above. Cash is measured at nominal value.

In October 2003, the SA Government introduced a policy with respect to aligning agency cash balances with the appropriation and expenditure authority. During 2015-16, the Department had no cash swept under the cash alignment policy (2015: \$1.75m).

Department for Communities and Social Inclusion
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Receivables

Receivables include amounts receivable from goods and services, 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 due within 30 days after the issue of an invoice or otherwise in accordance with relevant contractual arrangements.

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

Inventories

Inventories are stated at the lower of cost and their net realisable value. Inventories held for use by the Department are measured at cost, with cost being allocated in accordance with the first-in, first-out method.

Non-current assets held for sale

Non-current assets are classified as held for sale and stated at the lower of their carrying amount or 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 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 are presented separately from the other assets in the Statement of Financial Position.

Acquisition and recognition

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

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. Where the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recorded at the value recorded by the transferor immediately prior to the transfer.

The Department capitalises all non-current tangible assets with a value of \$0.01 million or greater.

Works in progress (WIP) are projects which are incomplete as at reporting date.

Revaluation of non-current assets

In accordance with APF III Asset Accounting Framework, all non-current tangible assets are valued at written down current cost (a proxy for fair value); and revaluation of non-current assets or groups of assets is performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is equal to or greater than three years.

The Department revalues its land and buildings in accordance with APF III. However, if at any time management considers that the carrying amount of the asset materially differs from the fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, when they are revalued to fair value.

Any non-current assets that are acquired between a site revaluation are held at cost until the next site valuation takes place.

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

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

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

The Department's land and buildings were subject to a full site revaluation as at 30 June 2016. The professional valuer engaged to perform the independent valuations was Mrs Brooke Parish, API Certified Practising Valuer (Property), Australian Valuation Solutions Pty Ltd.

Desktop valuations were carried out by Mr Fred Taormina, B.App.Sc. (Val.), A.A.P.I. Certified Practising Valuer of Valcorp Pty Ltd, in 2013, 2014 and 2015 to assess if the carrying amount of land and building assets were impaired or materially different from fair value.

Fair Value measurement

AASB 13 Fair Value Measurement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Department classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurement, based on the date and assumptions used in the most recent revaluation.

- Level 1 - traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 - not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 - not traded in an active market and are derived from unobservable inputs.

The Department has no assets categorised into level 1.

Assets deemed to be at fair value

For those classes of non-current assets where an independent revaluation has not been undertaken, the criteria which require revaluation within APF III have not been met. For these classes of non-current assets, written down cost is deemed to be at fair value as determined by APF III.

Asset classes where written down cost is deemed to be fair value include:

- Leasehold improvements
- Capital works in progress
- Computing equipment
- Motor vehicles
- Other plant and equipment
- Independent living equipment program (ILEP).

Department for Communities and Social Inclusion
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Impairment

All non-current assets are tested for an indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset has been revalued. For revalued assets, an impairment loss is offset against the revaluation surplus for that same class of assets, to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

An impairment loss has been recognised in 2015-16, refer note 21.1.

Intangibles

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

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

The acquisition or internal development of software is capitalised when the expenditure meets the asset definition criteria (identifiability, control, and the existence of future economic benefits), the asset recognition criteria (probability of future economic benefit and cost can be reliably measured) and is greater than or equal to \$0.01 m.

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

Investment property

The investment properties are held to earn rentals and/or for capital appreciation. Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Department.

Subsequent to initial recognition at cost, investment properties are revalued to fair value with changes in the fair value recognised as income or expense in the period that they arise. The properties are not depreciated and are not tested for impairment.

Rental income from the leasing of investment properties is recognised in the Statement of Comprehensive Income as part of other income, on a straight line basis over the lease term.

At 30 June 2016, there was only one investment property reported in the Administered financial statements, refer note A9.2.

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.

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

Department for Communities and Social Inclusion
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Payables

Payables include creditors, accrued expenses, employment on-costs and paid parental leave scheme payable.

All payables are measured at their nominal amount and are unsecured. Invoices are normally settled promptly in accordance with TI 11 Payment of Creditors' Accounts after the Department receives an invoice.

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

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

The paid parental leave scheme payable represents amounts which the Department has received from the Commonwealth Government to forward onto eligible employees via the Department's standard payroll processes. That is, the Department is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

Employee benefits on-costs include superannuation contributions, Return to Work SA levies and payroll tax with respect to the outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

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

Leases

The Department has not entered into any finance leases. The Department has entered into operating leases.

- *Operating Leases*

The lessor retains substantially the entire risks and benefits incidental to the ownership of the leased items. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

- *Lease Incentives*

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

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

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

Department for Communities and Social Inclusion
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Employee benefits

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

- *Salary and wages, annual leave, skills and experience retention leave and sick leave*

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

The annual leave liability and the skills and experience retention leave liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid.

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

Where the Department has substantial excess leave balances (to be paid later than 12 months after reporting date), the annual leave liability and the skills and experience retention leave liability will be measured at present value rather than nominal value.

- *Long Service Leave*

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

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

The unconditional portion of the long service leave provision is classified as current as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

The liability for long service leave was previously determined through an actuarial assessment undertaken by Mercer (Australia) Pty Ltd. In 2015-16 the Department moved to the DTF methodology of preparing the long service leave actuarial assessment to be consistent with the whole of government approach, refer to note 26.

Provisions

- *Insurance*

The Department is a participant in the State Government's Insurance Program. The Department pays a premium to the South Australian Government Financing Authority (SAFA) for professional indemnity insurance and general public liability insurance and is responsible for the payment of claim amounts up to an agreed amount (the deductible). SAICORP, a division of SAFA provides the balance of funding for claims in excess of the deductible.

The provision for Public Liability and Professional Indemnity Insurance represents liabilities for outstanding claims in respect of incidents that have occurred. The liabilities include claims incurred and reported but not paid, claims incurred but not reported (IBNR), claims incurred but not enough reserve (IBNER) and the anticipated costs of settling those claims. The claims liabilities are measured as the present values of the expected future payments. Claims incurred but not paid and claim settlement costs that can be directly attributed to particular claims are assessed by reviewing individual claim files.

Department for Communities and Social Inclusion
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In respect of IBNR and IBNER claims, an amount of \$0.05 m has been set aside for both the Public Liability Claims and Professional Indemnity Claims. These amounts are based upon historical claims activity, with allowance for prudential margins and are reviewed annually. Public Liability and Professional Indemnity Claims relating to periods prior to the restructuring of the former Department of Human Services, effective 1 July 2004, are the responsibility of the Department of Health and Ageing.

The provision for property claims represents outstanding payments for incurred damage to property. An allowance is also included for IBNER claims. This provision is based upon historical claims activity and with allowance for prudential margins and is reviewed annually.

- *Workers compensation*

The Department is an exempt employer under the *Return to Work Act 2014*. Under a scheme arrangement, the Department is responsible for the management of workers rehabilitation and compensation.

The workers compensation provision recognised for the employees of the Department is based on an apportionment of an actuarial assessment of the whole-of-government workers compensation liability conducted by Taylor Fry Consulting Actuaries based on 30 April 2016 data. Taylor Fry Consulting Actuaries extrapolate this data to 30 June 2016. For the 2015-16 financial year, the Department has reflected a workers compensation provision of \$28.89 m (2015: \$30.83 m), refer note 27.2.

The actuarial assessment conducted by Taylor Fry Consulting Actuaries is based on the payment per claim incurred (PPCI) valuation method. The assessment has been conducted in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the Guidelines for Actuarial Assessments. The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling those claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all the claims do not have to be paid out in the immediate future.

- *Other provisions*

Other provisions for 2015-16 relate to back payments of salaries and wages for 1 (2015: 3) payroll group.

Night Shift Officers at Adelaide Youth Training Centre

With effect from 29 December 2014, 17 Night Shift Officers from the Adelaide Youth Training Centre had been reclassified from OPS1 to OPS2. The estimated back payment is approximately \$0.14 m. These back payments will be made to employees once the calculations are finalised.

In 2014-15, other provisions were made for 3 payroll groups:

- South Australian Public Sector Wages Parity Enterprise Agreement: Weekly Paid 2015
- Hotel and Ancillary Services (laundry workers)
- Health Ancillary Employees Award

These have now been finalised, except for the Hotel and Ancillary Services (laundry workers). As at 30 June 2016, a total of \$1.09 m was calculated for the 28 employees affected, of which \$1.03 m was paid to 25 employees. The final 3 employees or their beneficiaries were paid by 29 July 2016. The provision for the remaining 3 employees were accrued to salaries and wages in 2015-16.

Department for Communities and Social Inclusion
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2.13 Unrecognised contractual commitments and contingent assets and liabilities

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

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. At 30 June 2016, the Department recognised a contingent asset in note 33.

Unrecognised contractual commitments (refer to note 31), and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO. If GST is not recoverable from, or payable to, the ATO, the commitments or contingencies are disclosed on a gross basis.

3. New and revised accounting standards and policies

The Department did not voluntarily change any of its accounting policies during 2015-16.

Department for Communities and Social Inclusion
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4. Activities of the Department

In achieving its objectives, the Department provides a range of services classified into the following activities for 2015-16 Agency Statements, Budget Paper 4 /Volume 1.

4.1 Activities for 2015-16

Activity 1: Status of Women

The Office for Women's role is the pursuit of the full and equal participation of women in the social and economic life of the state by providing innovative and balanced public policy advice to government. It also provides high quality statewide information and referral services through the Women's Information Service and executive support to the Premier's Council for Women. A continuing priority is addressing violence against women, improving women's participation in leadership and decision making and women's economic independence.

Activity 2: Disability SA

The role of Disability SA is to lead disability policy development and planning in South Australia, provide a single access point for people with disability that provides clear and easy access from intake through to service delivery and arrange for funding to go to individuals and service providers through the most effective and transparent means.

Activity 3: Disability Services

Disability Services is the Government of South Australia's service provider for people with disabilities.

Activity 4: Domiciliary and Community Care Services

The role of the Domiciliary and Community Care Services program is to provide community care services, increasing people's ability to care for themselves and assisting them to stay living in their homes, South Australian Home and Community Care (HACC) services as well as assistance to people in supported residential facilities.

Activity 5: Social Housing

The focus of this program is to develop, implement and provide housing service responses for people who are at risk or in high need and to work with government and non-government agencies to improve the standard of existing affordable social housing across the state.

This program encompasses the management of grants for housing services to low income households, people who are at risk or in high need and supported accommodation assistance for people in crisis. This includes grants for the provision of private rental assistance, public housing, Aboriginal and Anangu Pitjantjatjara Yankunytjatjara (APY) Lands managed housing, the regulation of community housing and homelessness and support services. The program also provides social housing strategy, policy development and advice to government.

Activity 6: Communities and Partners

Through this program a range of services are provided to support and strengthen South Australian families and communities. Many of these services are provided in partnership with the non-government sector. The program includes strategies to help people meet the cost of living, including through administering state concessions; youth justice programs; grants to support disadvantaged South Australians and build community capacity; place-based initiatives to help communities prosper; and the coordination of state recovery efforts in response to natural disasters. High-level strategic and policy advice is provided across government in areas including volunteering, carers, multicultural affairs and youth.

Department for Communities and Social Inclusion
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5. Employee benefits expenses

	2016	2015
	\$'000	\$'000
Salaries and wages	282 348	283 068
TVSPs	2 796	206
Long service leave	21 408	15 534
Annual leave	29 196	27 466
Skills and experience retention leave	1 516	1 398
Superannuation	33 361	32 202
Workers compensation	12 675	3 368
Payroll tax	17 686	18 118
Other employee related expenses	1 089	1 021
Total employee benefits expenses	402 075	382 381

Targeted voluntary separation packages (TVSPs)

	2016	2015
	\$'000	\$'000
Amounts paid to these employees:		
TVSPs	2 796	206
Annual leave (AL), long service leave (LSL) and skills and experience retention leave (SERL) paid to those employees *	332	27
Recovery from the Department of Treasury and Finance **	-	(8 540)
Net cost to the Department	3 128	(8 307)

* Accrued AL, LSL & SERL for TVSPs that were paid out in 2015-16 only.

** 2015-16 TVSPs were not funded by DTF. Recoveries from DTF for TVSPs are paid to the Department after the TVSPs have been made. The recovery for 2014-15 mainly relates to TVSPs paid by SAHT in 2013-14. The recovery was received by the Department and where applicable forwarded to SAHT.

Number of employees that were paid or had payable TVSPs during the reporting period was 49 (2015: 3).

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Remuneration of employees

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

	2016	2015
	Number	Number
\$141,500 - 145,000 *	-	1
\$145,001 - 155,000	7	11
\$155,001 - 165,000	9	3
\$165,001 - 175,000	2	5
\$175,001 - 185,000	4	5
\$185,001 - 195,000	5	7
\$195,001 - 205,000	5	3
\$205,001 - 215,000	4	2
\$215,001 - 225,000	1	1
\$225,001 - 235,000	1	1
\$235,001 - 245,000	-	2
\$245,001 - 255,000	1	1
\$255,001 - 265,000	1	1
\$265,001 - 275,000	2	2
\$275,001 - 285,000	1	-
\$285,001 - 295,000	1	-
\$375,001 - 385,000	1	1
Total	45	46

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2014-15.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, fringe benefits tax, any other salary sacrifice benefits and termination payments. The total remuneration received by these employees for the year was \$8.77 m (2015: \$8.74 m).

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6. Supplies and services

	2016	2015
	\$'000	\$'000
Accommodation and property related	26 568	25 323
Advertising and promotions	325	341
Brokerage care services	168 143	163 860
Business services	6 246	5 995
Client related expenses	5 927	6 014
Communication and computing	15 253	14 260
Contractors and agency staff	9 376	12 034
Consultants	205	70
Drugs and medical supplies	1 787	1 901
Homelessness Services	4 125	-
Insurance	769	1 777
Interpreter and translator fees	74	86
Managed payments	1 246	1 218
Minor equipment	9 700	9 054
Motor vehicles	6 337	7 025
Printing, stationery, postage and periodicals	2 309	1 923
Repairs and maintenance	4 254	4 524
Seminars, courses and training	765	756
Travel and accommodation	1 174	1 352
Other	8 564	8 810
Total supplies and services (excluding audit fees)	273 147	266 323
Audit fees paid/payable to the Auditor-General's Department relating to the audit of financial statements *	337	340
Total audit fees	337	340
Total supplies and services (including audit fees)	273 484	266 663

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

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

	2016	2016	2015	2015
	Number	\$'000	Number	\$'000
Below \$10 000	1	7	3	16
Above \$10 000	5	198	2	54
Total paid/payable to consultants engaged	6	205	5	70

Department for Communities and Social Inclusion
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7. Depreciation and amortisation expense

	2016	2015
	\$'000	\$'000
Depreciation		
Buildings and improvements	3 001	3 356
Computing equipment	1	-
Motor vehicles	37	32
Independent living equipment program (ILEP) equipment	1 932	1 682
Other plant and equipment	334	319
Total depreciation	5 305	5 389
Amortisation		
Leasehold improvements	1 980	1 434
Computer software	1 002	550
Total amortisation	2 982	1 984
Total depreciation and amortisation	8 287	7 373

Change in depreciation due to a revaluation

The Department revalued its buildings as at 30 June 2016. Due to the timing of the valuation, there was no depreciation impact for 2015-16.

Revision of accounting estimates

The Department reassessed the useful lives of the buildings, resulting in a change of the estimated useful life. Due to the timing of the revaluation there was no change in the 2015-16 financial year relative to the amount of depreciation that would have been expensed based on the previous estimate of the useful life. The changes to depreciation expense will be reflected in future years.

8. Grants, subsidies and client payments

Grants, subsidies and client payments by program	2016	2015
	\$'000	\$'000
Disability Grants	257 648	223 801
Grants to SAHT (State Contribution including Tax Equivalents Regime)	81 368	178 560
Grants to SAHT (Commonwealth Contribution)	73 477	92 398
Specialist Homelessness Services	59 520	-
Home and Community Care	30 852	30 078
Family and Community Development	10 690	10 096
Supported Residential Facility	5 820	7 103
Financial Hardship Programs (formerly Affordable Living Programs)	4 540	3 976
Aboriginal Community Benefit Grants	1 841	1 875
Office for Youth	1 777	1 377
Other	7 354	4 737
Total grants and subsidies and client payments	534 887	554 001

Department for Communities and Social Inclusion
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Grants, subsidies and client payments by recipient type			
Non-Government Organisations (NGOs)	8.1	340 553	249 861
SAHT		154 845	270 958
Individualised Funding		15 128	12 642
SA Health Units		11 716	10 712
Local Government		7 334	6 670
SA Government Entities - Other		2 659	780
Commonwealth & Other State/Territory Governments		1 344	954
Spectacles scheme		502	545
Universities		314	497
Other		492	382
Total grants and subsidies - SA Government entities		534 887	554 001

8.1 Funding to Non-Government Organisations

	2016	2015
	\$'000	\$'000
Minda Incorporated	50 443	47 043
Community Accommodation and Respite Agency Inc (CARA)	29 921	25 123
Anglicare SA Inc	14 487	11 424
Lighthouse Disability (formerly Leveda Inc)	13 835	13 100
Community Living Australia (formerly Community Living and Support Services (CLASS) Inc & Community Lifestyles Inc)	13 756	12 010
Novita Children's Services Inc	13 251	12 623
Centacare Catholic Family Services	11 826	5 746
Orana Inc	10 011	7 916
Uniting Communities	9 318	2 924
Spastic Centres of South Australia (SCOSA) Inc	7 997	8 525
Community Living Options Inc	7 254	5 845
Royal District Nursing Service of SA Inc	5 852	5 805
EBL Disability Services Inc	5 665	4 418
Life Without Barriers	5 625	2 955
Autism Association of SA Inc	5 419	3 635
Uniting Care Wesley Port Adelaide Inc	5 254	2 368
Disability Living Inc	4 811	3 882
UnitingCare Wesley Country SA (formerly UnitingCare Wesley Port Pirie)	4 632	817
The Salvation Army	3 691	677
Hills Community Options Inc	3 657	3 446
Endeavour Foundation	3 577	2 029
Homecare Plus (formerly Paraplegic & Quadriplegic Association of SA Inc)	3 455	3 225
Anglican Community Care Inc	3 144	652
Royal Society for the Blind of SA Inc	3 040	2 910
Community Living Project Inc	2 889	2 365
Comrec Australia Pty Ltd	2 631	2 154
St John's Youth Services Inc	2 605	-
Central Eastern Domestic Violence Service	2 523	-
Baptist Care SA Inc	2 471	509
Barkuma Inc	2 461	2 222
Guide Dogs Association of SA and NT Inc	2 459	2 350
Bedford Phoenix Inc (formerly Bedford Group Inc)	2 440	2 200
Uniting Care Wesley Adelaide Inc (formerly Uniting Care Wesley Bowden Inc)	2 415	1 023
Individual Supported Accommodation Services Inc	2 039	1 681
Amandus Lutheran Disability Services Inc	2 013	1 524

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SYC Ltd. (formerly Service to Youth Council Inc)	1 942	115
Offenders Aid and Rehabilitation Services of SA Inc	1 917	-
Calvary Home Care Services	1 874	1 266
Lutheran Community Care	1 758	577
Kincare Homecare SA	1 728	731
Southern Junction Community Services Inc	1 723	87
Ngaanyatjarra Pitjantjatjara Yankunytjatjara Women's Council	1 714	1 156
Catholic Diocese of Port Pirie	1 681	443
Southern Adelaide Domestic Violence Service	1 662	-
Sorento Care Ltd	1 606	1 845
Barossa Enterprises	1 507	1 448
Lifestyle Assistance and Accommodation Service Inc	1 475	1 319
Hutt Street Centre	1 421	353
Northern Domestic Violence Service Inc	1 406	-
Windamere Park	1 213	982
Enhanced Lifestyles Inc	1 164	923
Relationships Australia SA	1 162	96
Xlent Disability Services	1 160	1 120
Helping Hand Aged Care Inc	1 134	1 059
Good Shepherd Microfinance	1 113	668
Community Bridging Services	1 059	1 012
Aboriginal Family Support	1 031	-
St Vincent De Paul Society SA Inc	1 009	3
Other	40 227	29 532
Total funding to Non-Government Organisations	340 553	249 861

Payments to Non-Government Organisations greater than \$1.0m are individually disclosed above. Payments less than \$1.0 m are included in Other.

2015-16 figures include Specialist Homelessness Services grants, previously paid directly by SAHT.

Department for Communities and Social Inclusion
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9. Other expenses

	2016	2015
	\$'000	\$'000
Aged Care and Disability Services Reform – payment to the Commonwealth **	57 400	-
Bad and doubtful debts	-	159
Assets transferred at nil consideration*	-	8 578
WIP adjustments	-	2 923
Impairment Loss	1 006	3 700
NDIS payments	11 698	6 882
Other	24	-
Total other expenses	70 128	22 242

* Transfer of assets to the Office for Recreation and Sport in 2014-15.

** From 1 July 2011, as part of the National Health Reform Agreement, funding and program responsibility for basic community care services and packaged community care and residential care delivered through the Commonwealth aged care program, for people under the age of 65 years (under the age of 50 for Indigenous Australians) was assumed by the South Australian Government. The State reflects these changed responsibilities through a payment to the Commonwealth for the services it provides to clients that are the responsibility of the State under the terms of the agreement. During 2015-16, these arrangements were incorporated in the 'Transition to a National Disability Insurance Scheme' bilateral agreement. Settlement of the amounts for the 2013-14 and 2014-15 financial years was recorded by DTF. The Department made the payment for services along with an agreed amount to compensate the Commonwealth any budget impact from the changes in roles for the 2015-16 period. This compensation amount was previously administered by DTF.

10. Revenues from rent, fees and charges

	2016	2015
	\$'000	\$'000
Employee services*	69 832	68 512
Insurance recoveries	23	1 444
Recoveries	9 239	8 519
Business services	15 620	15 428
Fees, fines and penalties	16 326	18 490
Rent	190	194
Patient and client fees	9 569	10 098
Total revenues from fees and charges	120 799	122 685

* Represents the recovery of costs for the provision of employee related services to SAHT.

Department for Communities and Social Inclusion
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11. Commonwealth revenues

	2016	2015
	\$'000	\$'000
National Partnership Payments - Homelessness	8 870	8 870
Commonwealth Home Support Programme	28 257	28 861
Aged Care and Disability Services Reform – Specialist Disability Services *	30 200	-
Residential Aged Care	2 770	3 295
Other	612	420
Total Commonwealth revenues	70 709	41 446

* From 1 July 2011, as part of the National Health Reform Agreement, funding and policy responsibility for basic community care services and specialist disability services delivered by the States in accordance with their responsibilities under the National Disability Agreement for people aged 65 years and over (50 years and over for Indigenous Australians) was assumed by the Commonwealth Government. These changed responsibilities are reflected through a contribution from the Commonwealth for services provided to clients which are the responsibility of the Commonwealth under the terms of the agreement. During 2015–16, these arrangements were incorporated in the 'Transition to a National Disability Insurance Scheme' bilateral agreement. Settlement of the amounts for the 2013–14 and 2014–15 financial years was recorded by DTF. The Department recognised the revenue from the Commonwealth for the 2015–16 period.

12. Interest revenues

	2016	2015
	\$'000	\$'000
Interest on funds held	1	2
Total interest revenues	1	2

13. Net gain/(loss) from disposal of non-current assets

	2016	2015
	\$'000	\$'000
Land and buildings		
Proceeds from disposal	-	1 748
Less net book value of assets disposed	(24)	(4 657)
Net gain/(loss) from disposal of land and buildings	(24)	(2 909)
Plant and equipment		
Proceeds from disposal	157	-
Less net book value of assets disposed	(19)	(19)
Net gain/(loss) from disposal of plant and equipment	138	(19)
Total assets		
Proceeds from disposal	157	1 748
Less net book value of assets disposed	(43)	(4 676)
Total net gain/(loss) from disposal of total assets	114	(2 928)

Department for Communities and Social Inclusion
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14. Other revenues

	2016	2015
	\$'000	\$'000
NDIS revenue	5 261	3 555
Minor equipment	2 345	943
Hire charges	1 250	910
State capital grants	-	57
Other grants from SA Government agencies	9 151	8 503
Community Development Fund	3 000	3 000
Other	1 179	351
Total other revenues	22 186	17 319

15. Revenue from / (payments to) SA Government

	2016	2015
	\$'000	\$'000
15.1 Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the Appropriation Act	1 050 235	1 046 238
Department of Treasury and Finance - Contingency Funds	11 587	10 628
Total revenue from SA Government	1 061 822	1 056 866
15.2 Payments to SA Government		
Other payments to the Consolidated Account	-	(1 748)
Total payments to SA Government	-	(1 748)
Total revenues from / (payments to) SA Government	1 061 822	1 055 118

Department for Communities and Social Inclusion
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16. Unexpended funding commitments

The Department is engaged in a variety of funding programs involving State and Commonwealth sources who provide monies to the Department on the premise that these funds are expended in a manner consistent with the terms of the program.

As at 30 June 2016, the Department had outstanding funding commitments to the following programs:

Operating funding commitments	2016	2015
	\$'000	\$'000
Disability Reform Consultancy	618	-
Parks Community Centre Redevelopment	600	600
National Affordable Housing Agreement (NAHA) and National Partnership Agreement on Homelessness (NPAH)	551	-
Living Safe Together Intervention Program - Countering Violent Extremism	135	-
Pinery Bushfire	109	-
Community Development and Employment Program	100	67
Magill Decommissioning and Demolition	84	120
Community Visitors Scheme - Mental Health	58	-
Strathmont Devolution and Community Living Program Stage 3	49	75
24/7 Street Beat Co-ordinator	48	-
Intervention Orders	44	44
Home and Community Care Program	30	893
Disability Care Management System	-	507
Cost of Living Concessions	-	348
Sampson Flat Bushfire Grants	-	100
Thriving Communities Initiative	-	70
NDIS Sector Development Funding	-	38
Total operating funding commitments	2 426	2 862
Capital funding commitments		
Continuous Monitoring of Screening	1 930	-
Adelaide Youth Training Centre - Major Security Works	838	-
Adelaide Youth Training Centre — New Centre at Goldsbrough Road	783	137
Cost of Living Information System	256	-
DCSI Minor Projects - Screening Unit System	234	243
Domiciliary Care SA — Office Accommodation	-	939
Total capital funding commitments	4 041	1 319
Total unexpended funding commitments	6 467	4 181

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17. Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Special Deposit Account with the Treasurer *	141 021	141 201
Advance Accounts	100	100
Other Deposits	322	215
Total cash and cash equivalents	141 443	141 516

Deposits with the Treasurer

* This includes \$125.99 m (2015: \$113.66 m) held within the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use and can only be used in accordance with the Treasurer's or Under-Treasurer's approval.

18. Receivables

	2016	2015
	\$'000	\$'000
Current		
Debtors	8 204	8 597
Less allowance for doubtful debts	(614)	(935)
Employee related services recoverable	11 478	7 587
Overpaid salaries	510	304
Prepayments	712	614
Goods and Services Tax receivable	2 505	2 167
Total current receivables	22 795	18 334
Non-current		
Debtors	510	385
Employee related services recoverable	14 547	10 217
Total non-current receivables	15 057	10 602
Total receivables	37 852	28 936

Department for Communities and Social Inclusion
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18.1 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 note 9 for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2016	2015
	\$'000	\$'000
Movements in the allowance for doubtful debts (impairment loss)		
Carrying amount at the beginning of the period	935	817
Increase/(decrease) in the allowance	(239)	159
Amounts written off	(82)	(41)
Carrying amount at the end of the period	614	935

In 2015-16 the Department has recognised a bad and doubtful debt recovery of \$0.239 m, in 2014-15 the Department recognised a bad and doubtful debt expense of \$0.159 m in the Statement of Comprehensive Income.

Interest rate and credit risk

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

Other than recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand.

There is no concentration of credit risk to non-public sector debtors.

Maturity analysis of receivables - refer to note 30.6

Categorisation of financial instruments and risk exposure information - refer to note 30.

19. Inventories

	2016	2015
	\$'000	\$'000
Current		
Inventories held for distribution at cost		
Stores	470	334
Total current inventories	470	334
Total inventories	470	334

Department for Communities and Social Inclusion
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20. Non-current assets classified as held for sale

	2016	2015
	\$'000	\$'000
Land	33 069	18 000
Total non-current assets held for sale	33 069	18 000

Non-current assets classified as held for sale represents land and buildings which are surplus to the Department's requirements.

20.1 Reconciliation of non-current assets held for sale movement

Carrying amount at 1 July	18 000	24 298
Impairment loss	(1 006)	(3 700)
Transfers from property, plant and equipment	10 065	21 700
Revaluation increment	6 010	-
Assets sold	-	(24 298)
Total non-current assets held for sale	33 069	18 000

21. Property, plant and equipment

	2016	2015
	\$'000	\$'000
Land and buildings		
Site land at valuation (fair value)	67 325	71 347
Buildings and improvements at valuation (fair value)	101 833	100 371
Less accumulated depreciation - buildings and improvements	-	(7 001)
Total land and buildings	169 158	164 717
Leasehold improvements		
Leasehold improvements at cost (deemed fair value)	16 746	14 994
Less accumulated amortisation - leasehold improvements	(8 398)	(6 675)
Total leasehold improvements	8 348	8 319
Plant and equipment		
Computing equipment at cost (deemed fair value)	450	689
Less accumulated depreciation - computing equipment at cost	(431)	(689)
Motor vehicles at cost (deemed fair value)	219	252
Less accumulated depreciation - motor vehicles at cost	(195)	(190)
ILEP equipment at cost (deemed fair value)	14 216	13 090
Less accumulated depreciation - ILEP equipment at cost	(9 150)	(7 703)
Other plant and equipment at cost (deemed fair value)	5 069	5 021
Less accumulated depreciation - other plant and equipment at cost	(2 161)	(2 306)
Total plant and equipment	8 017	8 164
Total property, plant and equipment	185 523	181 200

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21.1 Impairment

	2016 \$'000	2015 \$'000
Impairment of non-financial assets		
Impairment loss	1 006	3 700
Total impairment of non-financial assets	1 006	3 700

An impairment loss for land has been recognised in other expenses in the Statement of Comprehensive Income for the year ending 30 June 2016 resulting from \$1.01 m remediation costs being identified for phase 1 and 2 of the Magill land. In 2014-15, the impairment loss was due to the Magill land market value being lower than carrying value in 2013-14.

21.2 Reconciliation of land, buildings and leasehold improvements

The following table shows the movement of land, buildings and improvements, and leasehold improvements during 2015-16.

	Site land \$'000	Buildings and improvements \$'000	Leasehold Improvements \$'000	Total land, buildings and leasehold imp. \$'000
Carrying amount at the beginning of the year	71 347	93 370	8 319	173 036
Purchases	-	-	1 779	1 779
Prior period adjustments	-	-	(27)	(27)
Disposals	-	-	(23)	(23)
Revaluation increment	5 012	12 497	-	17 509
Depreciation and amortisation for the year	-	(3 001)	(1 980)	(4 981)
Transfers between other classes	-	(288)	267	(21)
Transfers from works in progress	-	286	13	299
Transferred to assets held for sale	(9 034)	(1 031)	-	(10 065)
Carrying amount at 30 June 2016	67 325	101 833	8 348	177 506

The following table shows the movement of land, buildings and improvements, and leasehold improvements during 2014-15.

	Site land \$'000	Buildings and improvements \$'000	Leasehold Improvements \$'000	Total land, buildings and leasehold imp. \$'000
Carrying amount at the beginning of the year	77 827	97 622	6 663	182 112
Disposals - sales/write-offs	(231)	(1 907)	-	(2 138)
Depreciation and amortisation for the year	-	(3 356)	(1 434)	(4 790)
Assets transfer out at nil consideration	(6 414)	(2 164)	-	(8 578)
Transfers from non-current assets held for sale	165	-	-	165
Transfers from works in progress	-	3 175	3 090	6 265
Carrying amount at 30 June 2015	71 347	93 370	8 319	173 036

Department for Communities and Social Inclusion
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21.3 Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2015-16.

	Computing equipment \$'000	Motor vehicles \$'000	ILEP equipment \$'000	Other plant and equipment	Total plant and equipment \$'000
Carrying amount at the beginning of the year	-	62	5 387	2 715	8 164
Purchases	-	-	1 410	33	1 443
Prior period adjustments	-	(9)	(13)	(9)	(31)
Disposals	-	-	-	(24)	(24)
Depreciation and amortisation for the year	(1)	(37)	(1 932)	(334)	(2 304)
Transfers between other classes	-	-	-	21	21
Transfers from works in progress	20	4	214	506	744
Other movement	-	4	-	-	4
Carrying amount at 30 June 2016	19	24	5 066	2 908	8 017

The following table shows the movement of plant and equipment during 2014-15.

	Computing equipment \$'000	Motor vehicles \$'000	ILEP equipment \$'000	Other plant and equipment	Total plant and equipment \$'000
Carrying amount at the beginning of the year	-	70	4 451	2 357	6 878
Purchases	-	-	2 357	54	2 411
Disposals	-	-	(14)	(5)	(19)
Depreciation and amortisation for the year	-	(32)	(1 682)	(319)	(2 033)
Transfers from works in progress	-	24	275	628	927
Carrying amount at 30 June 2015	-	62	5 387	2 715	8 164

Department for Communities and Social Inclusion
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22. Capital works in progress

	2016	2015
	\$'000	\$'000
Property, plant and equipment in progress at cost (deemed fair value)	1 965	2 312
Total capital works in progress	1 965	2 312

Reconciliation of capital works in progress

The following table shows the movement of capital works in progress

	2016	2015
	\$'000	\$'000
Carrying amount at the beginning of the year	2 312	9 893
Purchases	3 294	3 596
Transfers to completed works	(3 641)	(8 254)
WIP adjustments	-	(2 923)
Carrying amount of capital work in progress	1 965	2 312

23. Intangible assets

	2016	2015
	\$'000	\$'000
Internally developed intangible assets		
Computer software at cost (deemed fair value)	4 504	1 906
Less accumulated amortisation - computer software	(1 936)	(934)
Total intangible assets	2 568	972

The following table shows the movement of intangible assets

	2016	2015
	\$'000	\$'000
Carrying amount at the start of the period	972	460
Transfers from works in progress	2 598	1 062
Amortisation for the year	(1 002)	(550)
Carrying amount at the end of the period	2 568	972

Impairment

There were no indications of impairment on intangible assets for 2015-16 and 2014-15.

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24. Fair value measurements

Fair value hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. DCSI categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2016.

DCSI had no valuations categorised into level 1.

Fair value measurements at 30 June 2016

	Note	Level 2 \$'000	Level 3 \$'000	2016 \$'000
Recurring fair value measurements				
Land	21	67 325	-	67 325
Buildings	21	33 063	68 770	101 833
Leasehold improvements	21	-	8 348	8 348
Plant and equipment	21	-	8 017	8 017
Total recurring fair value measurements		100 388	85 135	185 523
Non-recurring fair value measurements				
Land held for sale	20	33 069	-	33 069
Total non-recurring fair value measurements		33 069	-	33 069
Total		133 457	85 135	218 592

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2015.

The Department had no valuations categorised into level 1.

Fair value measurements at 30 June 2015

	Note	Level 2 \$'000	Level 3 \$'000	2015 \$'000
Recurring fair value measurements				
Land	21	71 347	-	71 347
Buildings	21	26 759	66 611	93 370
Leasehold improvements	21	-	8 319	8 319
Plant and equipment	21	-	8 164	8 164
Total recurring fair value measurements		98 106	83 094	181 200
Non-recurring fair value measurements				
Land held for sale	20	18 000	-	18 000
Total non-recurring fair value measurements		18 000	-	18 000
Total		116 106	83 094	199 200

Valuation techniques and inputs

Valuation techniques used to derive level 3 fair values together with the reconciliation of level 3 fair value measurements are detailed at note 24. There were no changes in valuation techniques during 2015-16 and 2014-15.

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The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Reconciliation of Level 3 recurring fair value measurements at 30 June 2016

	Buildings	Plant & Equipment	Leasehold Improvements
	\$'000	\$'000	\$'000
Opening balance at the beginning of the year	66 611	8 164	8 319
Acquisition	-	1 442	1 779
Prior period adjustments	-	(31)	(27)
Transfer out of level 3	(2 063)	-	-
Disposals	-	(23)	(23)
Transfer between asset classes	-	21	267
Transfer from work in progress	149	744	13
Other movement	-	4	-
Closing balance at the end of period	64 697	10 321	10 328
Gains/(losses) for the period recognised in net result			
Depreciation/Amortisation	(1 369)	(2 304)	(1 980)
Subtotal	(1 369)	(2 304)	(1 980)
Gains/(losses) for the period recognised in other comprehensive result			
Revaluation increment/(decrement)	5 442	-	-
Subtotal	5 442	-	-
Carrying amount at 30 June 2016	68 770	8 017	8 348

Reconciliation of Level 3 recurring fair value measurements at 30 June 2015

	Buildings	Plant & Equipment	Leasehold Improvements
	\$'000	\$'000	\$'000
Opening balance at the beginning of the year	67 197	6 878	6 663
Acquisition	-	2 411	-
Capitalised subsequent expenditure	3 142	927	3 090
Disposals	-	(19)	-
Closing balance at the end of period	70 339	10 197	9 753
Gains/(losses) for the period recognised in net result			
Depreciation/Amortisation	(3 728)	(2 033)	(1 434)
Subtotal	(3 728)	(2 033)	(1 434)
Carrying amount at 30 June	66 611	8 164	8 319

There have been no transfers of assets between level 2 and 3 fair value hierarchy levels in 2015-16 and 2014-15. The Department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

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25. Payables

	2016	2015
	\$'000	\$'000
Current		
Creditors	16 979	35 337
Accrued expenses	15 933	1 291
Employee benefit on-costs	9 550	7 423
Other	212	237
Total current payables	42 674	44 288
Non-current		
Employee benefit on-costs	5 381	4 333
Total non-current payables	5 381	4 333
Total payables	48 055	48 621

Interest rate and credit risk

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

Maturity analysis of payables - refer to note 30.6

Categorisation of financial instruments and risk exposure information - refer to note 30

26. Employee benefits

	2016	2015
	\$'000	\$'000
Current		
Annual leave	32 169	29 982
Long service leave	20 420	8 830
Skills and experience retention leave	2 156	2 065
Accrued salaries and wages	13 827	8 830
Total current employee benefits	68 572	49 707
Non-current		
Long service leave	57 173	52 755
Total non-current employee benefits	57 173	52 755
Total employee benefits	125 745	102 462

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AASB 119 contains the calculation methodology for long service leave liability. DCSI previously engaged Mercer (Australia) Pty Ltd, to undertake an actuarial assessment in the determination of the liability for long service leave under the guidance of AASB 119.

DTF use the Budget Management System (BMS) to perform an actuarial valuation of long service leave for the whole of government. With the advent of CHRIS 21 during 2015-16, the Department has transitioned to the BMS process to be consistent with the whole of government method.

The transition to the BMS has resulted in a change to assumptions used in valuing the long service leave liability.

The actuarial valuation, which is essentially a net present value calculation, is heavily influenced by inputs:

- the long term salary inflation rate which was 3% for the first 2 years and then 4% with Mercer and is now 4% in the BMS from Year 1.
- the discount rate which has decreased from 2.7% to 2% which has caused the liability to increase.
- the duration over which the liability is to be paid which has increased from 6 years under the Mercer assumptions to 9 years in the BMS. This has the impact of increasing the long service leave liability.

The valuation of the long service liability has increased due to changes in assumptions in calculating the actuarial valuation and the decrease in interest rates.

27. Provisions

		2016 \$'000	2015 \$'000
Current	Note		
Insurance	27.1	110	89
Workers compensation	27.2	10 781	9 269
Other provisions	27.3	145	3 402
Total current provisions		11 036	12 760
Non-current			
Insurance	27.1	80	126
Workers compensation	27.2	18 107	21 559
Total non-current provisions		18 187	21 685
Total provisions		29 223	34 445

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Office for the Public Sector.

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27.1 Reconciliation of insurance

The following table shows the movement of insurance during 2015-16.

	Public liability	Property	Total
	\$'000	\$'000	\$'000
Carrying amount at beginning of financial year	180	35	215
Increase to provision due to new claims	17	2	19
Reduction due to payments	(10)	-	(10)
Net revision of estimates	(37)	3	(34)
Carrying amount at the end of the period	150	40	190

The following table shows the movement of insurance during 2014-15.

	Public liability	Property	Total
	\$'000	\$'000	\$'000
Carrying amount at beginning of financial year	180	35	215
Increase to provision due to new claims	25	8	33
Reduction due to payments	(20)	(28)	(48)
Net revision of estimates	(5)	20	15
Carrying amount at the end of the period	180	35	215

27.2 Reconciliation of workers compensation

	2016	2015
	\$'000	\$'000
Carrying amount at beginning of financial year	30 828	38 844
Increase to provision due to revision of estimates	8 235	1 371
Reduction due to payments	(10 175)	(9 387)
Carrying amount at the end of the period	28 888	30 828

27.3 Reconciliation of other provisions

	2016	2015
	\$'000	\$'000
Carrying amount at beginning of financial year	3 402	64
Increase to provision due to revision of estimates	145	3 338
Reduction due to payments	(3 402)	-
Carrying amount at the end of the period	145	3 402

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28. Other liabilities

	2016	2015
	\$'000	\$'000
Current		
Unclaimed monies	177	159
Unearned revenue	989	153
Lease incentive	784	637
Total current other liabilities	1 950	949
Non-current		
Lease incentive	3 769	2 867
Total non-current other liabilities	3 769	2 867
Total other liabilities	5 719	3 816

29. Equity

	2016	2015
	\$'000	\$'000
Contributed capital	74 325	74 325
Retained earnings	73 051	86 348
Asset revaluation surplus	46 772	23 253
Total equity	194 148	183 926

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

30. Financial instruments / Financial risk management

30.1 Financial risk management

Departmental risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The Department is exposed to financial risk - liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

30.2 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.

Refer note 30.6 for the carrying amounts of each of the following categories of financial assets and liabilities: Held-to-maturity investments; receivables; and payables measured at cost.

DCSI does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable. The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 2, 18 and 25).

30.3 Fair Value

The Department does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

30.4 Credit risk

Credit risk arises when there is the possibility of the Department's debtors defaulting on their contractual obligations resulting in financial loss to the Department.

The Department has minimal concentration of credit risk to the non public sector. The Department does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 18 for information on the allowance for impairment in relation to receivables.

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Table 30.5 Ageing analysis of financial assets

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

	Current \$'000	Past due but not impaired			Total \$'000
		Overdue for < 30 days \$'000	Overdue for 30 - 60 days \$'000	Overdue for > 60 days \$'000	
2016					
Not Impaired					
Receivables	3 507	636	96	627	4 866
Impaired					
Receivables	-	-	-	(614)	(614)
	3 507	636	96	13	4 252
2015					
Not Impaired					
Receivables	24 814	1 246	47	983	27 090
Impaired					
Receivables	-	-	-	(935)	(935)
	24 814	1 246	47	48	26 155

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Table 30.6 Maturity analysis of financial assets and liabilities

The value of receivables and payables disclosed below excludes prepayments, employee on-costs, statutory receivables and payables such as GST input tax credit payable and recoverable.

Prepayments are presented in note 18 as trade and other receivables in accordance with paragraph 78(b) of AASB 101 Presentation of Financial Statements. However, prepayments are not financial assets as defined in AASB 132 Financial Instruments: Presentation as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Category of financial asset and financial liability	Notes	2016 Carrying amount \$'000	2016 Contractual maturities		
			Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents	17, 34	141 443	141 443	-	-
Receivables ⁽¹⁾⁽²⁾	18	34 898	19 841	7 056	8 001
Total financial assets		176 341	161 284	7 056	8 001
Financial liabilities					
Payables	25	33 124	33 124	-	-
Total financial liabilities		33 124	33 124	-	-
Category of financial asset and financial liability	Notes	2015 Carrying amount \$'000	2015 Contractual maturities		
			Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents	17, 34	141 516	141 516	-	-
Receivables ⁽¹⁾⁽²⁾	18	26 155	15 553	4 983	5 619
Total financial assets		167 671	157 069	4 983	5 619
Financial liabilities					
Payables	25	36 865	36 865	-	-
Total financial liabilities		36 865	36 865	-	-

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees. 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 levies, tax and equivalents etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 18 as prepaid supplies and services in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

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30.7 Liquidity risk

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

The Department considers its liquidity risk is minimal based on past experience and current assessment of risk.

The carrying amount of financial liabilities shown at note 30.6 represent the Department's maximum exposure to financial liabilities.

30.8 Market risk

Market risk for the Department is primarily through interest rate risk. Exposure to interest rate risk may arise through interest bearing liabilities, including borrowings. The Department's interest bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. Any exposure to foreign currency risks is managed by SAFA.

30.9 Sensitivity disclosure analysis

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

31. Unrecognised contractual commitments

Capital commitments

	2016	2015
	\$'000	\$'000
Within one year	262	74
Total capital commitments	262	74

Operating lease commitments

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

	2016	2015
	\$'000	\$'000
Within one year	12 452	10 627
Later than one year but not longer than five years	35 568	35 296
Later than five years	5 062	3 503
Total operating lease commitments	53 082	49 426

The Department has many lease agreements. These leases are for administrative purposes and vary in length. Lease payments are monthly and predominantly paid in advance. Some lease agreements have renewal options for a determined period, exercisable by both the lessor and lessee.

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32. Transferred functions

There were no transfer functions during the 2015-16 financial year.

Note 1.2 Administrative Restructures details the transfers out of the Department during 2014-15 financial year. Employees were transferred to Renewal SA, effective 31 January 2015.

The following assets and liabilities were transferred out of the Department during 2014-15

	Employees \$'000
Current assets	
Receivables	1 036
Total current assets	1 036
Non-current assets	
Receivables	3 126
Total non-current assets	3 126
Total assets	4 162
Current liabilities	
Payables	143
Employee benefits	893
Total current liabilities	1 036
Non-current liabilities	
Payables	283
Employee benefits	2 843
Total non-current liabilities	3 126
Total liabilities	4 162
Total net assets transferred in	-

33. Contingent assets and liabilities

Contingent assets

The Department has a contingent asset for 2015-16. DCSI has a potential contractual claim with a service provider that may have been overpaid relative to services provided that may result in a recovery. DCSI is currently not in a position to determine if recovery is possible or for how much.

Contingent liabilities

The Department is not aware of any contingent liabilities.

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34. Cash flow reconciliation

	2016	2015
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	141 443	141 516
Balance as per the Statement of Cash Flows	141 443	141 516
Reconciliation of net cash provided by (used in) operating activities to net cost of providing services		
Net cash provided by (used in) operating activities	9 790	38 722
Less SA Government appropriation	(1 061 822)	(1 056 866)
Payments to SA Government	-	1 748
	<u>(1 052 032)</u>	<u>(1 016 396)</u>
Add/less non-cash items		
Depreciation and amortisation	(8 287)	(7 373)
Lease Incentive amortisation	(4 553)	637
Assets transferred out at nil consideration	-	(8 578)
Impairment of non-current assets	(1 006)	(3 700)
Gain/(loss) from disposal of non-current assets	114	(2 928)
Bad and doubtful debts	-	(159)
WIP adjustment	-	(2 923)
Movements in assets and liabilities		
Increase/(decrease) in receivables	8 916	(24 462)
Increase/(decrease) in inventories	136	19
(Increase)/decrease in payables and provisions	5 797	17 864
(Increase)/decrease in employee benefits	(23 283)	(6 530)
(Increase)/decrease in other liabilities	(854)	393
Net cost of providing services	<u>(1 075 052)</u>	<u>(1 054 136)</u>

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35. Remuneration of board and committee members

There are various committees, forums, groups, panels and councils that have been created to assist the Department in meeting its objectives. In addition, there are committees that have been created by the Minister. Where any of the members are remunerated, certain disclosures are required under the Accounting Policy Frameworks issued by the Department of Treasury and Finance.

All members of the Board/Committees, including those who may have resigned or their term had expired during the financial year, are listed below:

Risk and Management Audit Committee

Bull, Peter	Member		
Patetsos, Mary*	Chairperson		
Sneddon, Yvonne*	Member		
Young, Lynn	Member		
Holdich, Geoff*	Member	appointed	19/6/2015

*External members (including the Chair).

The Risk Management and Audit Committee is responsible for overseeing risk management, internal controls, financial reporting, auditing and monitoring compliance with laws, policies and relevant codes of conduct, and reports to the Chief Executive.

Gambling Advisory Committee

Cross, Judith Margaret	Member	appointed	10/11/2014
Guppy, Warren John	Member	appointed	10/11/2014
Penfold, Mike	Member	appointed	10/11/2014
Woehlert, Wally	Chair	appointed	10/11/2014

Premier's Council for Women

Adair, Alison Frances	Member	ceased	31/01/2016
Blair, Amanda Dianne	Co-Chair	ceased	30/06/2016
Duthie, Amanda Jane	Member	ceased	30/06/2016
Hagias-Tramontin, Maria	Member	reappointed	01/02/2016
Hallahan, Lorna Elizabeth	Member	appointed	01/02/2015
Mathias, Kaylene (Kay)	Member	appointed	01/02/2015
Mundkur, Anuradha (Anu)	Member	reappointed	01/02/2016
Saunders, Nerida Michelle	Member	reappointed	01/02/2016
Silva, Miriam Amena	Member	reappointed	01/02/2016
Zeitz, Christine	Co-Chair	ceased	30/06/2016

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South Australian Multicultural and Ethnic Affairs Commission

Conesa, Daniela Valentina	Member	resigned	02/09/2015
Dieu, Michelle (Swee Ming)	Member	reappointed	01/07/2015
King, Branka	Member	ceased	30/06/2015
Madan, Vikram	Member	reappointed	01/07/2015
Masika, Joseph Julius	Member	reappointed	01/07/2015
Nowak, Teresa	Member	reappointed	01/07/2015
Portolesi, Grace	Chair	reappointed	01/03/2015
Ppiros, Peter	Member	reappointed	01/07/2015
Schueler, Norman Anthony	Deputy Chairperson	reappointed	01/07/2015
Silva, Miriam Amena	Member	reappointed	01/07/2015
Skaka, Sumeja	Member	reappointed	01/07/2015
Skalban, Malgorzata (Gosia)	Member	reappointed	01/07/2015
Totino, Domenico (Don)	Member	ceased	30/06/2015
Nguyen, Hiep Quoc	Member	appointed	01/07/2015
Marial, Madok Deng	Member	appointed	01/07/2015
Chen, Yu	Member	appointed	01/07/2015
Fantasia, Angelo	Member	appointed	01/07/2015

State Emergency Relief Fund Committee

Chooi, Angela	Member	reappointed	16/05/2016
Faggotter, Veronica Margaret (Ronnie)	Member	reappointed	29/11/2015
Grear, Barry Joseph	Chair	ceased	28/11/2015
Baker, Lisa Marie	Member	ceased	26/08/2015
Nechvoglod, Raina Nella	Member	ceased	28/11/2015
Leversedge, Carla Samantha	Member	ceased	26/08/2015
Pelton, Grant Anthony	Member	appointed	05/01/2015
Ross, Justin David	Member	appointed	05/01/2015
Shepherd, Rebecca Louise	Member	ceased	26/08/2015
Ullianich, Joseph John (Joe)	Chair (formerly Member)	appointed	29/11/2015
Bayley, Lorinda	Member	appointed	01/01/2016
Kunoth, Leanne Rose	Member	appointed	01/01/2016
Parish, Christopher William	Member	appointed	01/01/2016
Harding, Janine Maree	Member	appointed	12/01/2016

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Deputies listed may or may not have attended a committee meeting during the financial year.

Total income received, or due to be receivable by Members was \$0.12 m (2015: \$0.16 m)

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

	2016	2015
	Number of	Number of
	members	members
\$nil	24	41
\$1 - \$9 999	25	53
\$10 000 - \$19 999	-	2
\$20 000 - \$29 999	-	1
\$30,000 - \$39,999	1	-
Total number of members	50	97

In accordance with the Premier and Cabinet's Circular Number 16, government employees did not receive any remuneration for board/committee duties during the financial year.

Benefits given by the Department to superannuation funds or otherwise in connection with the retirement of members were \$0.01 m (2015: \$0.01 m).

During the financial year, no loans were made to Members. At the reporting date, no outstanding loans exist with Members.

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

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36. Budgetary reporting and explanations of major variances between budget and actual amounts

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

	Variance note	Budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000
Statement of Comprehensive Income				
Expenses				
Employee benefits		388 037	402 075	(14 038)
Supplies and services		265 973	273 484	(7 511)
Depreciation and amortisation		7 781	8 287	(506)
Grants, subsidies and client payments		513 024	534 887	(21 863)
Other expenses	a	42 525	70 128	(27 603)
Total expenses		1 217 340	1 288 861	(71 521)
Income				
Revenue from rent, fees and charges		114 002	120 799	(6 797)
Commonwealth revenues		67 422	70 709	(3 287)
Interest revenues		-	1	(1)
Net gain from disposal of non-current assets		-	114	(114)
Other revenues		21 164	22 186	(1 022)
Total income		202 588	213 809	(11 221)
Net cost of providing services		1 014 752	1 075 052	(60 300)
Revenues from / payments to SA Government				
Revenues from SA Government		994 546	1061 822	(67 276)
Payments to SA Government		-	-	-
Total net revenues from SA Government		994 546	1 061 822	(67 276)
Net result		(20 206)	(13 230)	(6 976)
Other comprehensive income				
Items that will not be reclassified to net result				
Changes in revaluation surplus	b	-	23 519	(23 519)
Total other comprehensive income		-	23 519	(23 519)
Total comprehensive result		(20 206)	10 289	30 495

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Investing expenditure

		Budget	Actual	
	Variance	2016	2016	Variance
Investing expenditure summary	note	\$'000	\$'000	\$'000
Total new projects	c	-	739	(739)
Total existing projects	d	6 252	2 283	3 969
Total annual program		2 605	1 831	774
Total investing expenditure		8 857	4 853	4 004

Variance explanation

- a) Other expenses was higher than original budget primarily due to the payment to the Commonwealth government associated with the change of roles and responsibilities under the National Health Reform Agreement for aged care and specialist disability services (\$22.4 m).
- b) There is no original budget provided for revaluation of land and buildings.
- c) Total new projects expenditure was higher than original budget due to the Cabinet approved reclassification from operating to investing expenditure in 2015-16 for the Cost of Living Information (COLIN) system.
- d) Total project expenditure was lower than original budget primarily due to the change in scope of security works associated with the Adelaide Youth Training Centre.

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37. Transactions with SA Government

		SA Government		Non-SA Government		Total	
		2016	2015	2016	2015	2016	2015
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses							
<i>Supplies and services</i>	6						
Accommodation and property related		17 652	17 506	8 916	7 817	26 568	25 323
Advertising and promotions		35	30	290	311	325	341
Brokerage care services		552	525	167 591	163 335	168 143	163 860
Business services		6 219	5 978	27	17	6 246	5 995
Client related expenses		61	44	5 866	5 970	5 927	6 014
Communication and computing		4 265	4 080	10 988	10 180	15 253	14 260
Contractors and agency staff		584	1 033	8 792	11 001	9 376	12 034
Consultants		-	-	205	70	205	70
Homelessness services		4 125	-	-	-	4 125	-
Drugs and medical supplies		4	5	1 783	1 896	1 787	1 901
Insurance		-	-	769	1 777	769	1 777
Interpreter and translator fees		-	-	74	86	74	86
Managed payments		1 193	1 169	53	49	1 246	1 218
Minor equipment		1 482	1 070	8 218	7 984	9 700	9 054
Motor vehicles		6 467	5 905	(130)	1 120	6 337	7 025
Printing, stationery, postage and periodicals		23	13	2 286	1 910	2 309	1 923
Repairs and maintenance		624	587	3 630	3 937	4 254	4 524
Seminars, courses and training		84	81	681	675	765	756
Travel and accommodation		-	4	1 174	1 348	1 174	1 352
Other administration		1 364	1 468	7 200	7 342	8 564	8 810
Audit fees paid / payable to the Auditor-General's Department		337	340	-	-	337	340
<i>Grants, subsidies and client payments</i>	8	169 271	282 450	365 616	271 551	534 887	554 001
<i>Other expenses</i>	9						
Aged Care and Disability Services Reform – payment to the Commonwealth		-	-	57 400	-	57 400	-
Bad and doubtful debts		-	(39)	-	198	-	159
Assets transferred at nil consideration		-	-	-	8 578	-	8 578
WIP adjustments		-	-	-	2 923	-	2 923
Impairment Loss		-	-	1 006	3 700	1 006	3 700
NDIS payments		-	-	11 698	6 882	11 698	6 882
Other		5	-	19	-	24	-
Total expenses		214 347	322 249	664 152	520 657	878 499	842 906

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the period ended 30 June 2016

		SA Government		Non-SA Government		Total	
	Note	2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income							
<i>Revenue from rent fees and charges</i>	10						
Employee services		69 832	68 512	-	-	69 832	68 512
Insurance recoveries		23	95	-	1 349	23	1 444
Recoveries		4 894	6 018	4 345	2 501	9 239	8 519
Business services		15 620	15 426	-	2	15 620	15 428
Fees, fines and penalties		10 704	11 875	5 622	6 615	16 326	18 490
Rent		150	156	40	38	190	194
Patient and client fees		-	-	9 569	10 098	9 569	10 098
<i>Other revenue</i>	14						
NDIS revenue		-	-	5 261	3 555	5 261	3 555
Minor equipment		-	89	2 345	854	2 345	943
Hire charges		-	524	1 250	386	1 250	910
Community development fund		3 000	3 000	-	-	3 000	3 000
State capital grants		-	57	-	-	-	57
Other grants from SA Government agencies		9 151	8 503	-	-	9 151	8 503
Other		727	224	452	127	1 179	351
Total income		114 101	114 479	28 884	25 525	142 985	140 004
Financial assets							
<i>Receivables</i>	18						
Debtors		5 120	4 380	3 594	3 667	8 714	8 047
Employee related services recoverable		26 025	17 804	-	-	26 025	17 804
Overpaid salaries		-	-	510	304	510	304
Prepayments		209	-	503	614	712	614
Total financial assets		31 354	22 184	4 607	4 585	35 961	26 769
Financial liabilities							
<i>Payables</i>	25						
Creditors		16 452	8 787	527	26 550	16 979	35 337
Accrued expenses		223	309	15 710	982	15 933	1 291
Employee benefit on-costs		6 576	5 203	8 355	6 553	14 931	11 756
Other		-	16	212	221	212	237
<i>Other liabilities</i>	28						
Unclaimed monies		-	-	177	159	177	159
Unearned revenue		-	8	989	145	989	153
Lease incentive		-	-	4 553	3 504	4 553	3 504
Total financial liabilities		23 251	14 323	30 523	38 114	53 774	52 437

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the period ended 30 June 2016

38. Residential Aged Care sector reporting

The *Aged Care Act 1997* (the Act) provides for the regulation and funding of aged care services. Persons who are approved under the Act to provide aged care services (approved providers) can be eligible to receive subsidy payments in respect of the care they provide to approved care recipients.

In accordance with the Act, the Department must prepare an audited General Purpose Financial Report (GPFR) for the residential aged care facilities provided at Highgate and Northgate.

The financial statements for the regulated aged care services reflect an allocation of the Department's income, expenses, assets and liabilities, as recorded in the Department's financial records, to the regulated activities. The financial statements have been prepared using the Department's accounting policies described in note 2.

The former Julia Farr Services (JFS) was an approved provider of residential aged care (RAC) with 32 places licensed by the Commonwealth Department of Health and Ageing. Effective 1 July 2007, the Governor proclaimed the dissolution of JFS and all assets and liabilities vested in or held by JFS were transferred, assigned to or vested in the Minister for Disabilities. Certain assets held by the former JFS are subject to the terms and conditions of the Home for Incurables Trust and the Minister for Disabilities has been appointed as trustee. The trust assets are administered but not controlled by the Department, hence they are not included in the accounts of the Department.

The former Intellectual Disability Services Council (IDSC) was also an approved provider of residential aged care with 32 places licensed by the Commonwealth Department of Health and Ageing. On 29 June 2006, the Governor proclaimed to dissolve IDSC in association with reforms to the governance arrangements within the South Australian Government with respect to the management of the provision of disability services.

Statement of Comprehensive Income
for the Year Ended 30 June 2016

	Highgate	Northgate
NAPS ID*:	1021	3051
RACS ID**:	6402	6203
	\$'000	\$'000
Expenses		
Employee benefit expenses	4 019	3 709
Supplies and services	1 297	810
Depreciation and amortisation	11	143
Total expenses	5 327	4 662
Income		
Rent, fees and charges	903	719
Commonwealth revenues	1 278	1 492
Total income	2 181	2 211
Net cost of providing services	(3 146)	(2 451)
Net result	(3 146)	(2 451)

*National Approved Provider System (NAPS)

** Residential Aged Care Service (RACS)

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the period ended 30 June 2016

Statement of Financial Position
for the year ended 30 June 2016

	NAPS ID:	Highgate 1021	Northgate 3051
	RACS ID:	6402	6203
		\$'000	\$'000
Current assets			
Receivables		57	31
		<u>57</u>	<u>31</u>
Non-current assets classified as held for sale		-	-
Total current assets		<u>57</u>	<u>31</u>
Non-current assets			
Receivables		10	8
Property, plant and equipment		-	9 815
Total non-current assets		<u>10</u>	<u>9 823</u>
Total assets		<u>67</u>	<u>9 854</u>
Current liabilities			
Payables		182	251
Employee benefits		799	661
Provisions		184	155
		<u>1 165</u>	<u>1 067</u>
Liabilities directly associated with non-current assets held for sale		-	-
Total current liabilities		<u>1 165</u>	<u>1 067</u>
Non-current liabilities			
Payables		58	56
Employee benefits		648	625
Provisions		316	266
Total non-current liabilities		<u>1 022</u>	<u>947</u>
Total liabilities		<u>2 187</u>	<u>2 014</u>
Net assets		<u>(2 120)</u>	<u>7 840</u>

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the period ended 30 June 2016

Statement of Comprehensive Income
for the Year Ended 30 June 2015

	Highgate	Northgate
NAPS ID:	1021	3051
RACS ID:	6402	6203
	\$'000	\$'000
Expenses		
Employee benefit expenses	5 090	3 870
Supplies and services	1 944	959
Depreciation and amortisation	6	143
Total expenses	7 040	4 972
Income		
Rent, fees and charges	899	798
Commonwealth revenues	1 489	1 807
Total income	2 388	2 605
Net cost of providing services	(4 652)	(2 367)
Net result	(4 652)	(2 367)

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the period ended 30 June 2016

Statement of Financial Position
for the year ended 30 June 2015

	Highgate	Northgate
NAPS ID:	1021	3051
RACS ID:	6402	6203
	\$'000	\$'000
Current assets		
Receivables	22	27
Total current assets	22	27
Non-current assets		
Receivables	7	5
Property, plant and equipment	-	8 673
Total non-current assets	7	8 678
Total assets	29	8 705
Current liabilities		
Payables	488	411
Employee benefits	885	612
Provisions	153	111
Total current liabilities	1 526	1 134
Non-current liabilities		
Payables	51	39
Employee benefits	569	441
Provisions	361	263
Total non-current liabilities	981	743
Total liabilities	2 507	1 877
Net assets	(2 478)	6 828

39. Events after balance date

There are no known events after balance date that affect this general purpose financial report in a material manner.

Department for Communities and Social Inclusion
Statement of Administered Comprehensive Income
For the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Administered expenses			
Employee benefits		474	288
Supplies and services		3 992	3 008
Depreciation and amortisation		1 887	1 724
Grants, subsidies and client payments	A5	196 080	191 117
Client Trust Fund payments	A15	14 005	13 971
Total administered expenses		216 438	210 108
Administered income			
Grants and contributions		10 185	11 762
Rent, fees and charges		2 688	655
Interest		500	591
Client Trust Fund receipts	A15	14 337	14 218
Net gain on revaluation of investment property		114	-
Other		1 559	2 021
Total administered income		29 383	29 247
Net cost of providing services		(187 055)	(180 861)
Revenues from / (payments to) SA Government			
Revenues from SA Government		188 085	185 196
Total revenues from / (payments to) SA Government		188 085	185 196
Net result		1 030	4 335
Other comprehensive income			
Net gain/(loss) on revaluation of property, plant and equipment		(885)	1 716
Total other comprehensive income		(885)	1 716
Total comprehensive result		145	6 051

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

Department for Communities and Social Inclusion
Statement of Administered Financial Position
for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Administered current assets			
Cash and cash equivalents	A8	61 937	48 239
Receivables		873	1 265
Total current assets		62 810	49 504
Administered non-current assets			
Property, plant and equipment	A9.1	27 429	30 188
Investment property	A9.2	1 400	1 286
Capital works in progress	A9.3	1 499	-
Intangibles	A9.4	15	28
Total non-current assets		30 343	31 502
Total assets		93 153	81 006
Administered current liabilities			
Payables		19 785	8 119
Total current liabilities		19 785	8 119
Total liabilities		19 785	8 119
Net assets		73 368	72 887
Administered equity			
Retained earnings		45 885	44 519
Asset revaluation surplus		27 483	28 368
Total equity		73 368	72 887

Department for Communities and Social Inclusion
Statement of Administered Changes in Equity
for the year ended 30 June 2016

	Asset revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2014	26 652	40 184	66 836
Net result for 2014-15	-	4 335	4 335
Gain/(loss) on revaluation of property, plant and equipment	1 716	-	1 716
Total comprehensive result for 2014-15	1 716	4 335	6 051
Balance at 30 June 2015	28 368	44 519	72 887
Prior period adjustments*	-	336	336
Restated balance at 30 June 2015	28 368	44 855	73 223
Net result for 2015-16	-	1 030	1 030
Gain/(loss) on revaluation of property, plant and equipment	(885)	-	(885)
Total comprehensive results for 2015-16	(885)	1 030	145
Balance at 30 June 2016	27 483	45 885	73 368

*Prior period adjustments relate to Client Trust receipts (\$0.31m), Minister's salary receivable (\$0.02m) and Domiciliary Care donations (\$0.01m).

Department for Communities and Social Inclusion
Statement of Administered Cash Flows
as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Cash outflows			
Employee benefits payments		(440)	(290)
Concessions		(151 204)	(162 311)
Payments of grants, subsidies and client payments		(34 996)	(29 543)
Payments for supplies and services		(1 767)	(3 055)
Client Trust Fund payments		(14 006)	(13 971)
Cash (used in) operations		(202 413)	(209 170)
Cash inflows			
Rent, fees and charges		2 631	655
Grants and contributions		10 185	10 801
Interest received		500	591
Client Trust Fund receipts		14 643	14 218
Other receipts		1 566	2 021
Cash generated from operations		29 525	28 286
Cash flows from SA government			
Receipts from SA government		188 085	184 930
Cash generated from SA government		188 085	184 930
Net cash provided by (used in) operating activities	A12	15 197	4 046
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(1 499)	(72)
Cash used in investing activities		(1 499)	(72)
Cash provided by (used in) investing activities		(1 499)	(72)
Net increase/(decrease) in cash and cash equivalents		13 698	3 974
Cash and cash equivalents at the beginning of the period		48 239	44 265
Cash and cash equivalents at 30 June	A8	61 937	48 239

Department for Communities and Social Inclusion
Schedule of Administered Expenses and Income attributable to Administered Activities
For the year ended 30 June 2016

	Gamblers Rehabilitation		Community Benefit SA Program		Home for Incurables Trust		Disability Services Donations and Bequests	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Administered expenses								
Supplies and services	909	869	200	200	169	318	8	-
Depreciation and amortisation expenses	13	12	-	-	1 874	1 712	-	-
Grants, subsidies and client payments	6 162	5 581	7 382	4 447	460	449	-	-
Total administered expenses	7 084	6 462	7 582	4 647	2 503	2 479	8	-
Administered income								
Grants and contributions	5 864	5 874	4 000	4 000	-	-	-	-
Revenue from rent, fees and charges	-	-	22	32	401	517	-	-
Interest revenues	31	43	-	-	143	158	7	15
Net gain on revaluation of investment property	-	-	-	-	114	-	-	-
Other income	362	359	-	-	-	-	2	-
Total administered income	6 257	6 276	4 022	4 032	658	675	9	15
Net cost of providing services	(827)	(186)	(3 560)	(615)	(1 845)	(1 804)	1	15
Revenues from / (payments to) SA Government								
SA Government appropriation	253	183	-	-	-	-	-	-
Total revenues from / (payments to) SA Government	253	183	-	-	-	-	-	-
Net result	(574)	(3)	(3 560)	(615)	(1 845)	(1 804)	1	15

Department for Communities and Social Inclusion
Schedule of Administered Expenses and Income attributable to Administered Activities
For the year ended 30 June 2016

	Supported Residential Facility Fund		Client Trust Accounts		Minister's Salary*		Domiciliary Care Donations and Bequests	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Administered expenses								
Employee benefits	-	-	-	-	474	288	-	-
Supplies and services	-	-	-	-	-	-	3	-
Client Trust Fund payments	-	-	14 005	13 971	-	-	-	-
Total administered expenses	-	-	14 005	13 971	474	288	3	-
Administered income								
Interest revenues	1	1	287	336	-	-	11	21
Client Trust Fund receipts	-	-	14 337	14 218	-	-	-	-
Other income	2	2	-	-	-	-	-	-
Total administered income	3	3	14 624	14 554	-	-	11	21
Net cost of providing services	3	3	619	583	(474)	(288)	8	21
Revenues from / (payments to) SA Government								
Revenues from SA Government	-	-	-	-	474	266	-	-
Total revenues from / (payments to) SA Government	-	-	-	-	474	266	-	-
Net result	3	3	619	583	-	(22)	8	21

*Hon. Zoe Lee Bettison, MP appointed as at 26 March 2014

*Hon. Leesa Anne Vlahos MP appointed as at 19 January 2016

Department for Communities and Social Inclusion
Schedule of Administered Expenses and Income attributable to Administered Activities
For the year ended 30 June 2016

	Concessions		Community Service Obligations		State Emergency Relief Fund		Duke of Edinburgh Trust	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Administered expenses								
Supplies and services	-	-	-	-	2 526	1 380	177	5
Grants, subsidies and client payments	161 047	160 376	19 130	18 810	-	-	50	105
Total administered expenses	161 047	160 376	19 130	18 810	2 526	1 380	227	110
Administered income								
Grants and contributions	49	1 375	-	-	-	250	-	-
Revenue from rent, fees and charges	2 179	106	-	-	-	-	-	-
Interest revenues	-	-	-	-	18	12	2	5
Other income	-	-	-	-	1 193	1 660	-	-
Total administered income	2 228	1 481	-	-	1 211	1 922	2	5
Net cost of providing services	(158 819)	(158 895)	(19 130)	(18 810)	(1 315)	542	(225)	(105)
Revenues from / (payments to) SA Government								
Revenues from SA Government	164 478	163 246	19 130	18 811	1 000	-	-	-
Total revenues from / (payments to) SA Government	164 478	163 246	19 130	18 811	1 000	-	-	-
Net result	5 659	4 351	-	1	(315)	542	(225)	(105)

Department for Communities and Social Inclusion
Schedule of Administered Expenses and Income attributable to Administered Activities
For the year ended 30 June 2016

	Personal Alert Rebate Scheme		Consumer Advocacy & Research		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered expenses						
Employee benefits	-	-	-	-	474	288
Supplies and services	-	-	-	236	3 992	3 008
Depreciation and amortisation expenses	-	-	-	-	1 887	1 724
Grants, subsidies and client payments	1 690	1 198	159	151	196 080	191 117
Client Trust Fund payments	-	-	-	-	14 005	13 971
Total administered expenses	1 690	1 198	159	387	216 438	210 108
Administered income						
Grants and contributions	-	-	272	263	10 185	11 762
Revenue from rent, fees and charges	-	-	86	-	2 688	655
Interest revenues	-	-	-	-	500	591
Client Trust Fund receipts	-	-	-	-	14 337	14 218
Net gain on revaluation of investment property	-	-	-	-	114	-
Other income	-	-	-	-	1 559	2 021
Total administered income	-	-	358	263	29 383	29 247
Net cost of providing services	(1 690)	(1 198)	199	(124)	(187 055)	(180 861)
Revenues from / (payments to) SA Government						
Revenues from SA Government	2 750	2 690	-	-	188 085	185 196
Total revenues from / (payments to) SA Government	2 750	2 690	-	-	188 085	185 196
Net result	1 060	1 492	199	(124)	1 030	4 335

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
For the Year Ended 30 June 2016

A1	Background
A2	Accounting policies
A3	Programs of Administered Items
A4	Consultants
A5	Grants, subsidies and client payments
A6	Concessions
A7	Unexpended funding commitments
A8	Cash and cash equivalents
A9	Property, plant and equipment
A10	Fair Value Measurement
A11	Unrecognised contractual commitments
A12	Cash flow reconciliation
A13	Contingent assets and liabilities
A14	Budgetary reporting and explanations of major variances
A15	Client Trust Accounts
A16	Disability Services Donations and Bequests
A17	Domiciliary Care Donations and Bequests
A18	Duke of Edinburgh
A19	Consumer Advocacy & Research Fund
A20	State Emergency Relief Fund
A21	Supported Residential Facilities and Indemnity Fund
A22	Home for Incurables Trust

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
For the year ended 30 June 2016

Administered items of the Department for Communities and Social Inclusion

A1 Background

The revenues, expenditures, assets and liabilities that were administered but not controlled by the Department have not been included in the financial statements of the Department. These administered transactions and balances are regarded as significant in relation to the Department's overall financial performance and in accordance with APF II General Purpose Financial Reporting Framework, separate consolidated administered financial statements and notes to the accounts have been prepared.

A2 Accounting policies

The accounting policies pertaining to the administered items for the Department are contained in Note 2 Summary of Significant Accounting Policies for the Department.

A3 Programs of Administered Items

Client Trust Accounts

Disability Services Donations and Bequests

Domiciliary Care Donations and Bequests

Duke of Edinburgh Trust

Consumer Advocacy & Research Fund

State Emergency Relief Fund

Home for Incurables Trust*

Gamblers Rehabilitation

Charitable and Social Welfare Fund (Community Benefit SA Program)

Supported Residential Facilities Indemnity Fund

Minister's Salary

Concessions

Community Service Obligations

Personal Alert Rebate Scheme

* Effective 1 July 2007, the Minister for Disabilities became the trustee of the Home for Incurables Trust by virtue of the vesting of assets and liabilities of the former Julia Farr Services (JFS). Separate financial information pertaining to the Home for Incurables Trust is in note A22.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
For the year ended 30 June 2016

A4 Consultants

	2016 Number	2016 \$'000	2015 Number	2015 \$'000
Above \$10 000	1	69	-	-
Total paid/payable to consultants engaged	1	69	-	-

A5 Grants, subsidies and client payments

	2016 \$'000	2015 \$'000
Gamblers Rehabilitation	6 162	5 581
Community Benefit SA Program	7 382	4 447
Home for Incurables Trust	460	449
Duke of Edinburgh Trust	50	105
Concessions	A6 161 047	160 376
Community Service Obligations	19 130	18 810
Personal Alert Rebate Scheme	1 690	1 198
Consumer Advocacy & Research	159	151
Total grants, subsidies and client payments	196 080	191 117

A6 Concessions

In March 2014, the Federal Government ceased the National Partnership Agreement on certain concessions for Pensioner Concession Card and Seniors Card Holders. On 14 May 2015, the Premier announced that South Australians on low or fixed incomes may be eligible for a new Cost of Living Concession (COLC) to be implemented on 1 July 2015 to replace council rates concessions. The concession was expanded to include eligible tenants. COLC payments are made directly to concession recipients, rather than it being tied to a specific bill or levy.

Council rates concessions were administered under the *Rates and Land Tax Remission Act 1986* (the Act) and associated Regulations. The Act and Regulations have subsequently been amended to the *Cost of Living Concessions Act 1986* and *Cost of Living Concession Regulations 2009*.

	2016 \$'000	2015 \$'000
Water and sewerage rates	49 485	47 652
Energy	39 016	38 047
Council rates	220	33 602
Transport	31 398	32 887
Emergency services levy	6 436	6 571
Cost of Living	32 827	-
Other	1 665	1 617
Total concessions	161 047	160 376

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
For the year ended 30 June 2016

A7 Unexpended funding commitments

The Department is engaged in a variety of funding programs involving State and Commonwealth sources who provide monies to the Department on the premise that these funds are expended in a manner consistent with the terms of the program.

As at 30 June 2016, the Department had outstanding funding commitments to the following programs:

	2016	2015
	\$'000	\$'000
Personal Alert Rebate Scheme	809	-
Gambler's Rehabilitation Fund	335	942
State Emergency Relief Fund	138	541
Community Benefit SA Program	13	1 861
Consumer Advocacy and Research Fund	-	112
Total operating funding commitments	1 295	3 456
Highgate Park - Upgrade of critical infrastructure	874	1 061
Highgate Park facilities works	160	160
Total capital funding commitments	1 034	1 221
Total unexpended funding commitments	2 329	4 677

A8 Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Special deposit account with the Treasurer	44 149	29 767
Special deposit account with SAFA	16 936	17 768
Other deposits	852	704
Total cash and cash equivalents	61 937	48 239

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
For the year ended 30 June 2016

A9 Property, plant and equipment

A9.1 Property, plant and equipment

	2016	2015
	\$'000	\$'000
Land and buildings		
Site land (fair value)	11 250	15 160
Buildings and improvements (fair value)	15 732	17 907
Less: accumulated depreciation - buildings and improvements	(12)	(3 373)
Total land and buildings	26 970	29 694
Other plant and equipment		
Other plant and equipment at cost (deemed fair value)	520	520
Less: accumulated depreciation - other plant and equipment at cost	(61)	(26)
Total other plant and equipment	459	494
Total property, plant and equipment	27 429	30 188

The following table shows the movement of land, buildings and improvements and plant and equipment during 2015-16

	Site land	Buildings and	Plant and	Total
	\$'000	improvements	equipment	\$'000
2016				
Carrying amount at the start of period	15 160	14 534	494	30 188
Depreciation	-	(1 839)	(35)	(1 874)
Net revaluation (decrement)/increment	(3 910)	3 025	-	(885)
Carrying amount at the end of period	11 250	15 720	459	27 429

The following table shows the movement of land, buildings and improvements and plant and equipment during 2014-15

	Site land	Buildings and	Plant and	Total
	\$'000	improvements	equipment	\$'000
2015				
Carrying amount at the start of period	13 510	14 953	-	28 463
Depreciation	-	(1 686)	(26)	(1 712)
Net revaluation (decrement)/increment	1 650	-	-	1 650
Transfers to/(from) capital works in progress	-	1 267	520	1 787
Carrying amount at the end of period	15 160	14 534	494	30 188

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
For the year ended 30 June 2016

A9.2 Investment property

	2016	2015
	\$'000	\$'000
Investment building	786	786
Revaluation increment/(decrement)	(186)	-
Fair value at 30 June	600	786
	2016	2015
	\$'000	\$'000
Investment land	500	434
Revaluation increment/(decrement)	300	66
Fair value at 30 June	800	500
Total investment property at 30 June	1 400	1 286

The following table shows the movement of investment property during 2015-16

	Investment land	Investment building	Total
	\$'000	\$'000	\$'000
2016			
Carrying amount at the start of period	500	786	1 286
Net revaluation (decrement)/increment	300	(186)	114
Carrying amount at the end of period	800	600	1 400

The following table shows the movement of investment property during 2014-15

	Investment land	Investment building	Total
	\$'000	\$'000	\$'000
2015			
Carrying amount at the start of period	434	786	1 220
Net revaluation (decrement)/increment	66	-	66
Carrying amount at the end of period	500	786	1 286

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
For the year ended 30 June 2016

A9.3 Capital works in progress

	2016	2015
	\$'000	\$'000
Property, plant and equipment	1 499	-
Total capital works in progress	1 499	-

The following table shows the movement of capital works in progress for 2015-16

	Software application	Property, plant and equipment	Total
	\$'000	\$'000	\$'000
2016			
Carrying amount at the start of period	-	-	-
Purchases	-	1 499	1 499
Carrying amount at the end of period	-	1 499	1 499

The following table shows the movement of capital works in progress for 2014-15

	Software application	Property, plant and equipment	Total
	\$'000	\$'000	\$'000
2015			
Carrying amount at the start of period	39	1 715	1 754
Purchases	-	72	72
Transfers to/(from) capital works in progress	(39)	(1 787)	(1 826)
Carrying amount at the end of period	-	-	-

A9.4 Intangible assets

	2016	2015
	\$'000	\$'000
Computer software - at cost (deemed fair value)	40	40
Less accumulated amortisation	(25)	(12)
Total intangible assets	15	28

The following table shows the movement in intangible assets

	2016	2015
	\$'000	\$'000
Carrying amount at the start of period	28	-
Amortisation	(13)	(12)
Transfers to/(from) capital works in progress	-	40
Carrying amount at the end of period	15	28

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
For the year ended 30 June 2016

A10 Fair Value Measurement

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2016.

The Department had no valuations categorised into level 1.

Fair Value measurement as at 30 June 2016

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land	11 250	-	11 250
Buildings	15 719	-	15 719
Plant and equipment	-	459	459
Investment property	1 400	-	1 400
Total recurring fair value measurements	28 369	459	28 828

Fair Value measurement as at 30 June 2015

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land	15 160	-	15 160
Buildings	14 534	-	14 534
Plant and equipment	-	494	494
Investment property	1 286	-	1 286
Total recurring fair value measurements	30 980	494	31 474
Total	30 980	494	31 474

There have been no transfers of assets between level 2 and 3 fair value hierarchy levels in 2016. The Department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques and inputs

There were no changes in valuation techniques during 2015-16.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
For the year ended 30 June 2016

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Reconciliation of Level 3 recurring fair value measurements at 30 June 2016

**Plant and
equipment
\$'000**

Opening balance at the beginning of the year	494
Carrying amount at the end of the year	<u>494</u>
Gains / (losses) for the year recognised in net result	
Depreciation	(35)
Subtotal	<u>(35)</u>
Carrying amount at the end of the year	<u>459</u>

Reconciliation of Level 3 recurring fair value measurements at 30 June 2015

**Plant and
equipment
\$'000**

Opening balance at the beginning of the year	-
Capitalised subsequent expenditure	520
Carrying amount at the end of the year	<u>520</u>
Gains / (losses) for the year recognised in net result	
Depreciation	(26)
Subtotal	<u>(26)</u>
Carrying amount at the end of the year	<u>494</u>

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
For the year ended 30 June 2016

A11 Unrecognised contractual commitments

Capital commitments

	2016	2015
	\$'000	\$'000
Within one year	804	-
Total capital commitments	804	-

A12 Cash flow reconciliation

	2016	2015
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	61 937	48 239
Balance as per the Statement of Cash Flows	61 937	48 239
Reconciliation of net cash provided by (used in) operating activities to net cost of providing services		
Net cash provided by operating activities	15 197	4 046
Less revenues from SA Government	(188 085)	(185 196)
Add/less non-cash items		
Depreciation and amortisation	(1 887)	(1 724)
Net gain from revaluation of investment property	114	-
Movements in assets and liabilities		
Increase/(decrease) in receivables	(704)	1 227
(Increase)/decrease in payables	(11 690)	784
(Increase)/decrease in employee benefits	-	2
Net cost of providing services	(187 055)	(180 861)

A13 Contingent assets and liabilities

Contingent assets

The Department is not aware of any contingent assets.

Contingent liabilities

The Department is not aware of any contingent liabilities.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
For the year ended 30 June 2016

A14 Budgetary reporting and explanations of major variances

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

		Original budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000
Statement of Comprehensive Income	Note			
Administered expenses				
Employee benefits	a	296	474	(178)
Supplies and services	b	1 124	3 992	(2 868)
Depreciation and amortisation		1 777	1 887	(110)
Grants, subsidies and client payments		202 215	196 080	6 135
Client Trust Fund payments		14 701	14 005	696
Total administered expenses		220 113	216 438	3 675
Administered income				
Grants and contributions		10 117	10 185	(68)
Rent, fees and charges	c	460	2 688	(2 228)
Interest		416	500	(84)
Client Trust Fund receipts		14 382	14 337	45
Net gain on revaluation of investment property	d	-	114	(114)
Other		372	1 559	(1 187)
Total administered income		25 747	29 383	(3 636)
Net cost of providing services		194 366	187 055	7 311
Revenues from / payments to SA government				
Revenues from SA government		190 669	188 085	2 584
Total net revenues from SA Government		190 669	188 085	2 584
Net result		(3 697)	1 030	(4 727)

		Original budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000
Investing expenditure summary	Note			
Total existing projects		1 465	1 499	(34)
Total investing expenditure		1 465	1 499	(34)

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
For the year ended 30 June 2016

Variance explanation

- a) Total employee benefit expenditure was higher than original budget recognising the commencement of the Minister for Disabilities, Hon. Leesa Vlahos MP in January 2016. Ministerial expenditure for the previous Minister for Disabilities was recognised by the Department for Correctional Services.
- b) Total supplies and services expenditure was higher than original budget due to the distribution of unbudgeted donations and funds received towards the Pinery Fire and Sampson Flat Bushfires to eligible recipients.
- c) Total rent, fees and charges income was higher than original budget due to Energy Concessions recoveries.
- d) There is no original budget provided for revaluation of investment property.

A15 Client Trust Accounts

The Department acts as trustee of client trust accounts, including clients of the former Intellectual Disability Services Council Incorporated (IDSC) and the former JFS. These amounts cannot be used by the Department to achieve its own objectives, and accordingly are not included in the controlled financial statements. Client Trust receipts include interest revenue of \$0.29m (2015: \$0.34m).

	2016	2015
	\$'000	\$'000
Opening balance 1 July	12 850	12 267
Prior Period Adjustments*	272	-
Add receipts	14 624	14 554
Less expenses	(14 005)	(13 971)
Closing balance 30 June	13 741	12 850

*Prior period adjustments relate to movement in Client Trust receipts & expenses (\$0.31m) and to the transfer of donated funds to Disability Services Donations and Bequests (\$0.03).

A16 Disability Services Donations and Bequests

The Department receives and administers donations and bequests held by Disability Services. Both donations and bequests must be used to benefit the community and public and cannot be used by the Department to achieve its own objectives.

	2016	2015
	\$'000	\$'000
Opening balance 1 July	354	339
Prior Period Adjustments*	33	-
Add receipts	9	15
Less expenses	(8)	-
Closing balance 30 June	388	354

*Prior period adjustment relates to the transfer of donated funds from Client Trust Accounts.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
For the year ended 30 June 2016

A17 Domiciliary Care Donations and Bequests

The Department receives and administers donations and bequests held by Domiciliary Care. Both donations and bequests must be used to benefit the community and public and cannot be used by the Department to achieve its own objectives.

	2016	2015
	\$'000	\$'000
Opening balance 1 July	580	559
Prior Period Adjustments*	7	-
Add receipts	11	21
Less expenses	(3)	-
Closing balance 30 June	595	580

*Prior period adjustment relates to the transfer of donated assets for policy compliance.

A18 Duke of Edinburgh

This account was established to support the delivery of the Duke of Edinburgh Award. The Department no longer manages the delivery of the Award and will transfer the remaining administration of funds to a non-Government organisation to support disadvantaged South Australians to participate in the Duke of Edinburgh's Award program.

	2016	2015
	\$'000	\$'000
Opening balance 1 July	248	353
Add receipts	2	5
Less expenses	(227)	(110)
Closing balance 30 June	23	248

A19 Consumer Advocacy & Research Fund

This fund was established under the *Water Industry Act 2012* part 10, section 87. The fund commenced on 1 July 2012 and supports research or advocacy that promotes the interests of consumers with a disability, on a low income or located in a regional area of the state.

	2016	2015
	\$'000	\$'000
Opening balance 1 July	348	472
Add: receipts	358	263
Less: expenses	(159)	(387)
Closing balance 30 June	547	348

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
For the year ended 30 June 2016

A20 State Emergency Relief Fund

The State Emergency Relief Fund (the Fund) is established as part of the *Emergency Management Act 2004*. The Fund's main purpose is to provide financial support for the relief of persons who suffer injury, loss or damage as a result of a declared emergency within South Australia. As at 30 June 2016, the fund held \$0.31m (2015:\$0.62m) in cash and these funds earned interest of \$0.02m (2015: \$0.01m). During 2015-16, the balance of the Sampson Flat Bushfire Appeal of \$0.59m was paid to eligible recipients.

The South Australian Pinery Fire Appeal commenced in 2015-16 as a result of fires causing major damage in Owen, Hamley Bridge, Wasley, Kapunda, Freeling, Tarlee and Greenock. Collections for the SA Pinery Fire Appeal officially closed on 30 June 2016. The total donations received for the year was \$2.19m. As at 30 June 2016, the total disbursed to SA Pinery Fire victims was \$1.94m with the remainder to be paid during 2016-17.

	2016	2015
	\$'000	\$'000
Opening balance 1 July	622	80
Add: receipts	2 211	1 922
Less: expenses	(2 526)	(1 380)
Closing balance 30 June	307	622

A21 Supported Residential Facilities and Indemnity Fund

	2016	2015
	\$'000	\$'000
Opening balance 1 July	44	41
Fees - councils*	2	2
Interest	1	1
Closing balance at 30 June	47	44

This note has been prepared to meet the requirements of section 56 (11) of the *Supported Residential Facilities Act 1992* in reporting upon the operations of the Supported Residential Facilities Indemnity Fund (the Fund).

*Under the *Supported Residential Facilities Act 1992*, certain premises which provide residential accommodation are required to be licensed. That licence fee is payable to the local councils who monitor the residential accommodation. The Act requires the councils to remit 10% of fees collected for deposit in the Fund within 28 days after the end of the financial year in which the fees are received.

A22 Home for Incurables Trust

As part of wide ranging reforms relating to the delivery of disability services by the Department, effective 1 July 2007, JFS was dissolved and all assets and liabilities vested in or held by JFS were transferred or assigned or vested with the Minister for Disabilities. Certain assets held by the former JFS are subject to the terms and conditions of the Home for Incurables Trust. The original Trust was established in June 1879 and was varied by the Supreme Court on 7 November 1997.

The former Board of JFS was trustee of the Home for Incurables Trust and on dissolution, the Board of JFS resolved to resign as trustee of the Home for Incurables Trust. The Minister for Disabilities is the trustee for the Home for Incurables Trust.

The role of the Trust is "*... to apply property vested in it for the purpose of providing for persons whose ability to live independently is temporarily or permanently impaired or in jeopardy as a consequence of an acquired brain injury or degenerative neurological condition or a physical condition resulting in disability including but not limiting the foregoing in any way whatsoever, the following services and facilities;*

(a) by providing for them, in a variety of residential, centre and community based settings

- (i) accommodation*
- (ii) nursing, medical, allied health and attendant care service*
- (iii) personal and community support services*
- (iv) technical and personal support aids*
- (v) rehabilitation, respite and recreational services*
- (vi) out patient and day care services*
- (vii) measures and services to enhance their quality of life*

(b) by providing facilities for education research with respect to such persons

(c) by providing any services and facilities ancillary or in relation to the foregoing or by providing additional services and facilities that may be appropriate from time to time."

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
For the year ended 30 June 2016

The following income, expenses, assets and liabilities of the Home for Incurables Trust have been included in the administered items financial statements, but are separately disclosed in the following schedules in accordance with the governance requirements of the Trust.

Schedule of expenses and income - Home for Incurables Trust for the year ended 30 June 2016	2016 \$'000	2015 \$'000
Expenses		
Supplies and services	169	318
Grants, subsidies and client payments	460	449
Depreciation and amortisation	1 874	1 712
Total expenses	2 503	2 479
Income		
Rental income	401	517
Interest	143	158
Net gain on revaluation of investment property	114	-
Total income	658	675
Net result	(1 845)	(1 804)
Other comprehensive income		
Revaluation surplus	(885)	1 716
Total comprehensive income	(885)	1 716
Total comprehensive result	(2 730)	(88)
 Schedule of Financial Position - Home for Incurables Trust for the year ended 30 June 2016	 2016 \$'000	 2015 \$'000
Current assets		
Cash and cash equivalents		
Special deposits with the Treasurer	641	717
Deposits with SAFA	4 020	5 448
Total cash and cash equivalents	4 661	6 165
Total current assets	4 661	6 165
Non-current assets		
Property, plant and equipment	27 429	30 188
Investment property	1 400	1 286
Capital works in progress	1 499	-
Total non-current assets	30 328	31 474
Total assets	34 989	37 639
Current liabilities		
Payables	100	20
Total current liabilities	100	20
Total liabilities	100	20
Net assets	34 889	37 619

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
For the year ended 30 June 2016

Schedule of Changes in Equity - Home for Incurables Trust
for the year ended 30 June 2016

	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2014	26 652	11 055	37 707
Net result for 2014-15	-	(1 804)	(1 804)
Net gain/(loss) on revaluation of property, plant and equipment	1 716	-	1 716
Total comprehensive result for 2014-15	1 716	(1 804)	(88)
Balance at 30 June 2015	28 368	9 251	37 619
Net result for 2015-16	-	(1 845)	(1 845)
Net gain/(loss) on revaluation of property, plant and equipment	(885)	-	(885)
Total comprehensive result for 2015-16	(885)	(1 845)	(2 730)
Balance at 30 June 2016	27 483	7 406	34 889

Schedule of Administered Cash Flows - Home for Incurables Trust
for the year ended 30 June 2016

	2016 Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000
Cash flows from operating activities		
Cash outflows		
Supplies and services	(90)	(422)
Grants, subsidies and client payments	(460)	(449)
Cash used in operations	(550)	(871)
Cash inflows		
Interest revenue	143	158
Rental revenue	402	517
Cash generated from operations	545	675
Net cash (used in) / provided by operating activities	(5)	(196)
Cash flows from investing activities		
Cash outflows		
Payments for plant, equipment and investments	(1 499)	(72)
Cash used in investing activities	(1 499)	(72)
Net cash (used in) / provided by investing activities	(1 499)	(72)
Net increase / (decrease) in cash	(1 504)	(268)
Cash at the beginning of the period	6 165	6 433
Cash at the end of the period	4 661	6 165

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
For the year ended 30 June 2016

Accounting Policies

Cash and cash equivalents

Cash and cash equivalents as reported in the Schedule of Assets and Liabilities - Home for Incurables Trust includes cash on hand, deposits held at call and other short-term, highly liquid investments with maturities of three months or less that are readily convertible to cash and which are subject to insignificant risk of changes in value. Cash is measured at nominal value.

**Reconciliation of Property Plant and Equipment
- Home for Incurables Trust**

Property, plant and equipment	2016 \$'000	2015 \$'000
Land and buildings		
Site land (fair value)	11 250	15 160
Buildings and improvements (fair value)	15 732	17 907
Less: accumulated depreciation - buildings and improvements	(12)	(3 373)
Total land and buildings	26 970	29 694
Property, plant and equipment		
Other plant and equipment at cost (deemed fair value)	520	520
Less: accumulated depreciation - other plant and equipment at cost	(61)	(26)
Total plant and equipment	459	494
Total property, plant and equipment	27 429	30 188

Reconciliation of Land, Buildings, Plant and Equipment - Home for Incurables Trust

The following table shows the movement of land, buildings and improvements and plant and equipment for the Home for Incurables Trust during 2015-16

	Site land \$'000	Buildings and improvements \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at 30 June 2015	15 160	14 534	494	30 188
Depreciation and amortisation for the year	-	(1 839)	(35)	(1 874)
Revaluation increment/(decrement)	(3 910)	3 025	-	(885)
Carrying amount at 30 June 2016	11 250	15 720	459	27 429

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
For the year ended 30 June 2016

The following table shows the movement of land, buildings and improvements and plant and equipment for the Home for Incurables Trust during 2014-15

	Site land	Buildings and improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 30 June 2014	13 510	14 953	-	28 463
Depreciation and amortisation for the year	-	(1 686)	(26)	(1 712)
Revaluation increment/(decrement)	1 650	-	-	1 650
Transfers from work in progress	-	1 267	520	1 787
Carrying amount at 30 June 2015	15 160	14 534	494	30 188

Reconciliation of capital work in progress - Home for Incurables Trust

The following table shows the movement of capital work in progress for the Home for Incurables Trust during 2015-16

	2016	2015
	\$'000	\$'000
Carrying amount at the beginning of the year	-	1 715
Purchases	1 499	72
Transfers to completed works	-	(1 787)
Total land and buildings	1 499	-

Investment property - Home for Incurables Trust

	2016	2015
	\$'000	\$'000
Investment building	786	786
Revaluation increment / (decrement)	(186)	-
Fair value at 30 June	600	786

	2016	2015
	\$'000	\$'000
Investment land	500	434
Revaluation increment / (decrement)	300	66
Fair value at 30 June	800	500
Total in investment property at 30 June	1 400	1 286

Certification of the Financial Statements

We certify that the:

- financial statements of the Department for Communities and Social Inclusion (DCSI):
 - are in accordance with the accounts and records of the authority; and
 - comply with relevant Treasurer's Instructions issued under Section 41 of the *Public Finance and Audit Act 1987*; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the authority as at 30 June 2016 and the result of its operations and cash flows for the financial year.
- internal controls employed by DCSI over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



.....
Tony Harrison
CHIEF EXECUTIVE



.....
Andrew Thompson
**EXECUTIVE DIRECTOR
FINANCIAL AND BUSINESS
SERVICES**

Date 15/9 / 2016



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**To the Chief Executive
Department for Communities and Social Inclusion**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the Department for Communities and Social Inclusion for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2016
- a Statement of Administered Financial Position as at 30 June 2016
- a Statement of Administered Changes in Equity for the year ended 30 June 2016
- a Statement of Administered Cash Flows for the year ended 30 June 2016
- a Schedule of Expenses and Income attributable to administered activities for the year ended 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information for administered items
- a Certificate from the Chief Executive and the Executive Director Financial and Business Services.

The Chief Executive's responsibility for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the Chief Executive determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial report 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 comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

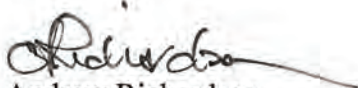
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 Chief Executive, as well as evaluating the overall presentation of the financial report.

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

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on the Department for Communities and Social Inclusion's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Department for Communities and Social Inclusion as at 30 June 2016, 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.



Andrew Richardson

Auditor-General

22 September 2016

Department for
Correctional Services

Financial report
for the year ended
30 June 2016

Department for Correctional Services
Statement of Comprehensive Income
For the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Expenses			
Employee benefit expenses	5	178,162	163,940
Supplies and services	6	82,853	69,248
Depreciation and amortisation expense	7	18,833	17,322
Payments to prisoners		3,402	3,092
Accommodation and associated lease costs		11,696	10,583
Grants	8	620	611
Net loss from disposal of non-current assets	9	-	265
Other expenses	10	693	680
Total expenses		296,259	265,741
Income			
Prison labour	12	3,697	2,681
Salaries and goods and services recoups		2,109	2,471
Interest revenues		1	1
Commonwealth revenue	13	667	667
Canteen and kitchen sales	14	1,820	2,536
Resources received free of charge	15	-	451
Other income	16	2,558	2,373
Total income		10,852	11,180
Net cost of providing services		285,407	254,561
Revenues from (payments to) SA Government:			
Revenues from SA Government	17	284,765	257,765
Payments to SA Government	17	(12,190)	(3,059)
Net result		(12,832)	145
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in revaluation surplus	21	16,506	6,702
Total comprehensive result		3,674	6,847

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

Department for Correctional Services
Statement of Financial Position
As at 30 June 2016

	Note No	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	18	6,547	23,804
Receivables	19	3,186	2,794
Inventories	20	1,490	1,260
Total current assets		11,223	27,858
Non-current assets			
Property, plant and equipment	21	498,060	442,417
Capital works in progress	22	15,320	41,411
Intangible assets	23	3,092	3,341
Biological assets	24	349	207
Total non-current assets		516,821	487,376
Total assets		528,044	515,234
Current liabilities			
Payables	26	14,507	18,096
Employee benefits	27	17,175	15,333
Provisions	28	3,691	3,553
Total current liabilities		35,373	36,982
Non-current liabilities			
Payables	26	2,762	2,308
Employee benefits	27	28,507	24,678
Provisions	28	6,053	8,040
Total non-current liabilities		37,322	35,026
Total liabilities		72,695	72,008
Net assets		455,349	443,226
Equity			
Retained earnings	29	63,859	76,485
Prisoner amenities reserve	29	1	207
Revaluation surplus	29	293,851	277,345
Contributed capital	29	97,638	89,189
Total equity		455,349	443,226

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	30
Contingent assets and liabilities	32

Department for Correctional Services
Statement of Changes in Equity
For the year ended 30 June 2016

	Note	Prisoner Amenities Reserve	Revaluation Surplus	Contributed Capital	Retained Earnings	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2014		280	273,590	60,793	73,650	408,313
Error correction	29	-	(2,947)	-	2,617	(330)
Restated balance at 30 June 2014		280	270,643	60,793	76,267	407,983
Net result for 2014-15		-	-	-	145	145
Gain on revaluation of land and buildings during 2014-15		-	6,702	-	-	6,702
Total comprehensive result for 2014-15		-	6,702	-	145	6,847
Net changes in reserves		(73)	-	-	73	-
Transactions with SA Government as owner:						
Equity contribution received		-	-	28,396	-	28,396
Balance at 30 June 2015	29	207	277,345	89,189	76,485	443,226
Net result for 2015-16		-	-	-	(12,832)	(12,832)
Gain on revaluation of land and buildings during 2015-16		-	16,506	-	-	16,506
Total comprehensive result for 2015-16		-	16,506	-	(12,832)	3,674
Net changes in reserves		(206)	-	-	206	-
Transactions with SA Government as owner:						
Equity contribution received		-	-	8,449	-	8,449
Balance at 30 June 2016	29	1	293,851	97,638	63,859	455,349

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

Department for Correctional Services
Statement of Cash Flows
For the year ended 30 June 2016

		2016 Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000
Cash flows from operating activities	Note		
Cash outflows			
Employee benefit payments		(173,745)	(161,215)
Supplies and services		(110,208)	(88,116)
Prisoner payments		(3,402)	(3,092)
Grants		(620)	(611)
Payments for Paid Parental Leave Scheme		(177)	(131)
Other payments		(680)	(654)
Cash used in operations		(288,832)	(253,819)
 Cash inflows			
Receipts from prison labour		3,697	2,681
Interest received		1	1
GST recovered from the ATO		10,098	9,905
Receipts for Paid Parental Leave Scheme		181	135
Other receipts		7,788	9,424
Cash generated from operations		21,765	22,146
 Cash flows from (to) SA Government			
Receipts from SA Government		284,765	257,765
Payments to SA Government		(12,190)	(3,059)
Cash generated from SA Government		272,575	254,706
Net cash provided by (used in) operating activities	34	5,508	23,033
 Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(31,214)	(41,401)
Cash used in investing activities		(31,214)	(41,401)
 Cash inflows			
Proceeds from sale of property, plant and equipment		-	168
Cash generated from investing activities		-	168
Net cash provided by (used in) investing activities		(31,214)	(41,233)
 Cash flows from financing activities:			
Cash inflows			
Capital contributions from SA Government		8,449	28,396
Cash generated from financing activities		8,449	28,396
Net Cash provided by (used in) financing activities		8,449	28,396
 Net increase/(decrease) in cash and cash equivalents		(17,257)	10,196
Cash and cash equivalents at the beginning of the financial year		23,804	13,608
Cash and cash equivalents at the end of the financial year	18	6,547	23,804

Department for Correctional Services
Disaggregated Disclosures – Expenses and Income
For the year ended 30 June 2016

	(Activities - refer note 4)	1	1	2	2
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
Expenses					
Employee benefit expenses		128,786	117,968	28,146	26,622
Supplies and services		68,022	57,052	6,771	5,772
Depreciation and amortisation expense		17,319	15,880	781	757
Payments to prisoners		2,907	2,654	-	-
Accommodation and associated lease costs		8,161	6,985	3,528	3,592
Grants		-	-	-	-
Net loss from disposal of non-current assets		-	(13)	-	278
Other expenses		660	618	34	43
Total expenses		225,855	201,144	39,260	37,064
Income:					
Prison labour		-	-	-	-
Salaries and goods and services recoups		251	585	1,710	1,671
Interest revenue		-	1	1	-
Commonwealth Revenue		-	-	-	-
Canteen and kitchen sales		1,820	2,536	-	-
Resources received free of charge		-	451	-	-
Other Income		1,984	2,105	4	87
Total income		4,055	5,678	1,715	1,758
Net cost of providing services		221,800	195,466	37,545	35,306
Revenues from SA Government		221,358	195,267	37,425	35,691
Payments to SA Government		(9,476)	(2,317)	(1,602)	(424)
Net Result		(9,918)	(2,516)	(1,722)	(39)

Department for Correctional Services
Disaggregated Disclosures – Expenses and Income
For the year ended 30 June 2016

	3 2016 \$'000	3 2015 \$'000	Total 2016 \$'000	Total 2015 \$'000
Expenses:				
Employee benefit expenses	21,230	19,350	178,162	163,940
Supplies and services	8,060	6,424	82,853	69,248
Depreciation and amortisation expense	733	685	18,833	17,322
Payments to prisoners	495	438	3,402	3,092
Accommodation and associated lease costs	7	6	11,696	10,583
Grants	620	611	620	611
Net loss from disposal of non-current assets	-	-	-	265
Other expenses	(1)	19	693	680
Total expenses	31,144	27,533	296,259	265,741
Income:				
Prison labour	3,697	2,681	3,697	2,681
Salaries and goods and services recoups	148	215	2,109	2,471
Interest revenue	-	-	1	1
Commonwealth revenue	667	667	667	667
Canteen and kitchen sales	-	-	1,820	2,536
Resources received free of charge	-	-	-	451
Other income	570	181	2,558	2,373
Total income	5,082	3,744	10,852	11,180
Net cost of providing services	26,062	23,789	285,407	254,561
Revenues from SA Government	25,982	26,807	284,765	257,765
Payments to SA Government	(1,112)	(318)	(12,190)	(3,059)
Net result	(1,192)	2,700	(12,832)	145

Department for Correctional Services
Disaggregated Disclosures – Assets and Liabilities
As at 30 June 2016

(Activities - refer note 4)	1	1	2	2	3	3
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets						
Cash and cash equivalents	41	41	3	3	1	1
Receivables	50	27	-	6	-	-
Inventories	273	287	-	-	971	746
Total current assets	364	355	3	9	972	747
Non-current assets						
Property, plant and equipment	472,615	416,356	9,969	9,943	13,033	13,177
Capital works in progress	14,804	41,016	144	358	12	37
Intangible assets	2,593	-	-	-	-	-
Biological assets	-	-	-	-	349	207
Total non-current assets	490,012	457,372	10,113	10,301	13,394	13,421
Total assets	490,376	457,727	10,116	10,310	14,366	14,168
Current Liabilities						
Payables	7,320	1,208	1,680	7,638	699	127
Employee benefits	12,416	11,552	2,713	2,494	2,046	1,287
Provisions	2,668	2,557	583	577	440	419
Total current liabilities	22,404	15,317	4,976	10,709	3,185	1,833
Non-Current Liabilities						
Payables	1,394	158	320	967	133	16
Employee benefits	20,606	17,758	4,504	4,007	3,397	2,913
Provisions	4,376	5,785	956	1,306	721	949
Total non-current liabilities	26,376	23,701	5,780	6,280	4,251	3,878
Total liabilities	48,780	39,018	10,756	16,989	7,436	5,711
Net assets	441,596	418,709	(640)	(6,679)	6,930	8,457

Department for Correctional Services
Disaggregated Disclosures – Assets and Liabilities
As at 30 June 2016

(Activities - refer note 4)	General/Not attributable 2016 \$'000	General/Not attributable 2015 \$'000	Total 2016 \$'000	Total 2015 \$'000
Current assets				
Cash and cash equivalents	6,502	23,759	6,547	23,804
Receivables	3,136	2,761	3,186	2,794
Inventories	246	227	1,490	1,260
Total current assets	9,884	26,747	11,223	27,858
Non-current assets				
Property, plant and equipment	2,443	2,941	498,060	442,417
Capital works in progress	360	-	15,320	41,411
Intangible assets	499	3,341	3,092	3,341
Biological assets	-	-	349	207
Total non-current assets	3,302	6,282	516,821	487,376
Total assets	13,186	33,029	528,044	515,234
Current Liabilities				
Payables	4,808	9,123	14,507	18,096
Employee benefits	-	-	17,175	15,333
Provisions	-	-	3,691	3,553
Total current liabilities	4,808	9,123	35,373	36,982
Non-Current Liabilities				
Payables	915	1,167	2,762	2,308
Employee benefits	-	-	28,507	24,678
Provisions	-	-	6,053	8,040
Total non-current liabilities	915	1,167	37,322	35,026
Total liabilities	5,723	10,290	72,695	72,008
Net assets	7,463	22,739	455,349	443,226

Department for Correctional Services

Notes to and forming part of the financial statements

1 Objectives of the Department for Correctional Services (the department)

The department is an administrative unit established pursuant to the *Public Sector Act 2009* (PSA).

The department contributes to a safer community by working in partnership with other criminal justice organisations and the community to prevent crime and reduce repeat offending.

The department safely, securely and humanely manages people ordered by the courts to serve a community based or prison sanction and provides them with opportunities to lead law-abiding productive lives.

2 Summary of significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987* (PFAA).

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with applicable Australian Accounting Standards (AASs) and comply with Treasurers Instructions (TIs) and Accounting Policy Statements (APSs) promulgated under the provisions of the *Public Finance and Audit Act 1987* (PFAA).

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

Except for AASB 2015-7 which the department has early adopted, AASs and interpretations that have recently been issued or amended but are not yet in effect have not been adopted by the department for the reporting period ending 30 June 2016. Refer note 3.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its 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 the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to Section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, which have been included in this financial report:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature
 - (b) expenses incurred as a result of engaging consultants
 - (c) employee targeted voluntary separation package information
 - (d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees
 - (e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

Department for Correctional Services

Notes to and forming part of the financial statements

(b) Basis of preparation (continued)

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented.

(c) Reporting entity

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

The financial statements and accompanying notes include all the controlled activities of the department. The department does not control any other entity and has no interests in unconsolidated structured entities. The department has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

The transactions and balances relating to administered items are not recognised as departmental income, expense, assets and liabilities. As administered items are insignificant in relation to the department's overall financial performance and position, they are disclosed in Note 38. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

(d) Budgeted amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes. The budget process is not subject to audit.

(e) Comparative information

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

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

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

(f) Rounding

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

(g) Taxation

The department is not subject to income tax. The department is liable for payroll tax, fringe benefits tax (FBT), goods and service tax (GST), Emergency Services Levy and other tax equivalents.

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

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Tax Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable.

Department for Correctional Services

Notes to and forming part of the financial statements

(g) Taxation (continued)

- receivables and payables, which are stated with the amount of GST included.

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

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

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

(h) Events after the reporting period

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

(i) Income and expenses

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

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

Income

The following are specific recognition criteria:

- *Disposal of non-current assets*

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

Any gain (loss) on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deducting the carrying amount of the asset from the proceeds at that time.

- *Revenues from SA Government*

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

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

- *Grants received/paid*

Grants paid are amounts provided by the department to entities for general assistance or for a particular purpose. Such grants may be for capital, current or recurrent purposes and the name or category reflects the use of the grant. Grants received are recognised as income at the time the department obtains control over the funds. Grants paid/received are usually subject to terms and conditions set out in the contract, correspondence, or by legislation governing the provision of the grant.

- *Resources received free of charge*

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

Department for Correctional Services

Notes to and forming part of the financial statements

(i) Income and expenses (continued)

Expenses

— *Employee Benefits*

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

— *Superannuation*

The amount charged to the Statement of Comprehensive Income represents the contributions made by the department to the superannuation plan in respect of current services of current departmental staff. DTF centrally recognises the superannuation liability in the whole-of-government financial statements.

— *Payments to SA Government*

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy and are paid directly to the Consolidated Account.

— *Payments to prisoners*

These include payments made on behalf of prisoners and payments made to prisoners upon release.

(j) Current and non-current classification

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

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

(k) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand and are used in the cash management function on a day-to-day basis.

Cash is measured at nominal value.

(l) Receivables

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

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

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

Other debtors arise outside the normal course of selling goods and services to other agencies and to the public.

(m) Inventories

Inventories include goods and other property held either for sale or distribution at nominal cost in the ordinary course of business.

Department for Correctional Services

Notes to and forming part of the financial statements

(m) Inventories (continued)

Inventory in institutional stores is held for distribution at cost and is adjusted when applicable for any loss of service potential.

Inventory held in prison canteens is held for sale at nominal cost and is assigned on the basis of average cost.

Inventory held by prison industries is measured at cost.

Lock and physical security item inventory is held for distribution at cost and adjusted when applicable for any loss of service potential.

(n) Non-current asset acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental costs involved with the acquisition. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. Non-current assets are subsequently measured at fair value less accumulated depreciation.

Since the department controls a large number of low value items, the cost of accounting for the capitalisation of items costing less than \$10 000 is expected to outweigh the benefits that would be gained from reporting this information. As a result, items with an acquisition cost less than \$10 000 are expensed in the period in which they are acquired.

Capital works in progress are recognised as the cumulative costs of capital projects to balance date. Projects completed during the year have been recognised as buildings, plant or equipment and are valued at cost.

(o) Revaluation of non-current assets

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

Every three years, a full revaluation of the department's land and buildings is undertaken. A 'desk-top' revaluation is undertaken by an independent valuer for the two interim years. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value then a full revaluation may be undertaken and the asset will be revalued regardless of when the last full valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

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

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

Accumulated depreciation is restated proportionately whereby the carrying amount of the asset after revaluation equals the revalued amount of the asset.

(p) Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost.

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

Department for Correctional Services

Notes to and forming part of the financial statements

(q) Depreciation and amortisation of non-current assets

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

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

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

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

Land is not depreciated.

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

<i>Class of asset</i>	<i>Depreciation method</i>	<i>Useful life (years)</i>
Plant and equipment	Straight-line	4-20
Buildings (including prisons)	Straight-line	Up to 60
Intangibles	Straight-line	3-5
Leasehold improvements	Straight-line	Life of lease

(r) Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

— *Software Licences*

Software is an intangible asset with a finite life. The amortisation period and the amortisation method for software are reviewed on an annual basis.

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

— *Water Licences*

The South Australian Government has issued water licences to the department under the *Natural Resources Management Act 2004*. The department acquired the licences on 1 July 2009. The licences allow access to water from River Murray for stock, domestic and irrigation purposes at the Cadell Training Centre.

In applying AASB 138 *Intangible Assets*, the department has concluded that a reliable estimate of the fair value of these licences was determined by the valuer Martin Burns, M.B.A., B.App.Sc. Property Resource Management, AAPI, an independent Certified Practising Valuer of Liquid Pacific at 1 July 2014.

The water licences have an indefinite useful life and as such are not subject to amortisation.

Department for Correctional Services

Notes to and forming part of the financial statements

(s) Biological assets

Biological assets such as cattle are measured at fair value less estimated point-of-sales costs. The fair value is determined based on current market values of the biological assets.

The olive grove is measured at cost plus any gains arising from changes in fair value less estimated point-of-sale costs attributable to physical changes.

The citrus grove is measured at cost plus any gains arising from changes in fair value less estimated point-of-sale costs attributable to physical changes.

(t) Fair value measurement

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The department classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

— *Level 1*

Traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

— *Level 2*

Not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.

— *Level 3*

Not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed by the department at each reporting date.

Non-financial assets

In determining fair value, the department has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The department's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the department did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a 'fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years' are deemed to approximate fair value.

Refer to Note 25 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets/liabilities

The department does not recognise any financial assets or financial liabilities at fair value.

(u) Payables

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

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

Department for Correctional Services

Notes to and forming part of the financial statements

(u) Payables (continued)

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

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

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

Employment benefit on-costs include superannuation contributions, workers compensation levies and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave (SERL).

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

(v) 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, skills and experience retention leave and sick leave

Liability for salaries and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

Unclaimed salaries and wages have been included as a current liability for employee benefits.

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

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

Long service leave

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

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

The long service leave provision is classified as current or non-current using the average leave pattern history of previous years.

Employee benefit on-costs

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

Department for Correctional Services

Notes to and forming part of the financial statements

(w) Provisions

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

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

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

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2016 provided by a consulting actuary engaged through the Office for the Public Sector of the Department of the Premier and Cabinet. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The department is responsible for the payment of workers compensation claims.

(x) Unrecognised contractual commitments and contingent assets and liabilities

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

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

(y) Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement. The department has assessed whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The department has entered into a number of operating lease agreements for buildings and motor vehicles.

Operating Leases

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

The department does not have any finance lease arrangements.

(z) Prisoner Amenities Reserve

Proceeds from the sale of canteen goods to prisoners net of the cost of certain direct canteen expenses are made available for the acquisition of items for the benefit of prisoners. These net proceeds are accounted for in the prisoner amenities reserve.

Department for Correctional Services

Notes to and forming part of the financial statements

3 New and revised accounting standards and policies

The department did not voluntarily change any of its accounting policies during 2015-16.

Except for AASB 2015-7 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 period ending 30 June 2016. 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, except as outlined below.

AASB 16 Leases will apply for the first time in the 30 June 2020 financial report. This standard will require all leased items to be recognised in the statement of financial position as assets representing the value of that which is leased, and liabilities representing expected future lease payments. Depending on the lease arrangements entered into by the department at the time, significant assets and liabilities could be recognised and amortised over the lease terms.

4 Activities of the department

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

Activity 1 Custodial Services

The department provides secure containment and supervision for adults on remand and those sentenced by the courts to serve a custodial sanction. The Custodial Services program includes costs associated with operating the State's prison system, the humane treatment of prisoners while in custody and the secure movement of prisoners.

Activity 2 Community Based Services

The department case manages and supervises offenders in the community on probation, parole or under home detention and bailees on supervised bail.

Activity 3 Rehabilitation and Reparation Services

The department provides a range of educational, vocational and rehabilitative activities designed to assist offenders to address their offending behaviour and provide them with opportunities to lead law abiding and productive lives.

General/not attributable

Certain assets and liabilities of the department are unable to be allocated reliably to activities.

The disaggregated disclosures schedules present expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2015 and 30 June 2016.

Department for Correctional Services
Notes to and forming part of the financial statements

5 Employee benefit expenses

	2016	2015
	\$'000	\$'000
Salaries and wages	134,567	124,421
Employment on-costs - superannuation	13,718	12,921
Employment on-costs - payroll tax	8,384	7,706
Annual leave	12,998	11,811
LSL	6,115	4,994
SERL	559	498
Workers compensation salary payments	1,821	1,589
Total employee benefit expenses	178,162	163,940

Remuneration of employees

	Executive		Employees	
	2016	2015	2016	2015
	Number	Number	Number	Number
The number of employees whose remuneration received or receivable falls within the following bands:				
\$141 500 - \$145 000 *	n/a	2	n/a	10
\$145 001 - \$155 000	-	1	11	5
\$155 001 - \$165 000	1	-	3	2
\$165 001 - \$175 000	4	2	-	2
\$175 001 - \$185 000	1	2	-	2
\$185 001 - \$195 000	1	-	2	1
\$195 001 - \$205 000	-	-	1	1
\$205 001 - \$215 000	-	1	1	-
\$215 001 - \$225 000	-	1	-	-
\$225 001 - \$235 000	1	1	-	-
\$235 001 - \$245 000	1	-	-	-
\$315 001 - \$325 000	-	1	-	-
\$325 001 - \$335 000	1	-	-	-
\$535 001 - \$545 000 **	-	1	-	-
Total	10	12	18	23

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2014-15.

** Payment for one executive upon termination and includes LSL, annual leave and termination benefits.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$4.9 million (\$6.2 million).

Department for Correctional Services

Notes to and forming part of the financial statements

5 Employee benefit expenses (continued)

Targeted Voluntary Separation Packages

	2016 \$'000	2015 \$'000
Amounts paid during the reporting period to separated employees:		
TVSPs	-	269
Annual leave, long service leave and retention leave paid	-	86
	-	355
Less:		
Recovery from the Department of Treasury and Finance	-	(243)
Net cost to the Department	-	112

The number of employees who received a TVSP during the reporting period was 0 (6).

6 Supplies and services

	2016 \$'000	2015 \$'000
Supplies and services provided:		
Contracts ⁽¹⁾	31,647	25,796
Works and equipment costs	5,305	4,404
Cost of goods sold - prison industries	3,946	3,460
Cost of goods sold - canteen and kitchen sales	1,925	2,446
Offender related costs	9,241	8,298
Utilities	7,966	7,876
Consultants	147	247
Travel expenses	1,587	1,282
IT costs	4,397	4,015
Workers compensation	1,124	(1,372)
Staff related costs	2,163	1,629
Contracted staff	451	936
Shared Services SA processing charges	2,388	2,212
Insurance charges	1,420	1,306
WHS expenses	304	235
Materials and consumables	604	512
Board and committee fees	293	276
Sundry other expenses ⁽²⁾	7,945	5,690
Total supplies and services	82,853	69,248

⁽¹⁾ The main contracts for the department include the Mount Gambier prison management, prisoner movement and in-court management and Electronic Monitoring Services South Australia.

⁽²⁾ Includes Auditor's remuneration costs (refer to Note 11).

Consultants

The number and dollar amount of consultancies paid/payable (included in Consultants expenses shown above) fell within the following bands:

	No.	2016 \$'000	No.	2015 \$'000
Below \$10 000	-	-	-	-
Between \$10 000 and \$50 000	-	-	1	31
Above \$50 000	1	147	1	216
Total	1	147	2	247

Department for Correctional Services
Notes to and forming part of the financial statements

7 Depreciation and amortisation expense

	2016 \$'000	2015 \$'000
Depreciation:		
Buildings	17,272	15,766
Plant and equipment	340	299
Total depreciation	17,612	16,065
Amortisation:		
Leasehold improvements	972	1,008
Intangibles assets	249	249
Total amortisation	1,221	1,257
Total depreciation and amortisation expense	18,833	17,322

During the year, the department reassessed the useful life of its assets and determined that no change was necessary.

8 Grants

	2016 \$'000	2015 \$'000
Grants:		
Recurrent grants	620	611
Total grants provided	620	611

9 Net loss from disposal of non-current assets

	2016 \$'000	2015 \$'000
Land and buildings		
Proceeds from disposal of land and buildings	-	141
Net book value of land and buildings disposed	-	(426)
Net loss from disposal from land and buildings	-	(285)
Plant and equipment:		
Proceeds from disposal of non-current assets	-	27
Net book value of assets disposed	-	(7)
Net loss from disposal of plant and equipment	-	20
Total assets:		
Proceeds from disposal of non-current assets	-	168
Net book value of assets disposed	-	(433)
Net loss from disposal of non-current assets	-	(265)

Department for Correctional Services
Notes to and forming part of the financial statements

10 Other expenses

	2016 \$'000	2015 \$'000
Other expenses		
Bad debts expense	11	1
Bank charges	23	22
Fringe benefits tax	400	361
Other	259	296
Total other expenses	693	680

11 Auditor's remuneration

	2016 \$'000	2015 \$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	134	116
Total audit fees	134	116

Other Services

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

12 Net income (loss) from prison labour

	Yatala Labour Prison		Mobilong Prison		Cadell Training Centre		AWP/APC/NDC	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Sales income								
Internal sales	447	475	513	444	693	728	374	352
External sales	472	464	218	260	243	114	2,086	1,576
Total sales income	919	939	731	704	936	842	2,460	1,928
Cost of goods sold	(446)	(463)	(449)	(435)	(502)	(526)	(1,981)	(1,717)
Gross profit	473	476	282	269	434	316	479	211
Other income	-	-	1	3	132	21	17	26
Other expenses	(2,027)	(1,856)	(1,143)	(1,044)	(1,253)	(1,265)	(843)	(604)
Net income (loss)	(1,554)	(1,380)	(860)	(772)	(687)	(928)	(347)	(367)

	Port Augusta Prison		Port Lincoln Prison		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Sales income						
Internal sales	27	209	11	18	2,065	2,226
External sales	456	91	222	176	3,697	2,681
Total sales income	483	300	233	194	5,762	4,907
Cost of goods sold	(435)	(210)	(133)	(109)	(3,946)	(3,460)
Gross profit	48	90	100	85	1,816	1,447
Other income	1	1	22	1	173	52
Other expenses	(1,681)	(1,379)	(415)	(375)	(7,362)	(6,523)
Net income (loss)	(1,632)	(1,288)	(293)	(289)	(5,373)	(5,024)

Internal sales include \$15 000 (\$244 000) resulting from work undertaken by prisoners for projects that are part of the capital works program.

Internal sales have been eliminated from consolidated income and are therefore not included in the Statement of Comprehensive Income.

Department for Correctional Services
Notes to and forming part of the financial statements

12 Net income (loss) from prison labour (continued)

Other expenses include employee benefits, supplies and services, offender related costs and depreciation associated with industry operations at each location.

13 Commonwealth revenue

	2016 \$'000	2015 \$'000
Commonwealth revenue	667	667
Total commonwealth revenue	667	667

Commonwealth revenue is for the Remote Areas Program.

14 Canteen and kitchen sales

	2016 \$'000	2015 \$'000
Canteen and kitchen sales	1,820	2,536
Cost of goods sold	(1,925)	(2,446)
Net result of canteen and kitchen sales	(105)	90

In February 2016 the Port Augusta Distribution Centre (PADC) was established at the Port Augusta Prison site as a Prison Industries initiative. Canteen operations at Port Augusta Prison were transferred to the PADC in February 2016.

15 Resources received free of charge

	2016 \$'000	2015 \$'000
Resources received free of charge:		
Plant and equipment	-	451
Total resources received free of charge	-	451

In 2014-15, 300 digital radios and associated equipment were received from the Attorney-General's Department at no cost.

16 Other income

	2016 \$'000	2015 \$'000
Other income:		
Grants received	367	421
Revenue from recoveries	353	195
Internally generated assets	19	251
Prisoner telephone receipts	1,517	1,383
Other	302	123
Total other income	2,558	2,373

Department for Correctional Services **Notes to and forming part of the financial statements**

17 Revenues from (payments to) SA Government

	2016 \$'000	2015 \$'000
Revenues from SA Government:		
Appropriations from Consolidated Account Pursuant to the <i>Appropriation Act</i> and other revenues from the Consolidated Account	284,765	257,765
Total revenues from SA Government	284,765	257,765
Payments to SA Government:		
Return of surplus cash pursuant to cash alignment policy	12,190	2,918
Proceeds of sale of Marla Community Corrections Centre forwarded to DTF	-	141
Total payments to SA Government	12,190	3,059

Total revenues from Government consist of \$284.8 million (\$257.8 million) for operational funding and capital projects. For details on the expenditure associated with the operational funding received refer to notes 5 to 11. There were no material variations between the amount appropriated and the expenditure associated with this appropriation.

18 Cash and cash equivalents

	2016 \$'000	2015 \$'000
Deposits with the Treasurer	6,511	23,768
Prison imprest accounts	27	26
Petty Cash	9	10
Total cash and cash equivalents	6,547	23,804

Deposits with the Treasurer

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

During 2015-16, the department transferred \$12.2 million (\$2.9m) of its cash balance to the Consolidated Account in accordance with the Cash Alignment Policy.

Interest Rate Risk

Petty cash and deposits at call and with the Treasurer are non-interest bearing. Prison imprest accounts earn a floating interest rate based on daily bank deposit rates. The carrying amount of cash approximates fair value.

19 Receivables

	2016 \$'000	2015 \$'000
Current:		
Receivables	703	647
Allowance for doubtful debts	(4)	(4)
	699	643
Accrued revenue	154	82
GST receivable	2,314	2,055
Prepayments	19	14
Total receivables	3,186	2,794

Department for Correctional Services

Notes to and forming part of the financial statements

19 Receivables (continued)

Allowance for doubtful debts

An 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.

	2016	2015
	\$'000	\$'000
Movements in the allowance for doubtful debts (impairment loss):		
Carrying amount at 1 July	4	5
Increase in the provision	-	-
Amounts written off	-	(1)
Carrying amount at 30 June	4	4

Interest rate and credit risk

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

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

(a) *Ageing analysis of receivables* - Refer Note 37

(b) *Categorisation of financial instruments and risk exposure information* - Refer Note 37

The department does not have any material interest bearing assets and liabilities and is not exposed to any interest rate risk.

20 Inventories

	2016	2015
	\$'000	\$'000
Current - held for distribution:		
Stores	519	514
Total inventories held for distribution	519	514
Current - other than those held for distribution:		
Raw materials and work in progress	675	555
Finished goods	67	42
Stores	229	149
Total current inventories other than those held for distribution	971	746
Total inventories	1,490	1,260

Department for Correctional Services
Notes to and forming part of the financial statements

21 Property, plant and equipment

	2016 \$'000	2015 \$'000
Land and buildings:		
Land at fair value (existing use)	87,001	63,351
Buildings at fair value	822,364	760,477
Accumulated depreciation	(418,462)	(389,529)
Total land and buildings	490,903	434,299
Leasehold improvements:		
Leasehold improvements (deemed fair value)	11,840	11,643
Accumulated amortisation	(6,643)	(5,671)
Total leasehold improvements	5,197	5,972
Plant and equipment:		
Plant and equipment at cost (deemed fair value)	5,733	5,636
Accumulated depreciation	(3,773)	(3,490)
Total plant and equipment	1,960	2,146
Total property, plant and equipment	498,060	442,417

Valuation of land and buildings

A site valuation of land and buildings was performed by independent valuer, Martin Burns of Liquid Pacific as at 30 June 2016.

The valuer arrived at fair value using the market approach. The valuation was based on recent market transactions for similar land and buildings (non-specialised) in the area and includes adjustment for factors specific to the land and building being valued such as size and location. Fair value of land classified as restricted in use was determined using an adjusted market price of surrounding unrestricted land.

The valuer used depreciated replacement cost for specialised buildings, due to there not being an active market. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature and restricted use of the assets; their size, condition and location. The valuation was based on an assessment of useful life and asset condition.

Reconciliation of property, plant and equipment

The following table shows movement in property, plant and equipment during 2015-16:

	Land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at 1 July	434,299	5,972	2,146	442,417
Acquisitions	55	-	45	100
Transfers from capital works in progress	57,306	197	118	57,621
Revaluation increment	16,515	-	(9)	16,506
Depreciation and amortisation	(17,272)	(972)	(340)	(18,584)
Carrying amount at 30 June	490,903	5,197	1,960	498,060

Department for Correctional Services
Notes to and forming part of the financial statements

21 Property, plant and equipment (continued)

The following table shows movement in property, plant and equipment during 2014-15:

	Land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at 1 July	421,112	6,975	1,758	429,845
Acquisitions	13	-	81	94
Transfers from capital works in progress	22,664	5	613	23,282
Disposals	(426)	-	(7)	(433)
Revaluation increment	6,702	-	-	6,702
Depreciation and amortisation	(15,766)	(1,008)	(299)	(17,073)
Carrying amount at 30 June	434,299	5,972	2,146	442,417

22 Capital works in progress

	2016 \$'000	2015 \$'000
Capital works in progress	15,320	41,411
Total capital works in progress	15,320	41,411

Reconciliation of capital works in progress

The following table shows movement in capital works in progress during 2015-16:

Carrying amount at 1 July	41,411	23,726
Additions	31,530	40,967
Transfers to property, plant and equipment	(57,621)	(23,282)
Carrying amount at 30 June	15,320	41,411

The decrease in the carrying amount in 2015-16 mainly reflects the completion of additional accommodation projects at Mount Gambier Prison of \$23.9 million, the Northfield Infrastructure Upgrade Project of \$16.4 million and offset by further expenditure of \$8.5 million on additional accommodation projects at various sites and \$2 million on the electronic security infrastructure upgrade project at Mobilong.

23 Intangible assets

	2016 \$'000	2015 \$'000
Software licences:		
Software licences	1,167	1,167
Accumulated amortisation	(668)	(419)
Total software licences	499	748
Water licences	2,593	2,593
Total water licences	2,593	2,593
Total Intangibles	3,092	3,341

Water Licences secure access to water resources at the Cadell Training Centre.

Department for Correctional Services
Notes to and forming part of the financial statements

23 Intangible assets (continued)

Reconciliation of intangible assets

The following table shows movement in intangible assets during 2015-16:

	Software licences \$'000	Water licences \$'000	Total \$'000
Carrying amount at 1 July	748	2,593	3,341
Amortisation	(249)	-	(249)
Carrying amount at 30 June	499	2,593	3,092

The following table shows movement in intangible assets during 2014-15:

	Software licences \$'000	Water licences \$'000	Total \$'000
Carrying amount at 1 July	997	2,593	3,590
Amortisation	(249)	-	(249)
Carrying amount at 30 June	748	2,593	3,341

24 Biological assets

	2016 \$'000	2015 \$'000
Livestock	259	117
Olive Grove	90	90
Total biological assets	349	207

Reconciliation of biological assets

The following table shows movement in biological assets during 2015-16:

	Livestock \$'000	Olive Grove \$'000	Total \$'000
Carrying amount at 1 July	117	90	207
Increases due to purchases	20	-	20
Gain (loss) arising from changes in fair value less estimated point-of-sale costs attributable to physical changes	73	-	73
Gain (loss) arising from changes in fair value less estimated point-of-sale costs attributable to price changes	118	-	118
Decreases due to sales	(69)	-	(69)
Carrying amount at 30 June	259	90	349

Department for Correctional Services

Notes to and forming part of the financial statements

24 Biological assets (continued)

The following table shows movement in biological assets during 2014-15:

	Livestock \$'000	Olive Grove \$'000	Total \$'000
Carrying amount at 1 July	131	90	221
Increases due to purchases	1	-	1
Gain (loss) arising from changes in fair value less estimated point-of-sale costs attributable to physical changes	22	-	22
Gain (loss) arising from changes in fair value less estimated point-of-sale costs attributable to price changes	(17)	-	(17)
Decreases due to sales	(20)	-	(20)
Carrying amount at 30 June	117	90	207

Livestock

Currently there are 162 (138) cattle held at Cadell Training Centre and Port Lincoln Prison for the purpose of milk and meat production for internal use within the prison system. The cattle are at various stages of life. As at reporting date there are no commitments for the development or acquisition of livestock.

Financial risk is considered to be extremely low with any losses being absorbed in the year of exposure. No government grants have been issued in relation to the livestock.

Plants

The olive grove is situated on approximately 32 hectares of land at the Cadell Training Centre. The grove has been developed to produce commercially viable olive oil.

The citrus grove is situated on approximately 19 hectares of land at the Cadell Training Centre. The original plantation (13.21 hectares) has reached the end of its useful life. The current plantation comprises 6.23 hectares of existing trees that are currently non-productive.

25 Fair value measurement

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or disclosure purposes. The department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the statement of Financial Position are categorised into the following levels at 30 June 2016.

The department had no valuations categorised into level 1.

Department for Correctional Services
Notes to and forming part of the financial statements

25 Fair value measurement (continued)

Fair value measurements

Fair value measurements at 30 June 2016

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Buildings - specialised	-	402,361	402,361
Buildings - non-specialised	1,541	-	1,541
Land	87,001	-	87,001
Leasehold improvements	-	5,197	5,197
Plant and equipment	-	1,960	1,960
Biological assets	349	-	349
Total recurring fair value measurements	88,891	409,518	498,409

Fair value measurements at 30 June 2015

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Buildings - specialised	-	369,085	369,085
Buildings - non-specialised	1,863	-	1,863
Land	63,351	-	63,351
Leasehold improvements	-	5,972	5,972
Plant and equipment	-	2,146	2,146
Biological assets	207	-	207
Total recurring fair value measurements	65,421	377,203	442,624

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2016. The department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques and inputs

Valuation techniques and inputs used to derive level 2 and 3 fair values are at notes 2 and 21.

Unobservable inputs used in determining the fair value of plant and equipment and leasehold improvements are cost, useful lives and assessed condition as described in notes 2 and 21.

Department for Correctional Services
Notes to and forming part of the financial statements

25 Fair value measurement (continued)

Reconciliation of recurring fair value measurements – (Level 3)

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3) during 2015-16:

	Specialised buildings	Leasehold improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	369,085	5,972	2,146	377,203
Acquisitions	55	-	45	100
Transfer from/to Work in Progress	57,191	197	118	57,506
Gains/(losses) for the period recognised in net result:				
Depreciation and amortisation	(17,093)	(972)	(340)	(18,405)
	(17,093)	(972)	(340)	(18,405)
Gains/(losses) for the period recognised in other comprehensive income:				
Revaluation increment/decrement	(6,877)	-	(9)	(6,886)
	(6,877)	-	(9)	(6,886)
Carrying amount at 30 June	402,361	5,197	1,960	409,518

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3) during 2014-15:

	Specialised buildings	Leasehold improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	355,863	6,975	1,758	364,596
Acquisitions	13	-	81	94
Capitalised subsequent expenditure	22,664	5	613	23,282
Disposals	(411)	-	(7)	(418)
Gains/(losses) for the period recognised in net result:				
Depreciation and amortisation	(15,611)	(1,008)	(299)	(16,918)
	(15,611)	(1,008)	(299)	(16,918)
Gains/(losses) for the period recognised in other comprehensive income:				
Revaluation increment/decrement	6,567	-	-	6,567
	6,567	-	-	6,567
Carrying amount at 30 June	369,085	5,972	2,146	377,203

Department for Correctional Services
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26 Payables

	2016	2015
	\$'000	\$'000
Current:		
Creditors ⁽¹⁾	7,804	12,307
Accruals	3,498	2,954
Employment on-costs	3,190	2,824
Paid Parental Leave Scheme payable	15	11
Total current payables	14,507	18,096
Non-Current:		
Employment on-costs	2,762	2,308
Total non-current payables	2,762	2,308
Total payables	17,269	20,404

⁽¹⁾ Creditors include \$3.6 million (\$5.9 million) for additional prisoner accommodation projects.

Based on an actuarial assessment performed by the Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave has increased from the 30 June 2015 percentage rate of 37% to 40% for 30 June 2016. The average factor for the calculation of employer superannuation contribution on-cost has decreased from the 30 June 2015 percentage rate of 10.3% to 10.2% for 30 June 2016. These rates are used in the employment on-cost calculation. The financial effect of the change in the percentage rate of the proportion of long service leave taken as leave on employment on-costs and employee benefit expense is immaterial.

Interest Rate and Credit risk

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

27 Employee benefits

	2016	2015
	\$'000	\$'000
Current		
Annual leave	11,400	10,360
Long service leave	2,702	2,918
Skills and experience retention leave	549	447
Accrued salaries and wages	2,520	1,604
Unclaimed salaries and wages	4	4
Total current employee benefits	17,175	15,333
Non-current		
Annual leave	916	778
Long service leave	27,320	23,613
Skills and experience retention leave	271	287
Total non-current employee benefits	28,507	24,678
Total employee benefits	45,682	40,011

AASB 119 Employee Benefits contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave.

Department for Correctional Services

Notes to and forming part of the financial statements

27 Employee benefits (continued)

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has decreased from 2015 (3%) to 2016 (2%). A decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes in methodology and actuarial assumptions in the current financial year is an increase in the long service leave liability of \$1.987 million and employee benefits expense of \$1.987 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability.

28 Provisions

	2016 \$'000	2015 \$'000
Current:		
Workers compensation - medical and other costs	2,301	2,184
Workers compensation - income maintenance	1,390	1,369
Total current provisions	3,691	3,553
Non-current:		
Workers compensation - medical and other costs	3,780	5,011
Workers compensation - income maintenance	2,273	3,029
Total non-current provisions	6,053	8,040
Total provisions	9,744	11,593
	2016 \$'000	2015 \$'000
Carrying amount as at 1 July	11,593	15,584
Workers compensation payments	(4,175)	(3,735)
(Decrease)/Increase in provision	2,326	(256)
Carrying amount at 30 June	9,744	11,593

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

29 Equity

	2016 \$'000	2015 \$'000
Retained earnings	63,859	76,485
Prisoner Amenities Reserve	1	207
Revaluation surplus	293,851	277,345
Contributed Capital	97,638	89,189
Carrying amount at 30 June	455,349	443,226

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets to the extent that they offset one another.

Department for Correctional Services

Notes to and forming part of the financial statements

29 Equity (continued)

The Prisoner Amenities Reserve reflects the funds available to purchase amenities, such as gym equipment, for the specific benefit and use of prisoners. Proceeds from the sale of canteen goods to prisoners net of the cost of certain direct expenses less any associated prisoner amenities expenditure incurred during the financial year is transferred to or from the reserve at year end.

Contributed capital received represents equity contribution from the SA Government under the *Appropriation Act* to fund the investing activities of the department.

Error correction

The following prior period adjustments occurred in 2015-16:

An adjustment of \$2.957m in capital works in progress resulting from the non-capitalisation of capital works expenditure incurred as part of the Northfield Infrastructure Stage 1 project from 2009 to 2013. This was corrected against the 30 June 2014 revaluation surplus balance.

An adjustment of \$1.05m in capital works in progress resulting from the non-capitalisation of capital works expenditure incurred as part of the Adelaide Women's Prison 20 bed cell block project completed in February 2015. This was corrected by increasing additions from work in progress and decreasing gain on revaluation in the 2014-15 year.

An adjustment of \$2.593m in water licences relates to water licences acquired by the department on 1 July 2009. This was corrected against the 30 June 2014 retained earnings balance.

An adjustment of \$31,000 relating to purchased leave. This was corrected by increasing the 30 June 2014 retained earnings balance by \$24,000 and decreasing salaries and wages in 2014-15 by \$7,000.

30 Unrecognised contractual commitments

	2016	2015
	\$'000	\$'000
Contract service commitments		
Within one year	21,311	22,913
Later than one year but not later than five years	43,059	7,016
Total contract service commitments	64,370	29,929

The prisoner movement and in-court management contract was extended for a further 5 years from 1 February 2016 and is due to expire on 31 January 2021.

The home detention monitoring contract was renewed on 20 January 2014 for a three year period. The contract is due to expire on 19 January 2017.

The management of Mount Gambier Prison contract is effective from 1 December 2011 to 30 November 2016, a five year period.

The above contracts have provisions for termination by the Crown without penalty to the Crown. However, a termination for convenience by the Crown would attract variable payments and reimbursements specified in the contract depending on the circumstance and amount of the termination notice. The ongoing cancellable commitments (which have not been recognised as liabilities) are noted above.

The above figures:

- are subject to an escalation based on indices not yet published by the Australian Bureau of Statistics, and as a result are not adjusted for inflation and are based on 2015-16 prisoner populations.
- are exclusive of GST.

Department for Correctional Services **Notes to and forming part of the financial statements**

30 Unrecognised contractual commitments (continued)

Operating lease commitments	2016	2015
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:	\$'000	\$'000
Within one year	5,469	5,135
Later than one year but not later than five years	12,023	14,689
Later than five years	2,264	2,980
Total operating lease commitments	19,756	22,804

The department's operating leases are for office accommodation and motor vehicles. Office accommodation is leased from Building Management - Accommodation and Property Services, a branch of the Department of Planning, Transport and Infrastructure. Motor vehicles are leased from SAFA through their agent Leaseplan Australia. The leases are non-cancellable and are payable monthly in advance.

31 Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2015-16 financial year were:

Parole Board of South Australia

Frances Nelson (Presiding Member)	Denis Edmonds
Timothy Bourne (Deputy Presiding Member)	Kenneth O'Brien (appointment commenced April 2016)
Nora Bloor	Katherine McLachlan (appointment commenced September 2015)
Garth Dodd	Terence Groom (appointment commenced September 2015)
David Haebich	Janina Gipslis (appointment ceased August 2015)
Andrew Kyprianou	
Susan MacDonald*	

Serious Offender Committee

Vanessa Swan* (Chair)	Brenton Williams* (appointment commenced March 2016)
Anthony James Shillabeer*	Jodie Sloan (appointment commenced January 2016)
Ryan Harber *	Gaye Tonkin* (appointment ceased November 2015)
Jane Farrin*	Darren Hosking* (appointment commenced March 2016)
Hayley Mills*	Jon Oliver* (appointment commenced November 2015)
Paul Taggart*	Scharlene Lamont* (appointment ceased August 2015)
Victor Rigney* (appointment ceased October 2015)	Joanne Leonello* (appointment commenced October 2015)
Sandra Russell* (appointment ceased November 2015)	Darian Shephard-Bayly* (appointment ceased February 2016)
David Hugh Kerr (appointment ceased October 2015)	

DCS Audit and Risk Management Committee

Joe Ullianich (Chair)	Vanessa Swan*
Mike Reynolds*	Jackie Casey*
Angela Gransden*	

* In accordance with the Department of the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board duties during the financial year.

Department for Correctional Services

Notes to and forming part of the financial statements

31 Remuneration of board and committee members (continued)

The Correctional Services Advisory Council was disbanded on 1 July 2015 after not sitting for at least 12 months. No remuneration had been received by its members since September 2013.

	2016	2015
	Number	Number
The number of members whose remuneration received/receivable falls within the following bands:		
\$0 - \$9 999	24	33
\$10 000 - \$19 999	2	1
\$20 000 - \$29 999	2	1
\$30 000 - \$39 999	4	3
\$40 000 - \$49 999	1	2
\$60 000 - \$69 999	1	1
Total	34	41

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$321 000 (\$302 000).

Amounts paid to a superannuation plan for Board Members was \$28 000 (\$26 000).

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

32 Contingent assets and liabilities

The department has a number of common law claims made against it by various claimants. The maximum exposure facing the department in respect of these claims is \$138 000 (\$198 000).

These contingent liabilities are not actual liabilities and have therefore not been included in the financial statements. They represent a potential financial obligation in circumstances which have been deemed to be possible but not probable.

33 Trust funds

The department holds prisoner monies in a trustee capacity. These monies are excluded from the financial statements as the department cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

	2016	2015
	\$'000	\$'000
Balance at 1 July	763	695
Prisoner monies receipts	7,291	7,436
Prisoner monies payments	(7,400)	(7,368)
Balance at 30 June	654	763

Department for Correctional Services
Notes to and forming part of the financial statements

34 Cash flow reconciliation

	2016	2015
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Balance as per the Statement of Cash Flows	6,547	23,804
Cash and cash equivalents disclosed in the Statement of Financial Position	6,547	23,804
Reconciliation of net cash provided by operating activities to net cost of providing services:		
Net cash provided by (used in) operating activities	5,508	23,033
Less revenues from SA Government	(284,765)	(257,765)
Add payments to SA Government	12,190	3,059
Add/less non-cash items		
Net loss on disposal of assets	-	(265)
Depreciation and amortisation expense	(18,833)	(17,322)
Movements in assets and liabilities		
Increase (decrease) in receivables	392	208
Increase (decrease) in inventories	230	64
Increase (decrease) in biological assets	142	(14)
(Increase) decrease in payables	3,551	(6,020)
(Increase) decrease in employee benefits	(5,671)	(3,530)
(Increase) decrease in provisions	1,849	3,991
Net cost of providing services	(285,407)	(254,561)

Department for Correctional Services
Notes to and forming part of the financial statements

35 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

		SA Government		Non-SA Government		Total	
		2016	2015	2016	2015	2016	2015
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES							
Employee benefits expenses	5	8,384	20,265	169,778	143,675	178,162	163,940
Supplies and services	6						
Contracts		16	4	31,631	25,792	31,647	25,796
Works and equipment costs		2,191	1,929	3,114	2,475	5,305	4,404
Cost of goods sold - prison industries		8	-	3,938	3,460	3,946	3,460
Cost of goods sold - canteen and kitchen sales		1	-	1,924	2,446	1,925	2,446
Offender related costs		505	967	8,736	7,331	9,241	8,298
Utilities		2,686	2,409	5,280	5,467	7,966	7,876
Consultants		-	-	147	247	147	247
Travel expenses		14	4	1,573	1,278	1,587	1,282
IT costs		3,611	3,423	786	592	4,397	4,015
Workers compensation		619	518	505	(1,890)	1,124	(1,372)
Staff related costs		139	100	2,024	1,529	2,163	1,629
Contracted staff			-	451	936	451	936
Shared Services SA processing charges		2,388	2,212	-	-	2,388	2,212
Insurance charges		1,418	1,302	2	4	1,420	1,306
WHS expenses		1	14	303	221	304	235
Materials and consumables		17	-	587	512	604	512
Board and committee fees		-	-	293	276	293	276
Sundry other expenses		501	600	7,444	5,090	7,945	5,690
Depreciation and amortisation expense	7	-	-	18,833	17,322	18,833	17,322
Payments to prisoners			-	3,402	3,092	3,402	3,092
Accommodation and associated lease costs		10,270	9,343	1,426	1,240	11,696	10,583
Grants	8	-	-	620	611	620	611
Net loss from disposal of non-current assets	9	-	-	-	265	-	265
Other Expenses	10						
Bad debts expense		-	-	11	1	11	1
Bank charges		-	-	23	22	23	22
Fringe benefits tax		-	-	400	361	400	361
Other		38	28	221	268	259	296
Payments to SA Government	17	12,190	3,059	-	-	12,190	3,059
TOTAL EXPENSES		44,997	46,177	263,452	222,623	308,449	268,800

Department for Correctional Services
Notes to and forming part of the financial statements

35 Transactions with SA Government (continued)

		SA Government		Non-SA Government		Total	
		2016	2015	2016	2015	2016	2015
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME							
Prison labour	12	98	2	3,599	2,679	3,697	2,681
Salaries and goods and services recoups		1,198	1,635	911	836	2,109	2,471
Interest		-	-	1	1	1	1
Commonwealth revenues	13	-	-	667	667	667	667
Canteen and kitchen sales	14	1	-	1,819	2,536	1,820	2,536
Resources received free of charge	15	-	451	-	-	-	451
Other income	16						
Grants received		367	421	-	-	367	421
Revenue from recoveries		171	43	182	152	353	195
Internally generated assets		15	251	4	-	19	251
Prisoner telephone receipts		-	-	1,517	1,383	1,517	1,383
Other		-	-	302	123	302	123
Revenues from SA Government	17	284,765	257,765	-	-	284,765	257,765
TOTAL INCOME		286,615	260,568	9,002	8,377	295,617	268,945
FINANCIAL ASSETS							
Receivables	19						
Receivables		233	257	466	386	699	643
Accrued revenue		89	53	65	29	154	82
GST receivable		-	-	2,314	2,055	2,314	2,055
Prepayments - other		-	-	19	14	19	14
TOTAL FINANCIAL ASSETS		322	310	2,864	2,484	3,186	2,794
FINANCIAL LIABILITIES							
Payables	26						
Creditors		5,730	8,631	2,074	3,676	7,804	12,307
Accruals		2,003	1,571	1,495	1,383	3,498	2,954
Employment on-costs		3,173	2,751	2,779	2,381	5,952	5,132
Paid Parental Leave Scheme payable		-	-	15	11	15	11
TOTAL FINANCIAL LIABILITIES		10,906	12,953	6,363	7,451	17,269	20,404

Department for Correctional Services
Notes to and forming part of the financial statements

36 Budgetary reporting and explanations of major variances between budget and actual amounts

		Original budget ⁽¹⁾	Actual	Variance
		2016	2016	
		\$'000	\$'000	\$'000
Statement of Comprehensive Income	Note			
Expenses				
Employee benefit expenses	(a)	157,708	178,162	(20,454)
Supplies and services		95,499	82,853	12,646
Depreciation and amortisation expense		17,457	18,833	(1,376)
Payments to prisoners		2,829	3,402	(573)
Accommodation and associated lease costs		6,980	11,696	(4,716)
Grants		656	620	36
Other expenses		339	693	(354)
Total expenses		281,468	296,259	(14,791)
Income				
Prison labour		4,271	3,697	574
Salaries and goods and services recoups		1,049	2,109	(1,060)
Interest revenues		-	1	(1)
Commonwealth revenue		-	667	(667)
Canteen and kitchen sales		1,931	1,820	111
Other income		1,785	2,558	(773)
Total income		9,036	10,852	(1,816)
Net cost of providing services		272,432	285,407	(12,975)
Revenues from (Payments To) SA government				
Revenues from SA Government		272,515	284,765	(12,250)
Payments to SA Government		-	(12,190)	12,190
Net Result		83	(12,832)	12,915
Other comprehensive income				
<i>Items that will not be reclassified to net results</i>				
Changes in revaluation surplus		-	16,506	(16,506)
Total other comprehensive income		-	16,506	(16,506)
TOTAL COMPREHENSIVE RESULT		83	3,674	(3,591)

⁽¹⁾ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of Government changes.

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

- (a) The over expenditure of \$20.5 million in Employee Benefits Expenses comprises the following:
- \$9.5 million for additional prisoner accommodation including recruitment of trainee correctional officers, and
 - \$9.5 million in penalty and leave payments associated with prison unplanned activities.

Department for Correctional Services
Notes to and forming part of the financial statements

36 Budgetary reporting and explanations of major variances between budget and actual amounts (continued)

		Original budget ⁽¹⁾	Actual	Variance
		2016	2016	
		\$'000	\$'000	\$'000
Investing expenditure summary	Note			
Total new projects	(b)	21,002	12,550	8,452
Total existing projects	(c)	6,251	14,730	(8,479)
Total annual programs	(d)	3,688	4,349	(661)
Total investing expenditure		30,941	31,629	(688)

⁽¹⁾ These budgeted amounts have not been subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). These amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

(b) Total new project investing expenditure was lower than the original budget largely due to delays in obtaining the appropriate procurement approvals for the Port Augusta Prison 128 Bed Accommodation project.

(c) Total existing project investing expenditure was higher than the original budget due to carryovers received to finalise the Northfield Infrastructure project and progress final completion of the Mobilong Prison Security System Upgrade project.

(d) Total annual programs expenditure was higher than original budget largely due to 32 additional permanent beds being added.

37 Financial risk management/Financial instruments

Financial risk management

Risk management is managed by the department's corporate services section and departmental risk management policies are in accordance with the Risk Management Policy Statement issued by the Premier and Treasurer and the principles established in the Australian Standard Risk Management Principles and Guidelines. The department is exposed to financial risk – liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

(a) Categorisation of financial instruments

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

A separate table for the categorisation of financial assets and liabilities has not been included. Refer to note 18 for Cash and Cash Equivalents, note 19 for Receivables and note 26 for Payables. Prepayments, accrued revenue and statutory receivables and payables such as GST receivable, Paid Parental Leave payable and employment on-costs do not qualify as financial assets and liabilities.

Department for Correctional Services

Notes to and forming part of the financial statements

37 Financial risk management/Financial instruments (continued)

(b) Fair value

The department does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these. Refer to notes 2, 19 and 26.

(c) Credit risk

Credit risk arises when there is the possibility of the department's debtors defaulting on their contractual obligations resulting in financial loss to the department. The department measures credit risk on a fair value basis and monitors risk on a regular basis.

The department has minimal concentration of credit risk. The department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The department does not engage in high risk hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by the department.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently the department does not hold any collateral as security to any of its financial assets.

The following table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets.

	Not past due and not impaired \$'000	Past due by			Total \$'000
		Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	
2016					
Not impaired: Receivables	337	70	35	157	599
Impaired: Receivables	-	-	-	4	4
2015					
Not impaired: Receivables	334	80	46	72	532
Impaired: Receivables	-	-	-	4	4

(d) Maturity analysis

All non-statutory receivables and payables are expected to be settled within 12 months.

Department for Correctional Services

Notes to and forming part of the financial statements

37 Financial risk management/Financial instruments (continued)

(e) Liquidity Risk

Liquidity risk arises from the possibility that the department is unable to meet its financial obligations as they fall 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.

(f) Market risk

Market risk for the department is primarily through interest rate risk. The department currently holds no interest bearing financial instruments and is not exposed to any market risk.

38 Disclosure of administered items

	2016 \$'000	2015 \$'000
Administered income:		
Revenues from Victims of Crime levy	194	173
Mobilong Inmate Charity Fund	1	1
Prisoner Compensation Quarantine Fund	74	-
Revenues from SA Government	323	297
Total administered income	592	471
Administered expenses:		
Victims of Crime levy payments	194	174
Mobilong Inmate Charity Fund	2	1
Prisoner Compensation Quarantine Fund	2	-
Employee benefit expense	323	297
Total administered expenses	521	472
Net result	71	(1)
Administered current assets:		
Cash	86	14
Receivables	29	25
Total administered assets	115	39
Administered current liabilities		
Victims of Crime levy payables	15	13
Minister's Salary payable	29	25
Total administered liabilities	44	38
Net administered assets	71	1
Administered equity		
Retained earnings	76	5
Total administered equity	76	5
Changes in equity		
Balance at 1 July	5	6
Net result	71	(1)
Balance at 30 June	76	5

Department for Correctional Services
Notes to and forming part of the financial statements

38 Disclosure of administered items (continued)

	2016 Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000
Cash flows from operating activities:		
Cash inflows:		
Victims of Crime levy	193	173
Mobilong Inmate Charity Fund	1	1
Prisoner Compensation Quarantine Fund	74	-
Revenues from SA Government	323	297
Total administered income	591	471
Cash outflows:		
Victims of Crime levy payments	(193)	(174)
Mobilong Inmate Charity Fund	(2)	(1)
Prisoner Compensation Quarantine Fund	(1)	-
Employee benefit expense	(323)	(297)
Total administered expenses	(519)	(472)
Net cash inflows (outflows) from operating activities	72	(1)
Net increase (decrease) in cash	72	(1)
Cash at 1 July	14	15
Cash at 30 June	86	14

The department administers but does not control certain resources on behalf of the Attorney-General (Victims of Crime Levy), the Mobilong Inmate Charity Fund, Prisoner Compensation Quarantine Fund and Appropriations from Special Acts for the Minister's salary. It is accountable for the transactions involving these administered resources but does not have the discretion to deploy these resources for the achievement of the department's objectives. Transactions and balances relating to these administered resources are not recognised as departmental income, expenses, cash inflows or cash outflows, assets or liabilities, but are recognised as administered income, expenses, cash inflows, cash outflows, assets or liabilities.

Department for Correctional Services
Notes to and forming part of the financial statements

39 Administered Budgetary Reporting

		Original budget ⁽¹⁾	Actual	Variance
		2016	2016	2016
		\$'000	\$'000	\$'000
EXPENSES:	Note			
Employee benefit expenses	(a)	303	323	(20)
Total expense		303	323	(20)
INCOME:				
Total income		-	-	-
NET COST OF PROVIDING SERVICES		303	323	(20)
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:				
Revenue from SA Government		303	323	(20)
Payment to SA Government		-	-	-
NET RESULT		-	-	-
OTHER COMPREHENSIVE INCOME:				
<i>Items that will not be reclassified to net result</i>				
Changes in revaluation surplus		-	-	-
TOTAL COMPREHENSIVE RESULT		-	-	-

⁽¹⁾ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of Government changes.

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

(a) The over expenditure of \$20 000 in Employee Benefits Expenses is due to the change in remuneration rate following appointment of a new Minister.

Department for Correctional Services
Certification of the Financial Statements
For the year ended 30 June 2016

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Department for Correctional Services:

- 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 for Correctional Services as at 30 June 2016 and the results of its operations and cash flows for the financial year.

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



David Brown
Chief Executive

8 September 2016



Chris Sexton
Executive Director
People & Business Services

8 September 2016



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**To the Chief Executive
Department for Correctional Services**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the Department for Correctional Services for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- Disaggregated Disclosures – Expenses and Income for the year ended 30 June 2016
- Disaggregated Disclosures – Assets and Liabilities as at 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chief Executive and the Executive Director, People and Business Services.

The Chief Executive's responsibility for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the Chief Executive determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial report 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 comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

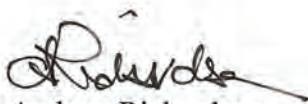
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 Chief Executive, as well as evaluating the overall presentation of the financial report.

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

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on the Department for Correctional Services' website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Department for Correctional Services as at 30 June 2016, 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.



Andrew Richardson

Auditor-General

12 September 2016

Courts Administration Authority

Financial report
for the year ended
30 June 2016

Courts Administration Authority

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
Expenses			
Employee benefits expenses	5	52,512	50,324
Supplies and services	6	34,543	34,034
Depreciation and amortisation expense	7	7,843	8,657
Borrowing costs	8	714	788
Net loss from disposal of non-current assets	11	19	19
Other expenses	9	885	1,640
Total Expenses		96,516	95,462
Income			
Revenues from fees and charges	12	3,124	3,088
Sale of goods and services	13	1,330	1,612
Grants and transfers	14	25	76
Resources received free of charge	15	-	78
Total Income		4,479	4,854
Net cost of providing services		92,037	90,608
Revenues from/payments to SA Government			
Revenues from SA Government	16	94,366	98,135
Payments to SA Government	16	(543)	-
Net revenues from/payments to SA Government		93,823	98,135
Net Result		1,786	7,527
Other Comprehensive Income			
<i>Item that will not be reclassified to net result</i>			
Changes in property, plant and equipment asset revaluation surplus		-	973
Total other comprehensive income		-	973
Total comprehensive result		1,786	8,500

The net result and total comprehensive result are attributable to the SA Government as owner
The above statement should be read in conjunction with the accompanying notes.

Courts Administration Authority

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
CURRENT ASSETS			
Cash and cash equivalents	17	58,196	50,976
Receivables	18	1,788	1,180
Total Current Assets		59,984	52,156
NON-CURRENT ASSETS			
Property, plant and equipment	19, 20	202,760	208,206
Intangible assets	21	146	216
Other assets		-	7
Total Non-Current Assets		202,906	208,429
Total Assets		262,890	260,585
CURRENT LIABILITIES			
Payables	23	3,304	2,977
Financial liabilities	27	1,439	1,360
Employee benefits	24	5,227	4,661
Provisions	25	688	459
Other liabilities	26	487	371
Total Current Liabilities		11,145	9,828
NON-CURRENT LIABILITIES			
Payables	23	948	816
Financial liabilities	27	10,547	11,987
Employee benefits	24	10,267	9,118
Provisions	25	1,187	1,826
Total Non-Current Liabilities		22,949	23,747
Total Liabilities		34,094	33,575
NET ASSETS		228,796	227,010
EQUITY			
Contributed capital		3,140	3,140
Retained earnings		93,219	91,433
Asset Revaluation Surplus		132,437	132,437
TOTAL EQUITY		228,796	227,010

The Total Equity is attributable to the SA Government as owner

Unrecognised contractual commitments 28

Contingent assets and liabilities 29

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

Courts Administration Authority

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Note	Contributed Capital \$'000	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 30 June 2014		3,140	131,464	83,906	218,510
Net result for 2014 - 2015		-	-	7,755	7,755
Gain on revaluation of library collections during 2014-15	20	-	973	-	973
Total comprehensive result for 2014-2015		-	973	7,755	8,728
Balance at 30 June 2015		3,140	132,437	91,661	227,238
Changes in accounting policy	6, 20	-	-	(228)	(228)
Restated balance at 30 June 2015		3,140	132,437	91,433	227,010
Net result for 2015 - 2016		-	-	1,786	1,786
Total comprehensive result for 2015-2016		-	-	1,786	1,786
Balance at 30 June 2016		3,140	132,437	93,219	228,796

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

Courts Administration Authority

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Outflows			
Employee benefits payments		(50,627)	(48,734)
Payments for supplies and services		(38,636)	(37,999)
Payments for paid parental leave scheme		(106)	(128)
Borrowing costs		(714)	(788)
Other payments		(1,348)	(1,082)
Cash used in operations		(91,431)	(88,731)
Cash Inflows			
Grants and transfers		83	103
Fees and charges		4,587	5,189
GST recovered from the ATO		3,520	3,392
Receipts for paid parental leave scheme		110	122
Cash generated from operations		8,300	8,806
Cash Flows from SA Government			
Receipts from SA Government		94,366	98,135
Cash generated from SA Government		94,366	98,135
Net cash provided by operating activities	31	11,235	18,210
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Outflows			
Purchase of intangibles		-	(101)
Purchase of property, plant and equipment		(2,655)	(2,789)
Cash used in investing activities		(2,655)	(2,890)
Net cash used in investing activities		(2,655)	(2,890)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Outflows			
Repayment of finance lease		(1,360)	(1,286)
Cash used in financing activities		(1,360)	(1,286)
Net cash used in financing activities		(1,360)	(1,286)
Net increase in cash and cash equivalents		7,220	14,034
Cash and cash equivalents at the beginning of the financial year		50,976	36,942
Cash and cash equivalents at the end of the financial year	17	58,196	50,976

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

Courts Administration Authority

DISAGGREGATED DISCLOSURES - EXPENSES AND INCOME

For the year ended 30 June 2016

	Activity 1		Activity 2		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefits expenses	49,742	47,695	2,770	2,629	52,512	50,324
Supplies and services	33,922	33,304	621	730	34,543	34,034
Depreciation and amortisation expense	7,794	8,587	49	70	7,843	8,657
Borrowing costs	714	788	-	-	714	788
Net loss from disposal of non-current assets	19	19	-	-	19	19
Other expenses	854	1,566	31	74	885	1,640
Total expenses	93,045	91,959	3,471	3,503	96,516	95,462
Income						
Revenues from fees and charges	3,124	3,088	-	-	3,124	3,088
Sale of goods and services	1,330	849	-	-	1,330	849
Grants and transfers	25	839	-	-	25	839
Resources received free of charge	-	78	-	-	-	78
Total income	4,479	4,854	-	-	4,479	4,854
Net cost of providing services	88,566	87,105	3,471	3,503	92,037	90,608
Revenues from/Payments to SA Government						
Revenues from SA Government	90,806	94,502	3,560	3,633	94,366	98,135
Payments to SA Government	(523)	-	(20)	-	(543)	-
Net and Total Comprehensive Result	1,718	7,397	68	130	1,786	7,527

The above statement should be read in conjunction with note 4.

Courts Administration Authority

DISAGGREGATED DISCLOSURES - ASSETS AND LIABILITIES

As at 30 June 2016

	Activity 1		Activity 2		General/not attributable		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Assets								
Cash and cash equivalents	-	-	-	-	58,196	50,976	58,196	50,976
Receivables	1,788	1,180	-	-	-	-	1,788	1,180
Property, plant and equipment	197,718	201,953	5,042	6,253	-	-	202,760	208,206
Intangible assets	142	210	4	6	-	-	146	216
Other assets	-	7	-	-	-	-	-	7
Total assets	199,648	203,350	5,046	6,259	58,196	50,976	262,890	260,585
Liabilities								
Payables	4,176	3,717	76	76	-	-	4,252	3,793
Financial liabilities	11,986	13,347	-	-	-	-	11,986	13,347
Employee benefits	14,677	13,090	817	689	-	-	15,494	13,779
Provisions	1,808	2,239	67	46	-	-	1,875	2,285
Other liabilities	487	371	-	-	-	-	487	371
Total liabilities	33,134	32,764	960	811	-	-	34,094	33,575

The above statement should be read in conjunction with note 4.

Courts Administration Authority

Notes to and forming part of the financial statements

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Courts Administration Authority

Notes to and forming part of the financial statements

Note 1 Objectives of the Courts Administration Authority

The State Courts Administration Council (Council), the State Courts Administrator and staff of the Council are collectively referred to as the Courts Administration Authority (Authority).

The Council was established by the Courts Administration Act 1993 (Act) as a statutory authority independent of control by executive government. The Act confers on Council power to provide courts with the administrative facilities and services necessary for the proper administration of justice.

The Authority is overseen by the Council and reports on behalf of the Council.

The Authority's principal objective is to provide quality administration to the Judiciary and to ensure an effective and accessible courts system.

The major priorities of the Authority and the Council are to:

- provide administrative support to the courts of this state;
- foster an environment in which judicial officers, staff and volunteers can contribute to improved performance of the courts system;
- co-operate with other parts of the justice system to improve access to justice and the overall performance of the justice system;
- improve court facilities;
- keep up to date with technological developments and apply those that are appropriate to improve the performance of the courts system; and
- increase the community's understanding of the operations of the courts and provide new avenues for community comment on the operations of the courts and their registries.

The continued existence of the Authority is dependent on State Government policy and on continuing appropriations by Parliament in order to fund the Authority's net cost of providing services.

Note 2 Summary of significant accounting policies

a) Statement of compliance

The financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

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

The Authority has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Authority is a not-for-profit entity.

Except for AASB 2015-7 which the Authority 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 Authority for the reporting period ended 30 June 2016 (refer note 3).

Courts Administration Authority

Notes to and forming part of the financial statements

Note 2 Summary of significant accounting policies

b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; 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;
 - c) employee targeted voluntary separation package information;
 - d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; 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 Authority's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

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

The financial statements have been prepared based on a 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 2016 and the comparative information presented.

c) Reporting entity

The Authority, comprised of the Council, State Courts Administrator and the staff of the Council under the *Courts Administration Act 1993*, is the reporting entity.

The Authority is the mechanism via which the Council discharges its financial obligations. Therefore all reporting is undertaken in the name of the Authority.

The financial statements and accompanying notes include all the controlled activities of the Authority (refer to the disaggregated schedule for details of the Authority's controlled activities).

The Authority does not control any other entity and has no interests in unconsolidated structured entities.

The Authority has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

Courts Administration Authority

Notes to and forming part of the financial statements

Note 2 Summary of significant accounting policies

c) Reporting entity (contd.)

Transactions and balances relating to administered resources are not recognised as Authority's income, expenses, assets and liabilities. As administered items are significant in relation to the Authority's overall financial performance and position, they are disclosed in the administered financial statements at the back of the controlled general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the controlled items.

d) Budgeted amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). Budget information has been included for the Statement of Comprehensive Income and for Investment Expenditure. Budget information has not been included for the Statement of Financial Position or Statement of Cash Flows as the information in these statements are not budgeted for on the same basis and/or determined in a different manner to financial statement information. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes. The budget process is not subject to audit.

e) Comparative information

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

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

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

f) Rounding

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

g) Taxation

The Authority is not subject to income tax. The Authority is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax equivalents and local government rate equivalents.

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

- when the GST incurred on a purchase of goods or services is not recoverable from the 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 payables, which 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.

Courts Administration Authority

Notes to and forming part of the financial statements

Note 2 Summary of significant accounting policies

h) Events after the reporting period

There were no events occurring after balance date.

i) Income

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

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

The following are specific recognition criteria:

Fees and charges

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

The Authority performs activities on behalf of the Government and other Government agencies and reports these in the Administered Financial Statements. Court fees are recognised at the time cash is received due to the uncertainty of amounts to be collected. Transcript fees are recognised upon delivery of the service. Fines income from infringements issued to offenders and Victims of Crime levies collected on behalf of the Attorney-General's Department subsequent to 3 February 2014 are recognised at the time cash is received and reported as income in the Administered Financial Statements.

Recovery from other SA Government agencies for witness fees paid is included in other income when the witness fee expense is incurred.

Sale of goods and services

Revenues from sales of goods and services are derived from the provision of goods and recouping of services to other SA government agencies and to the public.

Contributions received (grants and transfers)

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

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

- contributions with unconditional stipulations - this will be when the agreement becomes enforceable i.e. the earlier of when the receiving entity 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.

The majority of contributions received by the Authority have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Resources received free of charge

Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

Courts Administration Authority

Notes to and forming part of the financial statements

Note 2 Summary of significant accounting policies

i) Income (contd.)

Revenues from SA Government

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

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

j) Expenses

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

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

The following are specific recognition criteria:

Employee benefits expenses

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

Superannuation

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

Depreciation and amortisation

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

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

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

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

Land and works of art are not depreciated. The Authority does not depreciate the works of art because it believes that works of art do not diminish in value over time.

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

Class of asset	Useful life (years)
Buildings and Improvements	5 – 54
Building under finance lease	Life of lease
Leasehold improvements	Life of lease
Computing and office furniture and equipment	3 – 25
Library collections	5 – 25
Intangibles	4 – 7

Courts Administration Authority

Notes to and forming part of the financial statements

Note 2 Summary of significant accounting policies

j) Expenses (contd.)

Borrowing costs

All borrowing costs are recognised as expenses.

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 has been determined by comparing proceeds with the carrying amount. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

Losses on disposal of equipment are recognised at the date control of the asset is passed to the buyer and are determined after deducting the cost of the asset from the proceeds at that time.

Payments to SA Government

Payments to the SA Government include return of cash appropriation, proceeds from the sale of assets, court fees and expiation fees received on behalf of the Government and paid directly to the Consolidated Account.

The Authority makes payments pursuant to the *Remuneration Act 1990* to members of the judiciary and receives reimbursement for these and other expenses paid on behalf of other agencies. It is dependent on support from the Crown to meet accruing judicial entitlement obligations recognised in the financial statements.

k) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised 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.

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

l) Assets

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

Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above. Cash is measured at nominal value.

Courts Administration Authority

Notes to and forming part of the financial statements

Note 2 Summary of significant accounting policies

1) Assets (contd.)

Receivables

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

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

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

Non-current assets

Acquisition and recognition

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

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

All non-current tangible assets with a value equal to or in excess of \$5,000 are capitalised. Items of property, plant and equipment and infrastructure costing less than \$5,000 are immediately expensed to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Revaluation of non-current assets

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

Every three years, the Authority revalues its land, buildings and improvements and library collections internally with the exception of the Authority's finance lease relating to the Sir Samuel Way building, via internal estimates based on indices or recent transactions. A valuation appraisal by an independent Certified Practising Valuer is performed at least every six years.

If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value. Refer to note 19.

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

Courts Administration Authority

Notes to and forming part of the financial statements

Note 2 Summary of significant accounting policies

1) Assets (contd.)

Non-current assets (contd.)

Revaluation of non-current assets (contd.)

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

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

Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

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

Intangible assets

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

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

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$5,000.

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

Subsequent expenditure on intangible assets has not been capitalised. This is because the Authority has been unable to attribute this expenditure to the intangible asset rather than to the Authority as a whole.

Fair value measurement

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Authority classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:-

- Level 1 – traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 – not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 – not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed by the Chief Financial Officer and Audit Committee at each reporting date.

Courts Administration Authority

Notes to and forming part of the financial statements

Note 2 Summary of significant accounting policies

l) Assets (contd.)

Non-financial assets

In determining fair value, the Authority has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Authority's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Authority did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or an estimated useful life that was less than three years are deemed to approximate fair value.

Refer note 19 and 22 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets/liabilities

The Authority does not recognise any financial assets or financial liabilities at fair value.

m) Liabilities

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

Payables

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

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

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

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

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

Employee benefits on-costs include payroll tax, WorkCover levies and superannuation contributions in respect of outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

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

Courts Administration Authority

Notes to and forming part of the financial statements

Note 2 Summary of significant accounting policies

m) Liabilities (contd.)

Financial liabilities

The Authority measures financial liabilities at historical cost.

Leases

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

The Authority has entered into finance leases and operating leases.

Finance leases

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

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

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

Operating leases – The Authority as Lessee

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

Courts premises in four country centres are provided by a Public Private Partnership arrangement between the State and Plenary Justice Pty Ltd. It is accounted for as an operating lease. As the arrangement is for a 25 year period from 2005 the Authority has a substantial future commitment for servicing costs but has no right to obtain ownership.

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

Operating leases – The Authority as Lessor

The Authority leases commercial spaces to external parties through operating leases. Income derived from these leases is recognised as rental recovery income in the Statement of Comprehensive Income in the period in which it is earned.

Employee Benefits

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

Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave

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

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

Courts Administration Authority

Notes to and forming part of the financial statements

Note 2 Summary of significant accounting policies

m) Liabilities (contd.)

Employee Benefits (contd.)

Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave (contd.)

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

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

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

Provisions

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

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

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

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2016 provided by a consulting actuary engaged through the Office for the Public Sector (a division of the Department of the Premier and Cabinet). The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Authority is responsible for the payment of workers compensation claims.

n) Unrecognised contractual commitments and contingent assets and liabilities

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

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

Courts Administration Authority

Notes to and forming part of the financial statements

Note 3 New and revised accounting standards and policies

Changes in accounting policy

Effective 1 July 2015, the Authority has expensed items of computing equipment that are individually below the capitalization threshold of \$5,000. These items were grouped as non-current assets previously. The change in the policy is a result of internal process improvement. The Authority has voluntarily changed the de-grouping of computing equipment assets retrospectively from 1 July 2014. The impact to the retained surplus at 30 June 2015 was \$228,000. Refer to notes 6, 7 and 20.

Accounting standards

Except for AASB 2015-7 which the Authority 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 Authority for the period ended 30 June 2016. The Authority has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Authority.

AASB 16 Leases will apply for the first time to our 30 June 2020 financial report. This standard will require us to recognize all leased items in the statement of financial position as assets to represent the value of what we lease, and liabilities to represent expected future lease payments. Depending on what lease arrangements we have entered into at the time, this could see significant assets and liabilities being recognized and, over the lease term, amortised.

Note 4 Activities of the Authority

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

Activity 1: Court and Tribunal Case Resolution Services

It consists of the resolution of criminal, civil, appellate, coronial and probate matters in the State's courts and tribunals.

Activity 2: Alternative Dispute Resolution Services

Services for resolving disputes between citizens, and disputes between citizens and the State; as well as the education, training, information and advice processes, which aim to prevent disputes.

General/Not attributable: Certain items of the Authority are not allocated to activities.

The disaggregated disclosures schedules present expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2016 and 30 June 2015.

Courts Administration Authority

Notes to and forming part of the financial statements

	2016	2015
	\$'000	\$'000
Note 5: Employee benefits expenses		
Salaries and wages	39,029	37,142
TVSPs (refer below)	67	-
LSL	2,117	2,366
Annual leave	3,751	3,588
SERL	259	240
Employment on-costs - superannuation	4,682	4,501
Employment on-costs - payroll tax	2,465	2,356
Board and committee fees	43	47
Workers compensation	15	13
Other employee related expenses	84	71
Total employee benefits expenses	52,512	50,324
TVSPs		
Amount paid during the reporting period to separated employees:	\$'000	\$'000
TVSPs	67	-
Annual leave, LSL and SERL paid to those employees	16	-
	83	-
Net cost to the Authority	83	-

The number of employees who received a TVSP during 2016 was 1 (2015 - nil).

Remuneration of employees	2016	2015
The number of employees whose remuneration received or receivable falls within the following bands:		
\$145 001 to \$155 000	1	4
\$155 001 to \$165 000	1	2
\$165 001 to \$175 000	1	-
\$175 001 to \$185 000	2	1
\$185 001 to \$195 000	1	1
\$215 001 to \$225 000	1	-
\$245 001 to \$255 000	-	1
\$255 001 to \$265 000	2	1
Total	9	10

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year.

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$1.8 million (\$1.8 million).

Courts Administration Authority

Notes to and forming part of the financial statements

	2016	2015
	\$'000	\$'000
Note 6: Supplies and Services		
Accommodation and services	13,983	13,541
Circuit and Travel expenses	1,135	1,012
Computing and communications *	5,898	5,897
Consultancy, contractors and temp staff	1,942	1,901
Court expenses	1,325	1,317
Operating leases	202	225
Staff development and training	447	477
Equipment purchases and repairs	280	393
Coronial Charges	4,276	4,100
Jurors' expenses	1,952	1,872
Sheriff's Officer Payments	858	967
Other administration expenses	2,245	2,332
Total supplies and services	34,543	34,034

* Resources received free of charge for \$78,000 (Refer note 15) and derecognition of grouped computing equipment of \$316,000 as a result of change in accounting policy were included in 2015 (refer note 3 and 20).

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

	2016	\$'000	2015	\$'000
	No		No	
Below \$10 000	4	25	4	14
Above \$10 000	3	69	2	49
Total paid/payable to the consultants engaged	7	94	6	63

	2016	2015
	\$'000	\$'000
Note 7: Depreciation and Amortisation Expense		
Depreciation and amortisation		
Buildings and Improvements	4,173	4,141
Computing and office furniture & equipment	1,000	1,224
Library collections	1,381	1,773
Leasehold improvements	389	628
Building under Finance lease	830	830
Intangible assets	70	61
Total depreciation and amortisation	7,843	8,657

Change in depreciation due to change in accounting policy

The Authority has changed its accounting policy from 1 July 2014 not to group computing equipments that are individually less than the capitalisation threshold. Depreciation of \$88 000 from the de-recognised grouped equipment was reversed from depreciation in 2015.

The lower depreciation expense on the de-grouped assets has been reflected in 2016.

Courts Administration Authority

Notes to and forming part of the financial statements

	2016	2015
	\$'000	\$'000
Note 8: Borrowing costs		
Interest paid/payable on short-term and long-term borrowings		
Finance lease costs	714	788
Total borrowing costs	714	788

The Authority occupies the Sir Samuel Way building under a 40 year non-cancellable finance lease which expires in 2023.

The nominal interest rate on the lease was at 5.64% (2015 - 5.63%).

The Authority is responsible for all maintenance costs and paid a contingent rental of \$4,425,000 (2015 - \$4,352,000) which will increase each year by the amount obtained by applying the rate of CPI increase in the previous year to the combined total of the previous year's rental and finance lease repayments.

Note 9: Other Expenses		
Workers compensation	595	1,401
Audit fees (internal and external)	291	238
Doubtful debts	(1)	1
Total other expenses	885	1,640

Note 10: Auditor's Remuneration

Audit fees paid / payable to the Auditor-General's Department relating to the audit of the financial statements

	145	126
Total audit fees to the Auditor-General's Department	145	126

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

Auditor's remuneration costs are recognised in the Statement of Comprehensive income (refer to note 9).

Note 11: Net loss from disposal of non-current assets

Proceeds from disposal of assets	-	-
Less: Carrying value of assets disposed	19	19
Total loss from the disposal of non-current assets	19	19

Note 12: Revenues from Fees and Charges

Sheriff's officer fees	2,078	2,047
Other regulatory fees	1,046	1,041
Total Revenues from Fees and Charges	3,124	3,088

Courts Administration Authority

Notes to and forming part of the financial statements

	2016	2015
	\$'000	\$'000
Note 13: Sale of Goods and Services		
Sale of electronic information	288	286
Rent recoveries	441	401
Recoup of services and others	601	925
Total sales of goods and services	1,330	1,612

Note 14: Grants and transfers		
Industrial Court - Sheriff's officer services	-	62
Intervention treatment	25	-
Others	-	14
Total grants and transfers	25	76

Note 15: Resources received free of charge		
Goods received free of charge	-	78
Total Resources received free of charge	-	78

The Authority received certain radio pagers free of charge from another agency within the SA Government during 2015. Refer to note 6.

Note 16: Revenues from/payments to SA Government		
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	94,361	92,158
Transfers from contingency provisions	5	177
Appropriations from the Governor's Appropriation Fund	-	5,800
Total revenues from SA Government	94,366	98,135
Payments to SA Government		
Other payments to the Consolidated Account	543	-
Total payments to SA Government	543	-

Total revenues from Government consist of \$91.2million (\$89.3million) for operational funding and \$2.6million (\$2.8million) for capital projects. For details on the expenditure associated with the operational funding and capital funding received refer notes 5 to 10. There were no material variations between the amount appropriated and the expenditure associated with this appropriation.

Courts Administration Authority

Notes to and forming part of the financial statements

	2016 \$'000	2015 \$'000
Note 17: Cash and cash equivalents		
Deposits with the Treasurer	58,166	50,943
Cash on hand	30	33
Total cash and cash equivalents	58,196	50,976

Deposits with the Treasurer

Included \$52.7M (2015 \$44.7M) held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use, ie funds can only be used in accordance with the Under Treasurer's approval.

The Under Treasurer has approved a total transfer of \$1M from the balances in the Accrual Appropriation Excess Funds Account to the operating account during 2014-15. Nil in 2016.

Interest rate risk

Cash on hand and deposits with the Treasurer are non-interest bearing. The carrying value of cash and cash equivalents represents fair value.

Note 18: Receivables

Current

Receivables	279	76
Less allowance for doubtful debts	-	(1)
Accrued revenue	77	151
GST input tax recoverable	473	559
Prepayments	959	395
Total receivables expected to be recovered within 12 months	1,788	1,180

Movement in the allowance for doubtful debts

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

Movements in the allowance for doubtful debts (impairment loss)

Carrying amount at the beginning of the period	1	-
Increase in the allowance	-	1
Amounts recovered during the year	(1)	-
Carrying amount at the end of the period	-	1

Interest rate and credit risk

Receivables are raised at the time service is provided only where it is probable that the revenue will be received. The Authority can not be certain of receiving items such as Sheriff's officer fees until the payment is made. Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non interest-bearing.

Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand.

- (a) Risk exposure information - refer note 34.
- (b) Ageing analysis of financial assets - refer note 34.
- (c) Categorisation and maturity analysis of financial instruments - refer note 34.

Courts Administration Authority

Notes to and forming part of the financial statements

	2016	2015
	\$'000	\$'000
Note 19: Property, plant and equipment		
Land and buildings		
Land at fair value	62,202	62,202
Buildings and improvements at fair value	127,951	127,023
Accumulated depreciation at the end of the period	(8,314)	(4,141)
Total land and buildings	181,839	185,084
Assets under finance lease		
Buildings and improvements at net present value	33,191	33,191
Accumulated amortisation at the end of the period	(27,383)	(26,553)
Total assets under finance lease	5,808	6,638
Leasehold improvements		
Leasehold improvements at cost (deemed fair value)	4,366	4,127
Accumulated depreciation at the end of the period	(2,908)	(2,519)
Total leasehold improvements	1,458	1,608
Computing and office furniture & equipment		
Plant and equipment at cost (deemed fair value)	9,875	10,268
Accumulated depreciation at the end of the period	(7,405)	(6,957)
Total plant and equipment	2,470	3,311
Library Collection		
Library collections at cost/fair value	12,459	11,458
Accumulated depreciation at the end of the period	(1,381)	-
Total library collection	11,078	11,458
Works of art and collections		
Works of art and collections at fair value	107	107
Total works of art and collections	107	107
Total property, plant and equipment	202,760	208,206

Courts Administration Authority

Notes to and forming part of the financial statements

Note 19: Property, plant and equipment (contd.)

Valuation of land and buildings

The valuation of land and buildings were performed by an independent Certified Practising Valuer from Liquid Pacific Pty Ltd as at 30 June 2014.

The valuer arrived at the fair value of unrestricted land using the market approach. The valuation was based on recent market transactions for similar land in the area and includes adjustment for factors specific to the land - such as size and location.

The valuer used depreciated replacement cost for buildings, due to there not being an active market. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature and restricted use of the assets, their size, condition and location.

The valuation used estimates about construction materials that would be required to replace the buildings, information about current construction costs were derived from subscriber databases, published industry materials and the estimated useful life due to age and condition of the building.

The desktop valuation update undertaken by the valuer during 2014-15 and the internal review in the market has indicated that there were no material movements in values during 2015-16.

Carrying amount of computing and office furniture and equipment

All items of computing and office furniture and equipment had a 'fair value at the time of acquisition that was less than \$1 million' and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value.

These assets are classified at level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the assets condition and remaining useful life.

Effective 1 July 2014, The Authority has changed its accounting policy not to group computing equipment that are individually less than the capitalisation threshold. Grouped equipment of \$316 000 has been de-recognised to expenses (refer to note 3 and 6).

Valuation of library collection

The valuation of library collections was performed by Valcorp Australia Pty Ltd as at 30 June 2015. The independent valuer arrived at the fair value based on the written down current cost of replacing the collection.

Impairment

There were no indications of material impairment of property, and plant and equipment assets at 30 June 2016.

Courts Administration Authority

Notes to and forming part of the financial statements

Note 20: Reconciliation of Non-Current Assets

The following table shows the movement of Non-Current Assets during 2015-16

	<i>Land</i>	<i>Buildings & improvements</i>	<i>Building under finance lease</i>	<i>Buildings - leasehold improvements</i>	<i>Total land & buildings</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Carrying amount at the beginning of the period	62,202	122,882	6,638	1,608	193,330
Additions	-	928	-	239	1,167
Disposals	-	-	-	-	-
Depreciation & amortisation	-	(4,173)	(830)	(389)	(5,392)
Carrying amount at the end of the period	62,202	119,637	5,808	1,458	189,105

	<i>Computing and office furniture & equipment</i>	<i>Library collections</i>	<i>Works of arts & collections</i>	<i>Total Property, Plant & Equipment</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Carrying amount at the beginning of the period	3,311	11,458	107	208,206
Additions	178	1,001	-	2,346
Disposals	(19)	-	-	(19)
Depreciation & amortisation	(1,000)	(1,381)	-	(7,773)
Carrying amount at the end of the period	2,470	11,078	107	202,760

	<i>Other Computer Software & licence</i>	<i>Total Intangible Assets</i>
	<i>\$'000</i>	<i>\$'000</i>
Carrying amount at the beginning of the period	216	216
Depreciation & amortisation	(70)	(70)
Carrying amount at the end of the period	146	146

Courts Administration Authority

Notes to and forming part of the financial statements

Note 20: Reconciliation of Non-Current Assets

The following table shows the movement of Non-Current Assets during 2014-15

	<i>Land</i>	<i>Buildings & improvements</i>	<i>Building under finance lease</i>	<i>Buildings - leasehold improvements</i>	<i>Total land & buildings</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Carrying amount at the beginning of the period	62,202	125,859	7,468	2,236	197,765
Additions	-	1,098	-	-	1,098
Transfers	-	66	-	-	66
Revaluation increment/(decrement)	-	-	-	-	-
Depreciation & amortisation	-	(4,141)	(830)	(628)	(5,599)
Carrying amount at the end of the period	62,202	122,882	6,638	1,608	193,330

	<i>Computing and office furniture & equipment</i>	<i>Library collections</i>	<i>Works of arts & collections</i>	<i>Capital work in progress</i>	<i>Total Property, Plant & Equipment</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Carrying amount at the beginning of the period	3,652	11,220	107	66	212,810
Additions	902	1,038	-	-	3,038
Disposals	(19)	-	-	-	(19)
Transfers	-	-	-	(66)	-
Revaluation increment	-	973	-	-	973
Depreciation & amortisation	(1,224)	(1,773)	-	-	(8,596)
Carrying amount at the end of the period	3,311	11,458	107	-	208,206

	<i>Other Computer Software & licence</i>	<i>Total Intangible Assets</i>
	<i>\$'000</i>	<i>\$'000</i>
Carrying amount at the beginning of the period	176	176
Additions	101	101
Depreciation & amortisation	(61)	(61)
Carrying amount at the end of the period	216	216

Courts Administration Authority

Notes to and forming part of the financial statements

	2016	2015
	\$'000	\$'000
Note 21: Intangible Assets		
Computer software		
Internally developed computer software	7,688	7,688
Accumulated amortisation	(7,688)	(7,688)
Other computer software and licences	604	712
Accumulated amortisation	(458)	(496)
Total Computer software and licences	146	216

Impairment

There were no indications of impairment of intangible assets at 30 June 2016.

Note 22: Fair Value measurement

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement for disclosure purposes. The Authority categorises non-financial assets measured at fair value into hierarchy based on the level of inputs use in measurement as follows:

Fair value measurements at 30 June 2016

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Buildings (Note 19)	2,329	117,308	119,637
Land (Note 19)	62,202	-	62,202
Assets under finance lease (Note 19)	-	5,808	5,808
Leasehold improvements (Note 19)	-	1,458	1,458
Computing and office furniture & equipment (Note 19)	-	2,470	2,470
Library Collections (Note 19)	-	11,078	11,078
Works of art and collections (Note 19)	-	107	107
Total recurring fair value measurements	64,531	138,229	202,760
Total	64,531	138,229	202,760

Fair value measurements at 30 June 2015

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Buildings (Note 19)	2,481	120,401	122,882
Land (Note 19)	62,202	-	62,202
Assets under finance lease (Note 19)	-	6,638	6,638
Leasehold improvements (Note 19)	-	1,608	1,608
Computing and office furniture & equipment (Note 19)	-	3,311	3,311
Library Collections (Note 19)	-	11,458	11,458
Works of art and collections (Note 19)	-	107	107
Total recurring fair value measurements	64,683	143,523	208,206
Total	64,683	143,523	208,206

The Authority's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. Valuation techniques and inputs used to derive level 2 and 3 fair values are at note 19.

During 2016 and 2015, the Authority had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

Courts Administration Authority

Notes to and forming part of the financial statements

Note 22: Fair Value measurement (contd.)

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level3).

Reconciliation of Level 3 recurring fair value measurements at 30 June 2016

	Buildings	Asset under finance lease	Leasehold im- provements	Computing and office furniture & equipment	Library Collections	Works of art and collections	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	120,401	6,638	1,608	3,311	11,458	107	143,523
Acquisitions	928	-	239	178	1,001	-	2,346
Total gain/(loss) for the period recognised in net result:							
Depreciation	(4,021)	(830)	(389)	(1,000)	(1,381)	-	(7,621)
Disposals	-	-	-	(19)	-	-	(19)
Closing balance at the end of the period	117,308	5,808	1,458	2,470	11,078	107	138,229

Reconciliation of Level 3 recurring fair value measurements at 30 June 2015

	Buildings	Asset under finance lease	Leasehold im- provements	Computing and office furniture & equipment	Library Collections	Works of art and collections	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	123,226	7,468	2,236	3,652	11,220	107	147,909
Acquisition	1,098	-	-	902	1,038	-	3,038
Transfers from WIP	66	-	-	-	-	-	66
Total gain/(loss) for the period recognised in net result:							
Depreciation	(3,989)	(830)	(628)	(1,224)	(1,773)	-	(8,444)
Disposals	-	-	-	(19)	-	-	(19)
Total gain/(loss) for the period in other comprehensive income:							
Revaluation (decrement)	-	-	-	-	973	-	973
Closing balance at the end of the period	120,401	6,638	1,608	3,311	11,458	107	143,523

Courts Administration Authority

Notes to and forming part of the financial statements

	2016	2015
	\$'000	\$'000
Note 23: Payables		
Current:		
Creditors	24	365
Accrued expenses	2,455	1,572
Accrued capital expenditure	79	391
Employment on-costs	742	649
Paid Parental Leave Scheme payable	4	-
Total current payables	3,304	2,977
Non-Current:		
Employment on-costs	948	816
Total non-current payables	948	816
Total Payables	4,252	3,793

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2015 rate (37%) to 40% and the average factor for the calculation of employer superannuation cost on-cost has also changed from the 2015 rate (10.3%) to 10.2%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$33 000. Refer to note 24.

Interest rate and credit risk

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

- (a) Categorisation of financial instruments and maturity analysis of payables - refer note 34.
- (b) Risk exposure information - refer note 34.

Courts Administration Authority

Notes to and forming part of the financial statements

	2016	2015
	\$'000	\$'000
Note 24: Employee Benefits		
Current:		
Accrued salaries and wages	669	315
Annual leave	2,885	2,704
Long service leave	1,359	1,374
Skills and experience retention leave	314	268
Total current employee benefits	5,227	4,661
Non-Current:		
Long service leave	10,267	9,118
Total non-current employee benefits	10,267	9,118
Total employee benefits	15,494	13,779

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2015 (3%) to 2016 (2%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$721 000 and employee benefits expense of \$67 000. The impact on future periods is impracticable to measure as the long service leave liability is calculated using a number of assumptions – a key assumption is the long term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

Courts Administration Authority

Notes to and forming part of the financial statements

	2016	2015
	\$'000	\$'000
Note 25: Provisions		
Current:		
Provision for workers compensation	688	459
Total current provisions	688	459
Non-Current:		
Provision for workers compensation	1,187	1,826
Total non-current provisions	1,187	1,826
Total provisions	1,875	2,285
Carrying amount at the beginning of the period	2,285	1,783
Reductions arising from payments/other sacrifice of future economic benefits	(932)	(852)
Reductions resulting from re-measurement or settlement without cost	(155)	689
Additional provisions recognised	677	665
Carrying amount at the end of the period	1,875	2,285

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Office for the Public Sector (a division of the Department of the Premier and Cabinet).

Note 26: Other Liabilities

Current:		
Unearned revenue	308	200
Unclaimed money	179	171
Total other liabilities	487	371

Courts Administration Authority

Notes to and forming part of the financial statements

	2016 \$'000	2015 \$'000
Note 27: Finance lease liabilities/commitments		
Finance lease commitments		
Future minimum lease payments under finance lease of the Sir Samuel Way Building, expiring in 2023, together with the present value of net minimum lease payments are as follows:		
Payable no later than one year	2,074	2,074
Later than one year but not longer than five years	8,298	8,298
Payable later than five years	4,149	6,223
Total minimum lease payments	14,521	16,595
Less: Future finance charges	2,535	3,248
Total finance lease commitments - non-cancellable	11,986	13,347
Present value of finance leases payable as follows:		
Within one year	1,439	1,360
Later than one year but not longer than five years	6,631	6,271
Later than five years	3,916	5,716
Total present value of minimum lease payments	11,986	13,347
Included in the financial statements as:		
Current financial liabilities	1,439	1,360
Non-Current financial liabilities	10,547	11,987
Total present value of minimum lease payments	11,986	13,347
The weighted average interest rate implicit in the lease is 5.64% (5.63%)		

At the end of the lease term, the Authority has responsibility to the lessor to return the leased asset in good tenantable repair with reasonable wear and tear excepted. The cost of the tenantable repair is expected to be significant.

Contingent Rentals

The above finance lease comprises a fixed base amount plus an incremental contingent rental which is based on the future amount of some factors, such as CPI and other related indices. Commitments in relation to contingent rentals are payable as follows:

Payable no later than one year	4,468	4,425
Later than one year but not longer than five years	17,872	17,701
Payable later than five years	8,937	13,276
Total contingent rentals commitment	31,277	35,402

The amount of contingent rental paid during 2015-16 is \$4.4M. Refer to note 8.

Courts Administration Authority

Notes to and forming part of the financial statements

	2016	2015
	\$'000	\$'000
Note 28: Unrecognised contractual commitments		
Expenditure commitments		
Commitments in relation to a Public Private Partnership arrangement for regional court premises and other operating expenses not recognised as liabilities in the financial report, are payable as follows:		
Within one year	5,182	4,434
Later than one year but not longer than five years	10,358	11,545
Later than five years	25,291	28,319
Total other commitments	40,831	44,298
 Operating lease commitments as lessee		
Commitments in relation to equipment and accommodation operating leases contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:		
Within one year	1,193	1,061
Later than one year but not longer than five years	533	857
Total operating lease commitments - all non-cancellable	1,726	1,918
 Operating lease commitments as lessor		
Commitments in relation to accommodation operating leases contracted for at the reporting date but not recognised as receivable in the financial report, are receivable as follows:		
Within one year	480	238
Later than one year but not longer than five years	192	379
Total operating lease commitments - all non-cancellable	672	617

Note 29: Contingent Assets and Liabilities

The Authority has no material contingent assets or liabilities as at 30 June 2016 (2015 Nil)

Courts Administration Authority

Notes to and forming part of the financial statements

Note 30 Remuneration of board and committee members

Members of/assessors in the board and committees during the 2016 financial year were:

Administrative and Disciplinary Division of the District Court			
Mr	Abdulghani Usman	Mr	Leroy Uren
Mr	Adrian Jackson	Mr	Marc Cheney
Mr	Alan Tregilgas	Mr	Marc Sanderson
Mr	Alan Tuckfield	Mr	Mark Pittman
Mr	Alistair Matheson	Ms	Marilyn Sheffield
Mr	Andrew Clark	Mr	Martin Burns
Mr	Andrew Forrest	Ms	Megan Tamlin
Mr	Andrew Hill (appointed 01.10.15)	Mr	Michael Pohl
Ms	Ann Rungie	Ms	Michele Slatter
Mr	Anthony Toop	Mr	Nathan Fox
Mr	Brenton Trenorden	Mr	Nick Giannetta
Mr	Caleb Robins	Ms	Nola Beck
Mr	Charles MacDonald	Ms	Patricia Johnson
Ms	Christine Bindon	Ms	Penny Riggs
Mr	Christopher Shinnars (expired 17.09.15)	Mr	Peter Kentish
Mr	David Kelly	Mr	Philip Hoffman (expired 21.07.15)
Ms	Dianne Neale	Mr	Richard Retalleck
Ms	Elaine Attwood	Mr	Robert Ormston
Ms	Elizabeth Bachmann	Mr	Robert Rawson (expired 29.03.16)
Ms	Faye Donaghy	Ms	Robin James (expired 21.07.15)
Ms	Fiona Webber	Mr	Robin Matters
Ms	Florina D'Sylvia	Mr	Robin Turner
Ms	Gabrielle Canny (expired 21.07.15)	Mr	Rod Shogren
Mr	Gary Mason (appointed 01.10.15)	Mr	Roger Stainer (expired 29.03.16)
Mr	Gary Palmer	Ms	Roseanne Healy
Mr	Gary McDougall	Ms	Samantha Ireland
Mr	Greg Sharp	Ms	Sarah Sheppard
Mr	Harry Klavins	Mr	Stephen Fribbins (expired 09.07.15)
Mr	Ian Butterworth	Mr	Stephen Kemp
Ms	Jaene Piip	Mr	Stephen McDermot-Batt (appointed 01.10.15)
Ms	Janina Gipslis	Mr	Stavros Georgiadis
Ms	Jean Hutchinson	Ms	Susan Visser
Mr	Jeffrey Stevens (appointed 01.10.15)	Mr	Timothy Crowley
Mr	John Adley	Mr	Timothy O'Halloran
Mr	John Furbank	Ms	Valerie Timms
Mr	John Paholski (appointed 01.10.15)	Mr	Warren Hall
Ms	Joy De Leo	Mr	Wayne Chadwick
Ms	Judith Morris	Mr	William Waterhouse
Mr	Kris Casey		
Ms	Karen Lehman		
Ms	Kimberley Shorland		

Courts Administration Authority

Notes to and forming part of the financial statements

Note 30 Remuneration of board and committee members (contd.)

Members of/assessors in the board and committees during the 2016 financial year were (contd.):

Training Centre Review Board				
Mr	Barry Jennings		Ms	Kathryn Stone *
Ms	Branka King		Ms	Katrina Dee *
Mr	Christopher Boltje *		Ms	Lynette Pugh *
Mr	Christopher Zanker * (resigned 17.12.15)		Ms	Nancy Penna
Mr	Douglas Barr		Mr	Philip Fagan-Schmidt *
Mr	David Branson		Ms	Shona Reid *
Mr	Dale Agius *		Mr	Stuart McLean
Mr	Darryn Keneally		Ms	Tiffany Downing
Ms	Ester Huxtable			
Mr	Gregory Forrest *			

Equal Opportunity Tribunal				
Ms	Helena Jasinski		Mr	Hau Yapp
Mr	David Shetliffe		Mr	Richard Altman
Ms	Elizabeth Bachmann			

State Courts Administration Council				
Chief Justice	Christopher Kourakis *		Chief Magistrate	Mary-Louise Hribal * (appointed 10.10.15)
Justice	Timothy Stanley *		Chief Magistrate	Elizabeth Bolton * (retired 09.10.15)
Chief Judge	Geoffrey Muecke *		Magistrate	Dr Andrew Cannon *
Judge	Wayne Chivell *			

The number of members who have been called and received remuneration that falls within the following bands:

	2016	2015
\$0 - \$9,999	12	15
\$10,000 - \$19,999	1	-
Total number of members	13	15

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of these benefits. The total remuneration received/receivable by members was \$41,000 (\$45,000).

* In accordance with the Department of Premier and Cabinet Circular No. 016, Government employees did not receive any remuneration for board/committee duties during the financial year.

The District Court and Youth Court judges are presiding officers of the boards. Various Acts confer a jurisdiction upon the District Court in its Administrative and Disciplinary Division and the Youth Court in the Training Centre Review Board. The District Court Act 1991 and Young Offenders Act 1993 specify the proceedings process when the matters are referred to the boards for hearing.

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

Courts Administration Authority

Notes to and forming part of the financial statements

	2016	2015
	\$'000	\$'000
Note 31: Cash Flow Reconciliation		
Reconciliation of Cash and cash equivalents at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position	58,196	50,976
Balance as per the Statement of Cash Flows	58,196	50,976
Reconciliation of net cash provided by operating activities to net cost of providing services:		
Net cash provided by operating activities	11,235	18,210
Less Revenues from SA Government	(94,366)	(98,135)
Add Payment to SA Government	543	-
Add/Less non cash items		
Depreciation/Amortisation	(7,843)	(8,657)
Loss from disposal of assets	(19)	(19)
Impairment loss	1	(1)
Changes in Assets / Liabilities		
Increase/(Decrease) in Receivables	46	(452)
Increase/(Decrease) in Other Assets	557	(11)
(Increase) in Employee Benefits	(1,714)	(1,470)
(Increase)/Decrease in Payables	(771)	365
Decrease/(Increase) in Provisions	410	(502)
(Increase)/Decrease in Other Liabilities	(116)	64
Net Cost of providing Services	(92,037)	(90,608)

Courts Administration Authority

Note to and forming part of the financial statements

Note 32: Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Note		SA Government		Non-SA Government		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
	EXPENSES						
5	Employee benefits expenses	2,480	2,369	50,032	47,955	52,512	50,324
6	Supplies and Services						
	Accommodation and services	9,743	10,432	4,240	3,109	13,983	13,541
	Circuit and Travel expenses	-	-	1,135	1,012	1,135	1,012
	Computing and communications	1,532	1,487	4,366	4,410	5,898	5,897
	Consultancy, contractors and temp staff	-	37	1,942	1,864	1,942	1,901
	Court expenses	304	308	1,021	1,009	1,325	1,317
	Operating leases	191	214	11	11	202	225
	Staff development and training	22	6	425	471	447	477
	Equipment purchases and repairs	-	-	280	393	280	393
	Coronial Charges	3,824	3,753	452	347	4,276	4,100
	Jurors' expenses	-	-	1,952	1,872	1,952	1,872
	Sheriff Officer Payments	-	-	858	967	858	967
	Other administration expenses	363	487	1,882	1,845	2,245	2,332
7	Depreciation and amortisation expense	-	-	7,843	8,657	7,843	8,657
8	Borrowing costs	714	788	-	-	714	788
9	Other expenses						
	Workers compensation	-	-	595	1,401	595	1,401
	Audit fees	-	-	146	112	146	112
	Doubtful debts	-	-	(1)	1	(1)	1
10	Auditors Remuneration	145	126	-	-	145	126
16	Payments to SA Government	543	-	-	-	543	-
	TOTAL EXPENSES	19,861	20,007	77,179	75,436	97,040	95,443

Courts Administration Authority

Notes to and forming part of the financial statements

Note 32: Transactions with SA government (contd.)

Note		SA Government		Non-SA Government		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
	INCOME						
12	Revenues from fees and charges	398	350	2,726	2,738	3,124	3,088
13	Sales of goods and services						
	Sale of electronic information	-	-	288	286	288	286
	Recoup of services and others	523	763	78	162	601	925
	Rent recoveries	229	190	212	211	441	401
14	Grants and transfers	25	76	-	-	25	76
15	Resources received free of charge	-	78	-	-	-	78
16	Revenues from SA Government	94,366	98,135	-	-	94,366	98,135
	TOTAL INCOME	95,541	99,592	3,304	3,397	98,845	102,989
	FINANCIAL ASSETS						
17	Cash and cash equivalents	58,166	50,943	30	33	58,196	50,976
18	Receivables						
	Receivables	64	46	215	29	279	75
	Accrued revenues	13	128	64	23	77	151
	GST input tax recoverable	-	-	473	559	473	559
	Prepayments	-	-	959	395	959	395
	Other assets	-	-	-	7	-	7
	TOTAL FINANCIAL ASSETS	58,243	51,117	1,741	1,046	59,984	52,163
	FINANCIAL LIABILITIES						
23	Payables						
	Creditors	-	179	24	186	24	365
	Accrued expenses	1,489	1,033	1,045	930	2,534	1,963
	Employment on-costs	811	720	879	745	1,690	1,465
	Paid Parental Leave Scheme payable	-	-	4	-	4	-
27	Financial liabilities						
	Finance lease liabilities	11,986	13,347	-	-	11,986	13,347
26	Other liabilities	108	-	379	371	487	371
	TOTAL FINANCIAL LIABILITIES	14,394	15,279	2,331	2,232	16,725	17,511

Courts Administration Authority

Notes to and forming part of the financial statements

Note 33: Budgetary reporting and explanations of major variances between budget and actual amounts

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

		Original budget #	Actual	
		2016	2016	Variance
Statement of Comprehensive Income	Note	\$'000	\$'000	\$'000
Expenses				
Employee benefits expenses		48,812	52,512	3,700
Supplies and services		37,177	34,543	(2,634)
Depreciation and amortisation expense		8,773	7,843	(930)
Borrowing costs		714	714	-
Net loss from disposal of non-current assets		-	19	19
Other expenses		816	885	69
Total Expenses		96,292	96,516	224
Income				
Revenues from fees and charges	(a)	3,591	3,124	(467)
Sale of goods and services	(b)	659	1,330	671
Grants and transfers		58	25	(33)
Total Income		4,308	4,479	171
Net cost of providing services		91,984	92,037	53
Revenues from/payments to SA Government				
Revenues from SA Government		94,361	94,366	5
Payments to SA Government		-	(543)	(543)
Net Result		2,377	1,786	(591)
Total comprehensive result		2,377	1,786	(591)

The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or

(a) Revenue from fees and charges were lower than the original budget mainly due to lower than expected Sheriff's Officer fees for serving civil processes, as well as reduced Hoon Legislation collections.

(b) Sale of goods and services were higher than the original budget mainly due to unbudgeted recoups from the Fines Enforcement Recovery Unit including increased rent charges for their accommodation at Port Adelaide court.

Courts Administration Authority

Notes to and forming part of the financial statements

Note 33 Budgetary reporting and explanations of major variances between budget and actual amounts (contd.)

		Original budget #	Actual	Variance
		2016	2016	
Investing expenditure summary	Note	\$'000	\$'000	\$'000
Total new projects	(c)	497	-	(497)
Total annual programs	(d)	2,685	2,345	(340)
Total investing expenditure		3,182	2,345	(837)

The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). These amounts have not been adjusted to reflect revised budgets or administrative restructure/machinery of government changes.

(c) Total new projects relates to Electronic Case Management Systems funding for the scoping of the project. The Original Budget was reclassified to Operating during 2015-16 due to the nature of the expenditure being deemed to be of an operating expense nature.

(d) Total annual programs investing expenditure was lower than the original budget due to reclassification of actual expenditure to operating expense account.

Courts Administration Authority

Notes to and forming part of the financial statements

Note 34 Financial risk management/Financial instruments

a) Financial risk management

Risk management is managed by the Authority's corporate services section and divisional risk management policies are in accordance with the Risk Management Policy Statement issued by the Premier and Treasurer and the principles established in the Australian Standard Risk Management Principles and Guidelines.

The Authority is exposed to financial risk – liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

b) Categorisation of financial instruments

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

Refer note 34 (c) for the carrying amounts of each of the following categories of financial assets and liabilities: loan and receivables; and financial liabilities measured at cost.

The Authority does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short term nature of these. Refer to notes 2, 18, and 23.
- Financial liabilities are initially recognised at fair value, plus any transaction cost directly attributable to the finance lease liabilities, then subsequently held at amortised cost. The fair value of the finance lease liabilities approximates the carrying amount, as the impact of discounting is not significant. Refer to notes 2 and 27.

c) Liquidity Risk

Liquidity risk arises from the possibility that the Authority is unable to meet its financial obligations as they fall due. The Authority is funded principally from appropriations by the SA Government. The Authority works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

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

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

The carrying amount recorded in note 34(c) represent the Authority's maximum exposure.

The following table discloses the carrying amount of each category of financial instrument held by the Authority including the contractual maturity analysis for financial assets and liabilities (ie liquidity risk).

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

Courts Administration Authority

Notes to and forming part of the financial statements

Note 34 Financial risk management/Financial instruments (contd.)

Table 34 (c): Categorisation and maturity analysis of financial assets and liabilities

Category of financial asset and financial liability	Notes	2016 Carrying amount/Fair value (\$'000)	2016 contractual maturities			
			Current	Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
Financial assets						
Cash and cash equivalents						
Cash and cash equivalents	17	58,196	58,196	-	-	-
Loans and receivables						
Receivables (1) (2)	18	356	356	-	-	-
Total financial assets		58,552	58,552	-	-	-
Financial liabilities						
Financial liabilities at cost						
Payables (1)	23	2,375	2,375	-	-	-
Financial lease liability	27	11,986	-	1,439	6,631	3,916
Total financial liabilities		14,361	2,375	1,439	6,631	3,916

Category of financial asset and financial liability	Notes	2015 Carrying amount/Fair value (\$'000)	2015 contractual maturities			
			Current	Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
Financial assets						
Cash and cash equivalents						
Cash and cash equivalents	17	50,976	50,976	-	-	-
Loans and receivables						
Receivables (1) (2)	18	226	226	-	-	-
Total financial assets		51,202	51,202	-	-	-
Financial liabilities						
Financial liabilities at cost						
Payables (1)	23	1,991	1,991	-	-	-
Financial lease liability	27	13,347	-	1,360	6,271	5,716
Total financial liabilities		15,338	1,991	1,360	6,271	5,716

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (eg Commonwealth, State and Local Govt taxes, fees and charges; Auditor-General's Department audit fees). 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 levies, tax and equivalents etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in Note 18 as trade and other receivables in accordance with paragraph 78(b) of AASB 101. However, prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Courts Administration Authority

Notes to and forming part of the financial statements

Note 34 Financial risk management/Financial instruments (contd.)

d) Credit Risk

Credit risk arises when there is the possibility of the Authority's debtors defaulting on their contractual obligations resulting in financial loss to the Authority. The Authority measures credit risk on a fair value basis and monitors risk on a regular basis.

The Authority has minimal concentration of credit risk. The Authority has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Authority does not engage in high risk hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by the Authority.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 18 for information on the allowance for impairment in relation to receivables.

The carrying amount of financial assets as detailed in note 34(c) represents the Authority's maximum exposure to credit risk.

The following table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets.

Table 34 (d) Ageing analysis of financial assets

		Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			Impaired financial assets \$'000
				Overdue for <30days \$'000	Overdue for 30 - 60 days \$'000	Overdue for >60days \$'000	
2016							
Cash and cash equivalents		58,196	58,196	-	-	-	-
Receivables (1)		356	172	182	1	1	-
Total		58,552	58,368	182	1	1	-
2015							
Cash and cash equivalents		50,976	50,976	-	-	-	-
Receivables (1)		226	219	2	1	4	1
Total		51,202	51,195	2	1	4	1

(1) Receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing to Government). They are carried at cost.

e) Market risk

Market risk for the Authority is primarily through interest rate risk. Exposure to interest rate risk may arise through its financial lease with Funds SA. There is no exposure to foreign currency or other price risks.

The Authority does not trade in foreign currency, enter into transactions for speculative purposes, nor for hedging. The Authority does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the Government's risk management strategy articulated in TI 23 Management of Foreign Currency Exposures.

Sensitivity disclosure analysis

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

Courts Administration Authority

STATEMENT OF ADMINISTERED COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
Administered Expenses			
Judicial benefits expenses	A4	40,159	37,047
Payments to Fines Enforcement Recovery Unit		1,145	9,938
Payments to Consolidated Account		17,392	16,701
Other expenses		692	746
Total Administered Expenses		59,388	64,432
Administered Income			
Revenues from SA Government		40,159	37,047
Court fees		16,147	15,592
Transcript fees		1,262	1,243
Fines Enforcement Recovery Unit Income		1,145	9,938
Other income		675	612
Total Administered Income		59,388	64,432
Net and total comprehensive result		-	-

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

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

Courts Administration Authority

STATEMENT OF ADMINISTERED FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
Administered Current Assets			
Cash and cash equivalents	A5	3,618	3,816
Receivables	A6	7,307	5,318
Total current assets		10,925	9,134
Administered Current Liabilities			
Payables	A7	2,876	2,802
Judicial benefits	A8	3,684	3,098
Other liabilities	A9	119	112
Total current liabilities		6,679	6,012
Administered Non-Current Liabilities			
Payables	A7	1,599	1,399
Judicial benefits	A8	10,615	9,691
Total non-current liabilities		12,214	11,090
Total liabilities		18,893	17,102
Net Assets		(7,968)	(7,968)
Administered Equity			
Accumulated deficit		(7,968)	(7,968)
Total administered equity		(7,968)	(7,968)

Total administered equity is attributable to the SA Government as owner

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

Courts Administration Authority

STATEMENT OF ADMINISTERED CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Note	Retained Earnings \$'000
Balance at 30 June 2014		(7,968)
Net result for 2014-15		-
Total comprehensive result for 2014-15		-
Balance at 30 June 2015		(7,968)
Net result for 2015-16		-
Total comprehensive result for 2015-16		-
Balance at 30 June 2016		(7,968)

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

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

Courts Administration Authority

STATEMENT OF ADMINISTERED CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		\$'000	\$'000
CASH FLOWS FROM ADMINISTERED ACTIVITIES			
Cash outflows			
Judicial benefits		(38,488)	(36,885)
Payments to consolidated account		(17,318)	(16,511)
Payments to Fines Enforcement Recovery Unit		(1,196)	(11,817)
Other payments		(680)	(672)
Total cash outflows		(57,682)	(65,885)
Cash inflows			
Receipts from SA Government		38,257	36,975
Court fees		16,125	15,444
Transcript fees		1,186	1,231
Fines Enforcement Recovery Unit receipts		1,145	9,938
GST recovered from the ATO		53	73
Other receipts		718	665
Total cash inflows		57,484	64,326
Net cash used in administered activities	A10	(198)	(1,559)
Net decrease in cash and cash equivalents		(198)	(1,559)
Cash and cash equivalents at the beginning of the financial year		3,816	5,375
Cash and cash equivalents at the end of the financial year	A5	3,618	3,816

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

Courts Administration Authority

Notes to and forming part of the administered financial statements

NOTE INDEX

Administered items

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Trust Monies

Note T1

Courts Administration Authority

Notes to and forming part of the administered financial statements

Note A1 Objectives of the Courts Administration Authority

The objectives of the Authority outlined in Note 1 for operating items apply equally to the Administered Financial Statements.

Note A2 Summary of significant accounting policies

The policies of the Authority outlined in Note 2 for operating items apply equally to the Administered Financial Statements.

Note A3 Activities of the Authority

The activities the Authority administers are mainly comprised of the following transactions:

- Court fees – The Authority processes revenue from fees charged under regulations to various Acts. Examples of these fees include lodgement fees in the various jurisdictions and sale of evidence/transcript. This revenue is directly credited to the DTF Consolidated Account.
 - Fines Enforcement Recovery Unit income – The Authority collects fines and Victims of Crime Levy at a court registry. Monies collected are paid into the Attorney-General's Department.
 - Judicial expenses – The Authority makes payments pursuant to the *Remuneration Act 1990* for the judiciary. These expenses include judicial salaries and associated on-costs (superannuation and payroll tax), judicial vehicle expenses and related Fringe Benefits Tax.
- The activities used by the Authority for budgeting and reporting purposes are mainly from one activity named as Court and Tribunal Case Resolution Services. It consists of the resolution of criminal, civil, appellate, coronial and probate matters in the State's courts and tribunals. The statement of administered comprehensive income is the schedule of expenses and income attributable to the one administered activity.

Courts Administration Authority

Notes to and forming part of the administered financial statements

	2016	2015
	\$'000	\$'000
Note A4: Judicial Benefits Expenses		
Salaries and wages	25,921	23,965
Long service leave	2,602	1,928
Annual leave	1,812	2,049
Employment on-costs - superannuation	6,068	5,580
Employment on-costs - payroll tax	1,897	1,745
Other judicial related expenses	1,859	1,780
Total Judicial benefits expenses	40,159	37,047
Remuneration of judiciary	2016	2015
The number of judicial officers whose remuneration received or receivable falls within the following bands:	2016	2015
\$145001 to \$155000	1	-
\$155001 to \$165000	1	-
\$185001 to \$195000	1	-
\$195001 to \$205000	-	1
\$205001 to \$215000	3	1
\$225001 to \$235000	-	1
\$245001 to \$255000	1	-
\$255001 to \$265000	1	1
\$265001 to \$275000	1	1
\$275001 to \$285000	1	-
\$285001 to \$295000	1	-
\$295001 to \$305000	1	-
\$315001 to \$325000	5	4
\$325001 to \$335000	6	11
\$335001 to \$345000	9	4
\$345001 to \$355000	8	5
\$355001 to \$365000	3	2
\$365001 to \$375000	5	6
Total number of judicial officers	88	81

The table includes all judicial officers who received remuneration equal to or greater than the base executive remuneration level during the year.

Remuneration of judicial officers reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice and fringe benefits and any fringe benefit tax paid/payable in respect of those benefits. The total remuneration received by these judicial officers for the year was \$36.1million (\$34.1million).

Courts Administration Authority

Notes to and forming part of the administered financial statements

	2016	2015
	\$'000	\$'000
Note A5: Administered cash and cash equivalents		
Deposits with the Treasurer	3,618	3,816
Total Administered cash and cash equivalents	3,618	3,816

Note A6: Administered Receivables

Current

Debtors	1,124	1,105
Allowance for doubtful debts	(286)	(259)
Accrued revenue	6,462	4,462
GST input tax recoverable	7	10
Total Administered receivables expected to be recovered within 12 months	7,307	5,318

Movements in the allowance for doubtful debts (Impairment loss)

Carrying amount at the beginning of the period	259	126
Increase in the allowance	29	133
Amounts recovered during the year	(2)	-
Carrying amount at the end of the period	286	259

Note A7: Administered Payables

Current:

Creditors	185	323
Accrued expenses	1,919	1,856
Judicial benefits on-costs	772	623
Total current administered payables	2,876	2,802

Non-Current:

Judicial benefits on-costs	1,599	1,399
Total non-current administered payables	1,599	1,399
Total Administered payables	4,475	4,201

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2015 rate (37%) to 40% and the average factor for the calculation of employer superannuation cost on-cost has also changed from the 2015 rate (10.3%) to 10.2%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$82 000. The impact on future years is impractical to estimate. Refer to note A8.

Courts Administration Authority

Notes to and forming part of the administered financial statements

	2016	2015
	\$'000	\$'000
Note A8: Judicial Benefits		
Current:		
Accrued salaries and wages	465	197
Annual leave	1,551	1,351
Long service leave	1,668	1,550
Total current judicial benefits	3,684	3,098
Non-Current:		
Annual leave	587	497
Long service leave	10,028	9,194
Total non-current judicial benefits	10,615	9,691
Total judicial benefits	14,299	12,789

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis of liability for the measurement of long service leave. AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2015 (3.0%) to 2016 (2%). This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$735 000 and employee benefits expense of \$107 000. The impact on future periods is impractical to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long term discount rate.

The Authority has used the average leave pattern history of previous years to allocate the current and non-current liability. Refer to note A7.

Note A9: Administered Other liabilities

Current		
Unclaimed money	119	112
Total Administered other liabilities	119	112

Note A10: Administered Cash Flow Reconciliation

Reconciliation of Cash and cash equivalents at the end of the reporting period:

Cash and cash equivalents disclosed in the Statement of Administered Financial Position	3,618	3,816
Balance as per the Statement of Administered Cash Flows	3,618	3,816

Reconciliation of Net Cash provided by Administered Activities to total comprehensive result:

Net cash (used in) provided by operating activities	(198)	(1,559)
Less: non cash item		
Doubtful debts and bad debts expenses	(27)	(134)
Changes in Administered Assets / Liabilities		
Increase in Receivables	2,016	231
(Increase) in Judicial Entitlements	(1,510)	(175)
(Increase)/Decrease in Payables	(281)	1,637
Total comprehensive result from Administered Activities	-	-

Courts Administration Authority

Notes to and forming part of the administered financial statements

Note A11: Administered transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Note		SA Government		Non-SA Government		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
	ADMINISTERED EXPENSES						
A4	Judicial benefits expenses	1,897	1,745	38,262	35,302	40,159	37,047
	Administered expenses						
	Payments to Fines Enforcement Recovery Unit	1,145	9,938	-	-	1,145	9,938
	Payments to Consolidated Account	17,392	16,701	-	-	17,392	16,701
	Other expenses	13	42	679	704	692	746
	TOTAL ADMINISTERED EXPENSES	20,447	28,426	38,941	36,006	59,388	64,432
	ADMINISTERED INCOME						
	Court fees	-	-	16,147	15,592	16,147	15,592
	Transcript fees	-	-	1,262	1,243	1,262	1,243
	Fines Enforcement Recovery Unit Income	-	-	1,145	9,938	1,145	9,938
	Other income	652	570	23	42	675	612
	Revenues from SA Government	40,159	37,047	-	-	40,159	37,047
	TOTAL ADMINISTERED INCOME	40,811	37,617	18,577	26,815	59,388	64,432
	ADMINISTERED FINANCIAL ASSETS						
A5	Administered cash and cash equivalents	3,618	3,816	-	-	3,618	3,816
A6	Administered Receivables						
	Receivables	203	253	635	593	838	846
	Accrued revenues	6,387	4,456	75	6	6,462	4,462
	GST input tax recoverable	-	-	7	10	7	10
	TOTAL ADMINISTERED FINANCIAL ASSETS	10,208	8,525	717	609	10,925	9,134
	ADMINISTERED FINANCIAL LIABILITIES						
A7	Administered Payables						
	Creditors	-	137	185	186	185	323
	Accrued expenses	1,874	1,853	45	3	1,919	1,856
	Employment on-costs	784	699	1,587	1,323	2,371	2,022
A9	Other Administered liabilities	-	-	119	112	119	112
	TOTAL ADMINISTERED FINANCIAL LIABILITIES	2,658	2,689	1,936	1,624	4,594	4,313

Courts Administration Authority

Notes to and forming part of the administered financial statements

Note A12: Administered budgetary reporting and explanations of major variances between budget and actual amounts

The following are brief explanations of variances between original and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

		Original budget #	Actual	Variance
		2016	2016	
Statement of Administered Comprehensive Income	Note	\$'000	\$'000	\$'000
Administered Expenses				
Judicial benefits expenses		39,675	40,159	484
Payments to Fines Enforcement Recovery Unit		-	1,145	1,145
Payments to Consolidated Account		20,336	17,392	(2,944)
Other expenses		981	692	(289)
Total Administered Expenses		60,992	59,388	(1,604)
Administered Income				
Revenues from SA Government		39,675	40,159	484
Court fees		18,761	16,147	(2,614)
Transcript fees		1,575	1,262	(313)
Fines Enforcement Recovery Unit Income		-	1,145	1,145
Other income		981	675	(306)
Total Administered Income		60,992	59,388	(1,604)
Net and total comprehensive result		-	-	-

The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements.

There is no budgeted or actual Administered investing expenditure in the Administered activities.

Courts Administration Authority

T1 Trust Monies

The Authority holds monies pending the outcome of court decisions. Beneficiaries of these payments include other SA, Federal and Local government entities, and individuals. These monies are excluded from the financial statements as the Authority cannot use them for the achievement of its objectives.

The following is a summary of the transactions in the jurisdiction's trust accounts.

	2016	2015
	\$'000	\$'000
Supreme Court Suitor Account		
Balance at 1 July	18,875	30,726
Receipts	49,308	22,150
	68,183	52,876
Less: Payments	30,290	34,001
Balance at 30 June	37,893	18,875
District Court Suitor Account		
Balance at 1 July	2,941	2,369
Receipts	4,573	6,866
	7,514	9,235
Less: Payments	4,411	6,294
Balance at 30 June	3,103	2,941
Magistrates' Court Suitor Account		
Balance at 1 July	5,624	5,029
Receipts	3,397	3,017
	9,021	8,046
Less: Payments	3,077	2,422
Balance at 30 June	5,944	5,624
Sheriff's Office Trust Clearing Account		
Balance at 1 July	134	153
Receipts	1,351	888
	1,485	1,041
Less: Payments	1,485	907
Balance at 30 June	-	134

**Courts Administration Authority
Certification of the Financial Statements**

We certify that the:

- financial statements of the Courts Administration Authority:
 - are in accordance with the accounts and records of the Authority; and
 - comply with relevant Treasurer's Instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Authority at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Courts Administration Authority over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Julie-Anne Burgess
State Courts Administrator



Trevor Pearce
Chief Financial Officer



The Honourable Christopher Kourakis
Chief Justice of South Australia
Chair State Courts Administration Council

Date: 09 September 2016



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To the Chair State Courts Administration Council

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 27 of the *Courts Administration Act 1993*, I have audited the accompanying financial report of the Courts Administration Authority for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2016
- Disaggregated Disclosures - Assets and Liabilities as at 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2016
- a Statement of Administered Financial Position as at 30 June 2016
- a Statement of Administered Changes in Equity for the year ended 30 June 2016
- a Statement of Administered Cash Flows for the year ended 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information for administered items
- a Certificate from the Chair State Courts Administration Council, State Courts Administrator and the Chief Financial Officer.

State Courts Administration Council's responsibility for the financial report

The members of the State Courts Administration Council are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the members of the State Courts Administration Council determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial report 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 comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 members of the State Courts Administration Council, as well as evaluating the overall presentation of the financial report.

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

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on the Courts Administration Authority's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Courts Administration Authority as at 30 June 2016, 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.



Andrew Richardson

Auditor-General

16 September 2016

Defence SA

Financial report
for the year ended
30 June 2016

DEFENCE SA

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Note No.	30 June 2016 \$' 000	30 June 2015 \$' 000
Expenses			
Employee benefits expenses	5	5,098	5,008
Supplies and services	6	7,696	7,441
Depreciation and amortisation	7	7,458	7,374
Net loss from disposal of non-current assets	8	-	43
Grants and subsidies	9	1,871	1,553
Other expenses	10	131	97
Total expenses		22,254	21,516
Income			
Revenues from fees and charges	12	4,696	3,998
Grants	13	204	7
Techport Australia recoveries	14	120	163
Other income	15	361	329
Total income		5,381	4,497
Net cost of providing services		(16,873)	(17,019)
Revenues from/payments to SA Government			
Revenues from SA Government	16	18,644	16,474
Payments to SA Government	16	-	(2,174)
Net result		1,771	(2,719)
Total comprehensive result		1,771	(2,719)

The net result and total comprehensive result are attributable to the SA Government as owner.

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

DEFENCE SA

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note No.	30 June 2016 \$' 000	30 June 2015 \$' 000
Current assets			
Cash	17	27,586	18,395
Receivables	18	746	999
Total current assets		28,332	19,394
Non-current assets			
Land	19, 20	22,370	22,370
Buildings and improvements, plant and equipment	19, 20	6,439	6,154
Harbour and port facilities	19, 20	211,288	216,162
Capital works in progress	21	235	2,730
Total non-current assets		240,332	247,416
Total assets		268,664	266,810
Current liabilities			
Payables	22	1,448	1,359
Employee benefits	23	482	523
Provisions	24	10	6
Other liabilities	25	-	20
Total current liabilities		1,940	1,908
Non-current liabilities			
Payables	22	24	20
Employee benefits	23	400	359
Provisions	24	20	14
Total non-current liabilities		444	393
Total liabilities		2,384	2,301
Net assets		266,280	264,509
Equity			
Contributed capital		101,823	101,823
Retained earnings		164,457	162,686
Total equity		266,280	264,509

The total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	26
Contingent assets and liabilities	27

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

DEFENCE SA

STATEMENT OF CHANGES IN EQUITY**For the year ended 30 June 2016**

	Note No.	Contributed capital	Retained earnings	Total equity
		\$' 000	\$' 000	\$' 000
Balance at 30 June 2014		101,823	165,405	267,228
Net result for 2014-15		-	(2,719)	(2,719)
Total comprehensive result for 2014-15		-	(2,719)	(2,719)
Balance at 30 June 2015		101,823	162,686	264,509
Net result for 2015-16		-	1,771	1,771
Total comprehensive result for 2015-16		-	1,771	1,771
Balance at 30 June 2016		101,823	164,457	266,280

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

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

DEFENCE SA

STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	Note No.	30 June 2016	30 June 2015
		\$' 000	\$' 000
		Inflows	Inflows
		(Outflows)	(Outflows)
Cash flows from operating activities			
Cash outflows			
Employee benefits payments		(4,980)	(4,929)
Payments for supplies and services		(8,473)	(8,204)
Payments of grants and subsidies		(2,123)	(1,970)
Payments for paid parental leave scheme		(12)	(3)
Cash used in operations		(15,588)	(15,106)
Cash inflows			
Grants		142	74
Fees and charges		5,376	3,996
Techport Australia recoveries		167	144
GST recovered from the ATO		548	596
Receipts for paid parental leave scheme		12	1
Other receipts		398	316
Cash generated from operations		6,643	5,127
Cash flows from SA Government			
Receipts from SA Government		18,644	16,474
Payments to SA Government		-	(2,174)
Cash generated from SA Government		18,644	14,300
Net cash provided by operating activities	30	9,699	4,321
Cash flows from investing activities			
Cash outflows			
Payments for capital work in progress		(508)	(2,518)
Cash used in investing activities		(508)	(2,518)
Net cash used in investing activities		(508)	(2,518)
Net increase in cash		9,191	1,803
Cash at the beginning of the period		18,395	16,592
Cash at the end of the period	17, 30	27,586	18,395

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

DEFENCE SA

DISAGGREGATED DISCLOSURES - EXPENSES AND INCOME

For the year ended 30 June 2016

Refer Note 4 for detailed activity descriptions	Defence Industry Development		Techport Australia		Total Defence SA Activities	
	2016 \$' 000	2015 \$' 000	2016 \$' 000	2015 \$' 000	2016 \$' 000	2015 \$' 000
Expenses						
Employee benefits expenses	3,580	3,591	1,518	1,417	5,098	5,008
Supplies and services	3,496	3,357	4,200	4,084	7,696	7,441
Depreciation and amortisation	111	121	7,347	7,253	7,458	7,374
Net loss from disposal of non-current assets	-	-	-	43	-	43
Grants and subsidies	1,871	1,553	-	-	1,871	1,553
Other expenses	94	62	37	35	131	97
Total expenses	9,152	8,684	13,102	12,832	22,254	21,516
Income						
Revenues from fees and charges	100	54	4,596	3,944	4,696	3,998
Grants	-	-	204	7	204	7
Techport Australia recoveries	-	-	120	163	120	163
Other income	361	329	-	-	361	329
Total income	461	383	4,920	4,114	5,381	4,497
Net cost of providing services	(8,691)	(8,301)	(8,182)	(8,718)	(16,873)	(17,019)
Revenues from/payments to SA Government						
Revenues from SA Government ⁽¹⁾	18,644	16,474	-	-	18,644	16,474
Payments to SA Government	-	(2,174)	-	-	-	(2,174)
Net result	9,953	5,999	(8,182)	(8,718)	1,771	(2,719)

⁽¹⁾ Revenues from SA Government are provided to fund the operating activities of Defence SA and have not been allocated between activities.

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

DEFENCE SA

DISAGGREGATED DISCLOSURES - ASSETS AND LIABILITIES

As at 30 June 2016

Refer Note 4 for detailed activity descriptions	Defence Industry Development		Techport Australia		Total Defence SA Activities	
	2016	2015	2016	2015	2016	2015
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
Assets						
Cash	27,586	18,395	-	-	27,586	18,395
Receivables	251	385	495	614	746	999
Land	-	-	22,370	22,370	22,370	22,370
Buildings and improvements, plant and equipment	3	114	6,436	6,040	6,439	6,154
Harbour and port facilities	-	-	211,288	216,162	211,288	216,162
Capital works in progress	-	-	235	2,730	235	2,730
Total assets	27,840	18,894	240,824	247,916	268,664	266,810
Liabilities						
Payables	1,033	647	439	732	1,472	1,379
Employee benefits	618	636	264	246	882	882
Provisions	30	20	-	-	30	20
Other liabilities	-	20	-	-	-	20
Total liabilities	1,681	1,323	703	978	2,384	2,301
Net assets	26,159	17,571	240,121	246,938	266,280	264,509

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

DEFENCE SA

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Note 1 Objectives of Defence SA

Defence SA is South Australia's lead government agency for all defence related matters. It facilitates the development and growth of Defence (Department of Defence and Australian Defence Forces) presence and defence industries in South Australia on a competitive and sustainable basis in accordance with *South Australia's Strategic Plan*.

The agency delivers the Government of South Australia's commitments to the Air Warfare Destroyer project, as well as working towards capturing further Defence and defence industry work in the four defence sectors - maritime, land, aerospace and systems.

Defence SA is also striving to ensure the right climate exists for defence industry growth, and is working with several partners to deliver results for industry in the areas of workforce development and innovation.

Note 2 Summary of significant accounting policies

a) Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

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

Defence SA has applied Australian Accounting Standards that are applicable to not-for-profit entities, as Defence SA is a not-for-profit entity.

Except for AASB 2015-7 which Defence SA 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 Defence SA for the reporting period ending 30 June 2016 (refer note 3).

b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying Defence SA's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported 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 these financial statements:
 - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature;
 - b) expenses incurred as a result of engaging consultants;
 - c) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and
 - d) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

Note 2

b) Basis of preparation (continued)

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented.

c) Reporting entity

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

Defence SA does not control any other entity and has no interests in unconsolidated structured entities.

Defence SA has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

d) Transferred functions

To improve the delivery of the Government's economic priorities and better align Ministerial responsibilities, Cabinet approved the transfer of aerospace and space resources from the Department of State Development to Defence SA. The Cabinet decision of 25 January 2016 came into effect from 4 April 2016 (refer note 28).

e) Budgeted amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). Budgeted information has been included for the Statement of Comprehensive Income and for Investment Expenditure. Budget information has not been included for the Statement of Financial Position or Statement of Cash Flows as the information in these statements are not budgeted for on the same basis and/or determined in a different manner to financial statement information. These original budgeted amounts have been presented and classified on a basis that is consistent with the line items in the financial statements. These amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes. The budget process is not subject to audit.

f) Comparative information

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

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

g) Rounding

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

h) Taxation

Defence SA is not subject to income tax. Defence SA is liable for payroll tax, fringe benefits tax, goods and services tax (GST) and the emergency services levy.

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

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

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

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

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

i) Events after the reporting period

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

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

j) Income

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

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

The following are specific recognition criteria:

Revenues from fees and charges

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

Revenues from SA Government

Appropriations to fund activities are recognised as revenues when Defence SA obtains control over the funding. Control over appropriations is normally obtained upon receipt.

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

Other income

Other income consists of recoveries of costs for work performed on behalf of external entities and other government entities.

k) Expenses

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

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

Note 2 k) Expenses (continued)

The following are specific recognition criteria:

Employee benefits expenses

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

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by Defence SA to State Government and externally managed superannuation schemes in respect of services of current Defence SA staff.

Depreciation and amortisation

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is applied to leasehold improvements. Depreciation is applied to other tangible assets. Defence SA has no recognised intangible assets.

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

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

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

Land is not depreciated.

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

Class of asset	Useful life (years)
Harbour and port facilities	5-50
Buildings and improvements	6-40
Leasehold improvements	Life of lease
Plant and equipment	4-25

Net gain/(loss) from disposal of non-current assets

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

Grants and subsidies

For contributions payable, the contribution will be recognised as a liability and expense when Defence SA has a present obligation to pay the contribution and the expense recognition criteria are met. All contributions paid by Defence SA have been unconditional.

Payments to SA Government

Payments to the SA Government consist of the return of surplus cash pursuant to the cash alignment policy. These funds are paid directly to the Consolidated Account.

l) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature.

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

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

m) **Assets**

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

Cash

Cash in the Statement of Financial Position comprises deposits with the Treasurer. For the purposes of the Statement of Cash Flows, cash consists of cash as defined above. Cash is measured at nominal value.

Receivables

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

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

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

Capital works in progress

During the period work continued on the development of infrastructure to support the Air Warfare Destroyer construction program in accordance with the Infrastructure Assistance Agreement.

Defence SA accounts for expenses associated with all capital projects as work in progress until the assets are installed and ready for use. On completion the assets are recognised in accordance with non-current asset acquisition and recognition policy (refer below).

Non-current asset acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Harbour and Port Facilities including wharf, shiplift, transfer system and dry berth are considered specialised assets and are recorded at cost less accumulated depreciation.

Other asset classes are subsequently measured at fair value less accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recognised at book value, i.e. the amount recorded by the transferor public authority immediately prior to the restructure.

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

Complex assets are componentised when the asset's fair value at the time of acquisition is equal to, or in excess of \$5 million for infrastructure assets and \$1 million for other assets.

Assets have been componentised where appropriate to recognise their unique nature and useful lives.

Revaluation of non-current assets

All non-current tangible assets are valued at written down current cost (a proxy for fair value) and revaluation of non-current assets or group of assets (excluding specialised assets) will only be performed when the assets' fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years. The Treasurer has approved that specialised assets will not need to be revalued until 30 June 2024.

Every six years Defence SA revalues its land and buildings via an independent Certified Practising Valuer. If at any time, management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last revaluation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value. Defence SA's land, buildings and associated plant and equipment were last revalued in the year ended 30 June 2012.

Note 2 m) Assets (continued)

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

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

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

Impairment

All non-current tangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

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

Fair value measurement

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Defence SA classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

- Level 1 – traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date;
- Level 2 – not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly; or
- Level 3 – not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed at each reporting date.

Non-financial assets

In determining fair value, Defence SA has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

Defence SA's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As Defence SA did not identify any factors to suggest an alternative use, fair value measurement is based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or an estimated useful life that was less than three years are deemed to approximate fair value.

Financial assets/liabilities

Defence SA does not recognise any financial assets or financial liabilities at fair value.

n) Liabilities

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

Payables

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

Creditors represent invoices for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period.

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

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

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received, in accordance with Treasurer's Instruction 11 *Payment of Creditor Accounts*.

Employee benefits on-costs include superannuation contributions and payroll tax in respect of outstanding liabilities for salaries and wages, long service leave, annual leave, and skills and experience retention leave.

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

Leases

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

Operating leases

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income over the term of the lease.

Lease incentives

All incentives received for the agreement of a new or renewed operating lease are recognised as a liability.

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

Employee benefits

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

Wages, salaries, annual leave, skills and experience retention leave and sick leave

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

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

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

Note 2 n) Liabilities (continued)*Long service leave*

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

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and years of service.

These assumptions are based on employee data over SA Government entities.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

Employee benefits on-costs

Employee benefits on-costs (payroll tax and superannuation) are recognised separately under payables.

Provisions

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

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

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

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2016 provided by a consulting actuary engaged through the Office for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under the current legislation.

Defence SA is responsible for payments of workers compensation claims. Defence SA has a Service Level Agreement with the Office for the Public Sector to undertake injury management and rehabilitation services in the event of a claim.

o) Insurance

Defence SA has arranged, through the South Australian Government Financing Authority - Insurance Division (SAICORP), to insure all major risks of Defence SA. The excess payable under this arrangement is \$5 000 per claim.

p) Unrecognised contractual commitments and contingent assets and liabilities

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

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Defence SA secures performance guarantees in support of contractor performance. No value is assigned to these guarantees for financial statement purposes as they will only be called upon in the event that the contractor fails to fulfill their agreed contractual commitments.

Note 3 New and revised accounting standards and policies

Defence SA did not voluntarily change any of its accounting policies during 2015-16.

Accounting Standards

Except for AASB 2015-7 which Defence SA 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 Defence SA for the period ending 30 June 2016. Defence SA has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of Defence SA apart from those described for leases.

AASB 16 *Leases* will apply for the first time to the 30 June 2020 financial report. This standard will require Defence SA to recognise all leased items in the statement of financial position as assets representing the value of items leased and as liabilities representing the expected future lease payments.

Note 4 Activities of Defence SA

Activity information is prepared in accordance with the accounting policies of the entity as disclosed in note 2.

In achieving its objectives Defence SA provides a range of services classified into the following activities:

Activity 1 - Defence Industry Development

This activity delivers strategy and policy that, together with the Defence SA Advisory Board, provides leadership across government on all defence related matters.

It targets national and international business development opportunities and supports Defence SA's administrative, financial and other operational services.

The activity delivers the state's workforce development commitments to the Air Warfare Destroyer project, including the Maritime Skills Centre and integration of defence industry skills into whole of state workforce development planning and implementation initiatives.

This activity seeks to support the growth of Defence and sustainable defence industries in South Australia across the maritime, land, aerospace and systems sectors.

Activity 2 - Techport Australia

This activity delivers the state's shipbuilding infrastructure commitment to the Air Warfare Destroyer project and reinforces Techport Australia as Australia's premier naval industry hub.

The disaggregated disclosures schedules present expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2016 and 30 June 2015.

DEFENCE SA

Note 5	Employee benefits expenses	30 June 2016 \$' 000	30 June 2015 \$' 000
	Salaries and wages	3,692	3,582
	Long service leave	116	127
	Annual leave	237	247
	Skills and experience retention leave	4	2
	Employment on-costs - superannuation	395	391
	Employment on-costs - other	235	230
	Advisory Board and committee fees (note 29)	325	329
	Workers compensation	10	25
	Other employee related expenses	84	75
	Total employee benefits expenses	5,098	5,008

Remuneration of employees

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

	No	No
\$145 001 to \$155 000	1	-
\$155 001 to \$165 000	2	-
\$165 001 to \$175 000	1	1
\$175 001 to \$185 000	-	4
\$185 001 to \$195 000	2	1
\$195 001 to \$205 000	2	1
\$205 001 to \$215 000	-	1
\$215 001 to \$225 000	1	1
\$235 001 to \$245 000	2	1
\$255 001 to \$265 000	-	1
\$275 001 to \$285 000	1	-
\$315 001 to \$325 000	-	1
Total number of employees	12	12

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year.

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

The total remuneration received by these employees for the year was \$2.399 million (\$2.548 million).

DEFENCE SA

Note 6	Supplies and services	30 June 2016 \$' 000	30 June 2015 \$' 000
	Accommodation and service costs	351	336
	Consultants (refer below)	136	131
	Contractors	1,719	1,159
	Electricity	1,423	1,386
	Gas and gas equipment	168	185
	Insurance	95	103
	Legal fees	204	201
	Minor plant and equipment	133	199
	Promotion and events	692	1,179
	Property	464	323
	Provision of corporate services under Service Level Agreements	341	295
	Security services	732	702
	Staff safety, development and recruitment	180	159
	Travel and related expenses	285	408
	Other expenses	773	675
	Total supplies and services	7,696	7,441

The total supplies and services amount disclosed includes GST amounts not recoverable from the ATO where Defence SA does not hold a valid tax invoice or for payments relating to third party arrangements.

Consultants

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

	30 June 2016		30 June 2015	
	No	\$' 000	No	\$' 000
Below \$10 000	3	13	-	-
Above \$10 000	3	123	2	131
Total paid/payable to the consultants engaged	6	136	2	131

Note 7	Depreciation and amortisation	30 June 2016 \$' 000	30 June 2015 \$' 000
	Depreciation and amortisation		
	Buildings and improvements	188	172
	Plant and equipment	100	94
	Harbour and port facilities	7,062	6,991
	Leasehold improvements	108	117
	Total depreciation and amortisation	7,458	7,374

DEFENCE SA

	30 June 2016 \$' 000	30 June 2015 \$' 000
Note 8 Net loss from disposal of non-current assets		
Net book value of harbour and port assets disposed	-	43
Total net loss from disposal of non-current assets	-	43
	30 June 2016 \$' 000	30 June 2015 \$' 000
Note 9 Grants and subsidies		
Defence Teaming Centre	902	735
ASC AWD Shipbuilder Pty Ltd	694	618
Data 2 Decision Co-operative Research Centre	200	200
South Australian Fire and Emergency Services Commission	75	-
Total grants and subsidies	1,871	1,553
	30 June 2016 \$' 000	30 June 2015 \$' 000
Note 10 Other expenses		
Audit fees (refer note 11)	39	38
Internal audit	75	41
Allowances for doubtful debts (refer note 18)	-	(6)
Other	17	24
Total other expenses	131	97
	30 June 2016 \$' 000	30 June 2015 \$' 000
Note 11 Auditor's remuneration		
Audit fees paid/payable to the Auditor-General's Department relating to the audit of financial statements	39	38
Total audit fees	39	38
Other services		
No other services were provided by the Auditor-General's Department.		
	30 June 2016 \$' 000	30 June 2015 \$' 000
Note 12 Revenues from fees and charges		
CUF priority access fee	2,706	2,683
Techport Australia other fees	1,890	1,261
Renewal SA income	100	54
Total fees and charges	4,696	3,998
	30 June 2016 \$' 000	30 June 2015 \$' 000
Note 13 Grants		
ASC AWD Shipbuilder Pty Ltd contribution to CUF infrastructure	204	-
Other	-	7
Total grants	204	7

DEFENCE SA

	30 June 2016 \$' 000	30 June 2015 \$' 000
Note 14 Techport Australia recoveries		
Other Techport Australia recoveries	120	163
Total Techport Australia recoveries	<u>120</u>	<u>163</u>

	30 June 2016 \$' 000	30 June 2015 \$' 000
Note 15 Other income		
Transfers received - Department for State Development	246	254
Other income	115	75
Total other income	<u>361</u>	<u>329</u>

	30 June 2016 \$' 000	30 June 2015 \$' 000
Note 16 Revenues from/payments to SA Government		
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	18,636	16,467
Transfers received - Department of Treasury and Finance	8	7
Total revenues from SA Government	<u>18,644</u>	<u>16,474</u>
Payments to SA Government		
Return of surplus cash pursuant to cash alignment policy	-	(2,174)
Total payments to SA Government	<u>-</u>	<u>(2,174)</u>

Appropriations from Consolidated Account were \$18.644 million (\$16.474 million) for operational funding and capital projects.

	30 June 2016 \$' 000	30 June 2015 \$' 000
Note 17 Cash		
Deposits with the Treasurer	3,890	905
Deposits with the Treasurer - Accrual Appropriation Excess Funds Account ⁽¹⁾	23,696	17,490
Total cash	<u>27,586</u>	<u>18,395</u>

⁽¹⁾ The balance of these funds is not available for general use and can only be used in accordance with the Treasurer's/Under Treasurer's approval.

Interest rate risk

Deposits with the Treasurer are non-interest bearing. The carrying amount of cash represents fair value.

DEFENCE SA

Note 18 Receivables	30 June 2016 \$' 000	30 June 2015 \$' 000
Current		
Receivables and accrued income	529	740
Less allowance for doubtful debts	(99)	(99)
Prepayments	131	81
GST input tax recoverable	185	277
Total current receivables	746	999

Movement in the allowance for doubtful debts

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

An allowance for impairment loss has been recognised in 'other expenses' in the Statement of Comprehensive Income for specific debtors for which such evidence exists.

Movements in the allowance for doubtful debts (impairment loss)

Carrying amount at the beginning of the period	99	105
Increase in allowance	-	-
Amounts written off	-	-
Amounts recovered during the year	-	(6)
Carrying amount at the end of the period	99	99

Interest rate and credit risk

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

Receivables are normally settled within 30 days. Receivables, prepayments and accrued revenues are non-interest bearing.

Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand.

There is no concentration of credit risk.

(a) **Maturity analysis of receivables** - refer to note 33

(b) **Categorisation of financial instruments and risk exposure information** - refer to note 33

(c) **Ageing analysis of financial assets** - refer to note 33

DEFENCE SA

Note 19 Property, plant and equipment	30 June 2016 \$' 000	30 June 2015 \$' 000
Land		
Land only holdings at fair value ⁽¹⁾	16,250	16,250
Land only holdings improvements at cost	2,736	2,736
Site land at fair value	2,500	2,500
Site land at cost	884	884
Total land	22,370	22,370
Buildings and improvements		
Buildings at fair value	3,425	3,425
Buildings at cost ⁽²⁾	3,556	2,949
Accumulated depreciation at the end of the period	(1,092)	(903)
Total buildings and improvements	5,889	5,471
Leasehold improvements		
Leasehold improvements at cost	884	884
Accumulated amortisation at the end of the period	(884)	(776)
Total leasehold improvements	-	108
Plant and equipment		
Plant and equipment at cost	1,089	1,014
Accumulated depreciation at the end of the period	(539)	(439)
Total plant and equipment	550	575
Total buildings and improvements, plant and equipment	6,439	6,154
Harbour and port facilities		
Habour and port facilities at cost ⁽²⁾	256,223	254,036
Accumulated depreciation at the end of the period	(44,935)	(37,874)
Total harbour and port facilities	211,288	216,162
Total property, plant and equipment	287,547	284,678
Total accumulated depreciation/amortisation at the end of the period	(47,450)	(39,992)
Total property, plant and equipment	240,097	244,686

Valuation of land and buildings

The valuation of land and buildings was performed by an independent Certified Practising Valuer from Savills Valuations Pty Ltd as at 29 February 2012. The valuer arrived at the fair value of unrestricted land using the market approach. The valuation was based on recent market transactions for similar assets in the area taking into account zoning, restricted use and development work completed as at the valuation date.

⁽¹⁾ The land valuation takes into account that this land is reserved for use for future naval shipbuilding purposes to support the State's defence industry. These landholdings have direct access to the Common User Facility as a result of infrastructure works which have been undertaken to ensure this land can be used as an integral part of future shipbuilding activity. Works have included the relocation of services and infrastructure works to facilitate access across Mersey Road to the Common User Facility.

⁽²⁾ All Techport Australia Common User Facility assets (including buildings) are considered a specialised asset, are recorded at written down current cost (a proxy for fair value) and have not been revalued.

Carrying amount of leasehold improvements, plant and equipment and harbour and port facilities

All leasehold improvements and items of plant and equipment have a fair value at the time of acquisition that was less than \$1 million or had an estimated life of less than three years, and have not been revalued in accordance with Accounting Policy Framework III. The carrying value of these assets are deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustment to their value, except for management assumptions about asset condition and remaining useful life.

Harbour and port facilities includes \$2.325 million (\$1.394 million) of fully depreciated assets still in use.

Impairment

There were no indications of impairment of property, plant and equipment as at 30 June 2016.

DEFENCE SA

Note 19 Property, plant and equipment (continued)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

The following table shows the movement of property, plant and equipment during 2014-15

	Land	Buildings	Leasehold improvements	Plant and equipment	Harbour and port facilities	Total assets
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
Carrying amount at the beginning of the period	21,870	5,643	225	652	220,493	248,883
Acquisitions and transfers	500	-	-	17	2,703	3,220
Disposals	-	-	-	-	(43)	(43)
Depreciation and amortisation	-	(172)	(117)	(94)	(6,991)	(7,374)
Carrying amount at the end of the period	22,370	5,471	108	575	216,162	244,686

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

The following table shows the movement of property, plant and equipment during 2015-16

	Land	Buildings	Leasehold improvements	Plant and equipment	Harbour and port facilities	Total assets
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
Carrying amount at the beginning of the period	22,370	5,471	108	575	216,162	244,686
Acquisitions and transfers	-	606	-	75	2,188	2,869
Disposals	-	-	-	-	-	-
Depreciation and amortisation	-	(188)	(108)	(100)	(7,062)	(7,458)
Carrying amount at the end of the period	22,370	5,889	-	550	211,288	240,097

DEFENCE SA

Note 20 Fair value measurement

Fair value hierarchy

The fair value of non-financial assets must be estimated for recognition, measurement and for disclosure purposes. Defence SA categorises non-financial assets measured at fair value into the hierarchy based on the level of inputs used in measurement as follows:

Fair value measurements at 30 June 2015 (refer note 2m and 19)

	Level 2 \$' 000	Level 3 \$' 000	Total \$' 000
Recurring fair value measurements			
Land	18,750	3,620	22,370
Buildings ⁽¹⁾	2,894	2,577	5,471
Leasehold improvements	-	108	108
Plant and equipment	-	575	575
Harbour and port facilities	-	216,162	216,162
Total recurring fair value measurements	21,644	223,042	244,686

⁽¹⁾ Adjusted to reflect \$88 000 of depreciation of Level 2 assets incorrectly included in Level 3 at 30 June 2015.

Fair value measurements at 30 June 2016

Recurring fair value measurements			
Land	18,750	3,620	22,370
Buildings	2,806	3,083	5,889
Plant and equipment	-	550	550
Harbour and port facilities	-	211,288	211,288
Total recurring fair value measurements	21,556	218,541	240,097

Defence SA's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques and inputs used to derive level 2 and 3 fair values are described in note 19.

During 2015 and 2016, Defence SA had no valuations categorised into level 1; there were no transfers of assets between fair value hierarchy levels and there were no changes in valuation technique.

Reconciliation of level 3 fair value measurements as at 30 June 2015

	Land \$' 000	Buildings \$' 000	Leasehold improve- ments \$' 000	Plant and equipment \$' 000	Harbour and port facilities \$' 000
Carrying amount at the beginning of the period	3,120	2,661	225	652	220,493
Acquisitions and transfers	500	-	-	17	2,703
Disposals	-	-	-	-	(43)
Depreciation/amortisation	-	(84)	(117)	(94)	(6,991)
Carrying amount at the end of the period	3,620	2,577	108	575	216,162

Reconciliation of level 3 fair value measurements as at 30 June 2016

	Land \$' 000	Buildings \$' 000	Leasehold improve- ments \$' 000	Plant and equipment \$' 000	Harbour and port facilities \$' 000
Carrying amount at the beginning of the period	3,620	2,577	108	575	216,162
Acquisitions and transfers	-	606	-	75	2,188
Disposals	-	-	-	-	-
Depreciation/amortisation	-	(100)	(108)	(100)	(7,062)
Carrying amount at the end of the period	3,620	3,083	-	550	211,288

DEFENCE SA

Note 21 Capital works in progress	30 June 2016 \$' 000	30 June 2015 \$' 000
The carrying amount of capital works in progress as at the end of the reporting period.	235	2,730
Capital works in progress includes planning, design and development work associated with CUF assets not yet completed.		

RECONCILIATION OF CAPITAL WORKS IN PROGRESS

The following table shows the movement of capital works in progress during 2014-15

	Improvements to freehold land \$' 000	Harbour and port facilities \$' 000	Plant and equipment \$' 000	Total capital works in progress \$' 000
Carrying amount at the beginning of the period	-	3,300	-	3,300
Acquisitions	65	2,568	17	2,650
Reclassified as property, plant and equipment	(65)	(3,138)	(17)	(3,220)
Carrying amount at the end of the period	-	2,730	-	2,730

RECONCILIATION OF CAPITAL WORKS IN PROGRESS

The following table shows the movement of capital works in progress during 2015-16

	Improvements to freehold land \$' 000	Harbour and port facilities \$' 000	Plant and equipment \$' 000	Total capital works in progress \$' 000
Carrying amount at the beginning of the period	-	2,730	-	2,730
Acquisitions	-	374	-	374
Reclassified as property, plant and equipment	-	(2,869)	-	(2,869)
Carrying amount at the end of the period	-	235	-	235

DEFENCE SA

Note 22 Payables	30 June 2016 \$' 000	30 June 2015 \$' 000
Current		
Creditors and accrued expenses	1,264	1,210
Employment on-costs	95	92
GST payable	89	57
Total current payables	1,448	1,359
Non-current		
Employment on-costs	24	20
Total non-current payables	24	20
Total payables	1,472	1,379

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2015 rate (37%) to a rate of 40% and the average factor for the calculation of employer superannuation cost on-cost has also changed from the 2015 rate (10.3%) to 10.2%. These rates are used in the employment on-cost calculation.

The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$3 000 (\$3 000) and employees benefits expense of \$3 000 (\$3 000). The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions. A key assumption is the proportion of Long Service Leave taken as leave instead of a lump sum, a result determined by the actuary based on current period data.

Interest rate and credit risk

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

(a) **Categorisation of financial instruments and risk exposure information** - refer to note 33

DEFENCE SA

Note 23 Employee benefits	30 June 2016 \$' 000	30 June 2015 \$' 000
Current		
Accrued salaries and wages	48	39
Annual leave	208	209
Long service leave	220	271
Skills and experience retention leave	6	4
Total current employee benefits	482	523
Non-current		
Long service leave	400	359
Total non-current employee benefits	400	359
Total employee benefits	882	882

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave. AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased to 2% (from 3% 2015).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$44 000 and employee benefits expense of \$44 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions. A key assumption is the long term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate \$nil (\$2 000).

Note 24 Provisions	30 June 2016 \$' 000	30 June 2015 \$' 000
Current		
Provision for workers compensation	10	6
Total current provisions	10	6
Non-current		
Provision for workers compensation	20	14
Total non-current provisions	20	14
Total provisions	30	20
Movements in provisions		
Carrying amount at the beginning of the period	20	-
Additional provisions recognised	10	20
Reductions resulting from re-measurement	-	-
Carrying amount at the end of the period	30	20

A liability has been reported to reflect potential workers compensation claims.

The workers compensation provision is based on an actuarial assessment performed by the Office for the Public Sector.

DEFENCE SA

Note 25 Other liabilities	30 June 2016 \$' 000	30 June 2015 \$' 000
Current		
Lease incentive	-	20
Total current other liabilities	-	20
Total other liabilities	-	20

Lease liabilities are due to SA Government entities and are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Note 26 Unrecognised contractual commitments	30 June 2016 \$' 000	30 June 2015 \$' 000
Capital commitments		
Capital expenditure contracted for as at the reporting date but not recognised as liabilities in the financial statements are payable as follows:		
Within 1 year	4,293	108
Total capital commitments	4,293	108

Defence SA's capital commitments are to various contractors providing design and construction services for the Techport Australia Common User Facility.

Expenditure commitments

Operating expenditure commitments as at the reporting date but not recognised as liabilities in the financial statements are payable as follows:

Within 1 year	2,289	2,934
Later than 1 year but not longer than 5 years	2,939	3,151
Later than 5 years	-	60
Total expenditure commitments	5,228	6,145

Defence SA's operating commitments reflect grant and fee for service contracts for defence industry development and specialist technical and engineering advice.

DEFENCE SA

Note 27	Contingent assets and contingent liabilities	30 June 2016 \$' 000	30 June 2015 \$' 000
	Contingent liabilities to which a value can be assigned		
	Contingent liabilities to which a value can be assigned	29,100	6,000
	Total	29,100	6,000

Techport Australia Commercial Campus (Stage One)

Defence SA facilitated the private sector delivery of the Techport Australia Commercial Campus pursuant to its commitments to the AWD project and development of Techport Australia as Australia's premier naval industry hub. Stage One development includes the AWD Alliance's AWD Systems Centre, Raytheon Australia's SA Engineering Centre and supporting commercial and retail accommodation.

Related contractual commitments require Defence SA to accept novation of the residual lease period should ASC AWD Shipbuilder Pty Ltd elect to vacate the premises between December 2019 and expiration of its initial 10-year lease term in May 2020, which is considered unlikely.

Air Warfare Destroyer Project - Workforce Assistance

The State's contractual commitments with the Commonwealth in support of the AWD project includes reimbursement of a portion of the Shipbuilder's payroll tax liability under certain terms and conditions.

State support for the Land 400 Armoured vehicle program

Government attraction / assistance package to bidders for the Land 400 armoured fighting vehicle program comprising the development of a State owned industry precinct including a vehicle proving ground, industry grants for production facility design assistance and workforce incentives.

State industry support to attract Australian Signals Directorate work to South Australia

Industry Grant to assist the capture of software engineering support program with Defence.

Contingent liabilities to which no value can be assigned

Air Warfare Destroyer Project - Common User Facility

The State has entered into an agreement with the Commonwealth for the construction of a Common User Facility (CUF) at Osborne to support ASC AWD Shipbuilder Pty Ltd in the construction of three air warfare destroyers for the Royal Australian Navy. The agreement indemnifies the Commonwealth from any third party losses or damages arising from a failure by the State to complete the CUF in accordance with the agreed design and schedule or meet the agreed performance criteria. The State has now completed the CUF construction in accordance with the agreed design and schedule thereby eliminating this risk. The State continues to be liable if there are defects in the CUF or it fails to meet agreed performance criteria. The likelihood of non-performance is considered remote, and the State's exposure is capped at \$320 million.

DEFENCE SA

Note 28 Transferred functions

To improve the delivery of the Government's economic priorities and better align Ministerial responsibilities, Cabinet approved the transfer of aerospace and space resources from the Department of State Development to Defence SA. The Cabinet decision of 25 January 2016 came into effect from 4 April 2016.

Total income and expenses attributable to the Space Unit were:

	Department of State Development	Defence SA	Total
	2016	2016	2016
	\$' 000	\$' 000	\$' 000
Appropriation	312	123	435
Total income	312	123	435
Employee benefits expenses	219	81	300
Grants	75	-	75
Supplies and services	18	42	60
Total expenses	312	123	435
Net result	-	-	-

Defence SA assumed employee benefit liabilities of \$70,000 as a result of this restructure.

DEFENCE SA

Note 29 Remuneration of Advisory Board and committee members and related party disclosure

Members of the Defence SA Advisory Board during the financial year were:

ACM Sir A Houston AK AFC (Chair)
 Hon J Weatherill MP *
 Hon M Hamilton-Smith MP *
 Dr N Bryans
 VADM R Crane AO CSM RANR
 M Jackman ** (resigned 3 July 2015)
 P Johnson MBE
 A Keough ** (appointed 31 August 2015)
 B Laughton
 S Ludlam FREng (appointed 1 September 2015)
 LTGEN P Leahy AC
 RADM T Ruting AM CSC RANR

Members of the Audit and Risk Management Committee during the financial year were:

C McSparran (independent member/chair) **
 R Barnett **
 A Blaskett (independent member) **
 B Laughton (independent member)
 P Robertson (independent member)

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

	30 June 2016	30 June 2015
	No.	No.
\$1 to \$9 999	1	2
\$20 000 to \$29 999	-	1
\$30 000 to \$39 999	7	5
\$40 000 to \$49 999	-	1
\$70 000 to \$79 999	1	1
Total number of members	9	10

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. Total remuneration received or receivable, by board and committee members was \$325 000 (\$329 000), plus Defence SA compulsory superannuation contributions of \$31 000 (\$31 000). Other Advisory Board expenses were \$154 000 (\$170 000).

* The Hon J Weatherill MP and the Hon M Hamilton-Smith MP did not receive any remuneration for board duties during the period.

** Pursuant to the Department of Premier and Cabinet Circular PC016, government employees did not receive any remuneration for board/committee duties during the financial year.

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

P Johnson MBE is a board member of Industry Defence and Security Australia Ltd. Defence SA participated in the Pacific International Maritime Exposition in October 2015 and will participate in the Land Forces Exposition in September 2016. These events are managed by Industry Defence and Security Australia Ltd.

LTGEN P Leahy AC is a board member of Electro Optic Systems which has an involvement with the Land 400 project (armoured vehicles).

Dr Neil Bryans has undertaken contract work on behalf of Defence SA for science and technology projects. Payments for this work are additional to the Board remuneration he received.

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Note 30	Cash flow reconciliation	Note No.	30 June 2016 \$' 000	30 June 2015 \$' 000
	Reconciliation of cash at end of reporting period:			
	Cash disclosed in the Statement of Financial Position		27,586	18,395
	Balance as per the Statement of Cash Flows		27,586	18,395
	Reconciliation of net cash (used in)/provided by operating activities to net cost of providing of services:			
	Net cash (used in)/provided by operating activities		9,699	4,321
	Revenues from SA Government	16	(18,644)	(16,474)
	Payments to SA Government	16	-	2,174
	Add/(less) non-cash items			
	Depreciation and amortisation expense of non-current assets	7	(7,458)	(7,374)
	Net gain/(loss) from the disposal of non-current assets	8	-	(43)
	Net movement in non-current assets accrual in payables		(134)	132
	Movement in assets/liabilities			
	Increase/(decrease) in receivables	18	(253)	568
	(Increase)/decrease in payables	22	(93)	(273)
	(Increase)/decrease in employee benefits	23	-	(51)
	(Increase)/decrease in provisions	24	(10)	(20)
	(Increase)/decrease in other liabilities	25	20	21
	Net cost of providing services		<u>(16,873)</u>	<u>(17,019)</u>

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Note 31 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Note No.		SA Government		Non-SA Government		Total	
		2016	2015	2016	2015	2016	2015
		\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
	Expenses						
5	Employee benefits expenses	235	230	4,863	4,778	5,098	5,008
6	Supplies and services:						
	Accommodation and service costs						
	Consultants	351	336	-	-	351	336
	Contractors	-	-	136	131	136	131
	Electricity	-	-	1,719	1,159	1,719	1,159
	Gas and gas equipment	-	-	1,423	1,386	1,423	1,386
	Insurance	-	-	168	185	168	185
	Legal fees	95	103	-	-	95	103
	Minor plant and equipment	204	200	-	1	204	201
	Promotion and events	-	-	133	199	133	199
	Property	4	-	688	1,179	692	1,179
	Provision of corporate services under Service Level Agreements	22	34	442	289	464	323
	Security services	341	295	-	-	341	295
	Staff safety, development and recruitment	2	2	730	700	732	702
	Travel and related expenses	-	-	180	159	180	159
	Other expenses	-	-	285	408	285	408
7	Depreciation and amortisation	140	128	633	547	773	675
8	Net loss from disposal of non-current assets	-	-	7,458	7,374	7,458	7,374
9	Grants and subsidies	-	-	-	43	-	43
10	Other expenses:	75	-	1,796	1,553	1,871	1,553
	Audit fees	39	38	75	41	114	79
	Allowances for doubtful debts	-	-	-	(6)	-	(6)
	Other expenses	17	18	-	6	17	24
Total expenses		1,525	1,384	20,729	20,132	22,254	21,516

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Note 31 Transactions with SA Government (continued)

Note No.		SA Government		Non-SA Government		Total	
		2016	2015	2016	2015	2016	2015
		\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
	Income						
12	Revenues from fees and charges:						
	CUF priority access fee	-	-	2,706	2,683	2,706	2,683
	Techport Australia other fees	-	-	1,890	1,261	1,890	1,261
	Renewal SA income	100	54	-	-	100	54
13	Grants	-	4	204	3	204	7
14	Techport Australia recoveries	-	-	120	163	120	163
15	Other income:						
	Transfers received - Department for State Development	246	254	-	-	246	254
	Other income	59	-	56	75	115	75
	Total income	405	312	4,976	4,185	5,381	4,497
	Net cost of providing services	(1,120)	(1,072)	(15,753)	(15,947)	(16,873)	(17,019)
16	Revenues from SA Government	18,644	16,474	-	-	18,644	16,474
16	Payments to SA Government	-	(2,174)	-	-	-	(2,174)
	Net result	17,524	13,228	(15,753)	(15,947)	1,771	(2,719)
	Total comprehensive result	17,524	13,228	(15,753)	(15,947)	1,771	(2,719)

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Note 31 Transactions with SA Government (continued)

Note No.		SA Government		Non-SA Government		Total	
		2016	2015	2016	2015	2016	2015
		\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
18	Financial assets						
	Receivables:						
	Receivables and accrued income	11	85	518	655	529	740
	Less allowance for doubtful debts	-	-	(99)	(99)	(99)	(99)
	Prepayments	-	-	131	81	131	81
	GST input tax recoverable	-	-	185	277	185	277
	Total financial assets	11	85	735	914	746	999
22	Financial liabilities						
	Payables:						
	Creditors and accrued expenses	207	125	1,057	1,085	1,264	1,210
	Employment on-costs	47	44	72	68	119	112
	GST payable	-	-	89	57	89	57
	Total financial liabilities	254	169	1,218	1,210	1,472	1,379

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Note 32 Budgetary reporting and explanations of major variances between budget and actual amounts

The following are brief explanations of variances between original budget⁽¹⁾ and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

Statement of Comprehensive Income	Note	Original budget ⁽¹⁾ 2016 \$' 000	Actual 2016 \$' 000	Variance ⁽²⁾ \$' 000
Expenses				
Employee benefits expenses		5,122	5,098	24
Supplies and services		7,083	7,696	(613)
Depreciation and amortisation		7,689	7,458	231
Grants and subsidies		1,670	1,871	(201)
Other expenses		170	131	39
Total expenses		21,734	22,254	(520)
Income				
Revenues from fees and charges		3,669	4,696	1,027
Grants		-	204	204
Techport Australia recoveries		127	120	(7)
Other income		521	361	(160)
Total income		4,317	5,381	1,064
Net cost of providing services		(17,417)	(16,873)	544
Revenues from/payments to SA Government				
Revenues from SA Government		18,636	18,644	8
Net result		1,219	1,771	552
Total comprehensive result		1,219	1,771	552

Investing expenditure summary		Original budget ⁽¹⁾ 2016 \$' 000	Actual 2016 \$' 000	Variance \$' 000
New projects		-	143	(143)
Existing projects	(a)	1,100	141	959
Annual programs		424	90	334
Total investing expenditure		1,524	374	1,150

⁽¹⁾ The budget process is not subject to audit. Budget information refers to amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2015-16 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. These amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

⁽²⁾ The use of brackets identifies an adverse variance

(a) Techport Australia Common User Facility maintenance dredging works have been deferred to 2016-17 at the request of ASC.

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Note 33 Financial risk management/Financial instruments

Financial risk management

Risk management is undertaken by Defence SA's corporate services section and Defence SA's risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

Defence SA is exposed to financial risk - liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reported period.

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*.

Defence SA does not recognise any financial assets or financial liabilities at fair value but does disclose fair value in the notes. All the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these financial instruments (refer note 2, 18, 22).

Category of financial assets and financial liabilities	Statement of Financial Position	Note	Carrying Amount	Carrying Amount
			30 June 2016 \$' 000	30 June 2015 \$' 000
Financial assets				
Cash	Cash	17, 30	27,586	18,395
Receivables	Receivables ^{(1) (2)}	18	430	641
Financial liabilities				
Financial liabilities	Payables ⁽¹⁾	22	1,122	1,072

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

⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 18 in accordance with paragraph 78(b) of AASB 101. Prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Note 33 Financial risk management/financial instruments (continued)**Liquidity risk**

Defence SA is funded principally from appropriations by the SA Government. Defence SA works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The continued existence of Defence SA is dependent on State Government policy and on continuing appropriations by Parliament for the administration and activities of Defence SA. Defence SA settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made within 30 days of resolution.

The exposure of Defence SA to liquidity risk is insignificant based on past experience and current assessment of risk.

Credit risk

Credit risk arises when there is the possibility of Defence SA's debtors defaulting on their contractual obligations resulting in financial loss to Defence SA. Defence SA measures credit risk on a fair value basis and monitors risk on a regular basis.

Defence SA has minimal concentration of credit risk. Defence SA has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. Defence SA does not engage in hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by Defence SA.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer to note 18 for information on the allowance for the impairment in relation to receivables.

The carrying amount of financial assets as detailed in the above table represents Defence SA's maximum exposure to credit risk.

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Note 33 Financial risk management/financial instruments (continued)

Ageing analysis of financial assets past due including impaired assets

The following table discloses the ageing of financial assets that are past due but not impaired and impaired assets.

Ageing analysis of financial assets

	< 30 days \$' 000	Past due by 30 - 60 days \$' 000	> 60 days \$' 000	Total \$' 000
2015				
Not impaired Receivables*	7	-	-	7
Impaired Receivables*	-	-	90	90
2016				
Not impaired Receivables*	-	-	-	-
Impaired Receivables*	-	-	90	90

*Amount of receivables disclosed here excludes statutory receivables (GST). They are carried at cost.

Maturity analysis of financial assets and liabilities

All Defence SA financial assets and liabilities mature within 1 year.

Market Risk

Defence SA has no material interest bearing assets or liabilities. There is minimal exposure to foreign currency or other price risks as all significant contracts are in Australian dollars.

Sensitivity analysis disclosure

A sensitivity analysis has not been undertaken for interest rate risk given the immaterial exposure.

Note 34 Events after the reporting period

There are no reportable events after the reporting period.

Certification of the Financial Statements

We certify that the attached general purpose financial statements for Defence SA:

- 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 Defence SA; and
- present a true and fair view of the financial position of Defence SA at 30 June 2016 and the results of its operation and cash flows for the financial year.

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



Andrew Keough
Chief Executive

9th September 2016



Robert Barnett
Executive Director, Corporate Services

9th September 2016

INDEPENDENT AUDITOR'S REPORT



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Auditor-General's Department

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To the Chief Executive Defence SA

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* I have audited the accompanying financial report of Defence SA for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2016
- Disaggregated Disclosures - Assets and Liabilities as at 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chief Executive and the Executive Director, Corporate Services.

The Chief Executive's responsibility for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the Chief Executive determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial report 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 comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances.

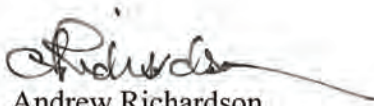
An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial report.

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

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on Defence SA's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of Defence SA as at 30 June 2016, 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.



Andrew Richardson

Auditor-General

20 September 2016