



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 4

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Department of the
Premier and Cabinet

Financial report
for the year ended
30 June 2016

Department of the Premier and Cabinet
Statement of Comprehensive Income
for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Expenses			
Employee benefits	6	138 702	156 744
Supplies and services	7	115 441	120 572
Grants and subsidies	8	6 971	10 119
Depreciation and amortisation	9	8 104	10 246
Other expenses	10	738	250
Net loss from the disposal of non-current assets	17	690	-
Resources provided free of charge	11	-	41
Total expenses		270 646	297 972
Income			
Fees and charges	13	193 563	200 741
Commonwealth revenues	14	238	-
Grants	15	842	1 996
Interest		1	3
Resources received free of charge	16	-	31
Recoveries from administered items		1 500	1 267
Net gain from the disposal of non-current assets	17	-	705
Other income	18	1 021	1 059
Total income		197 165	205 802
Net cost of providing services		73 481	92 170
Revenues from / payments to SA Government			
Revenues from SA Government	19	79 128	93 438
Payments to SA Government	19	(2 299)	(5 500)
Net revenues from SA Government		76 829	87 938
Net result		3 348	(4 232)
Total comprehensive result		3 348	(4 232)

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 of the Premier and Cabinet
Statement of Financial Position
as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	20	68 386	55 845
Receivables	21	20 342	25 793
Inventories		78	93
Total current assets		88 806	81 731
Non-current assets			
Receivables	21	1 513	149
Property, plant and equipment	22	26 852	31 566
Works of art	22	27	27
Intangible assets	23	5 845	6 337
Total non-current assets		34 237	38 079
Total assets		123 043	119 810
Current liabilities			
Payables	25	15 690	15 742
Employee benefits	26	19 375	19 144
Provisions	27	922	609
Other liabilities	28	365	373
Total current liabilities		36 352	35 868
Non-current liabilities			
Payables	25	2 561	2 428
Employee benefits	26	27 739	27 130
Provisions	27	1 861	1 815
Other liabilities	28	900	1 260
Total non-current liabilities		33 061	32 633
Total liabilities		69 413	68 501
Net assets		53 630	51 309
Equity			
Contributed capital		916	916
Asset revaluation surplus		675	2 339
Retained earnings		52 039	48 054
Total equity		53 630	51 309

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	30
Contingent assets and liabilities	31

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

Department of the Premier and Cabinet
Statement of Changes in Equity
for the year ended 30 June 2016

	Contributed capital \$'000	Asset revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2014	45 221	39 382	141 539	226,142
Net result for 2014-15	-	-	(4 232)	(4 232)
Total comprehensive result for 2014-15	-	-	(4 232)	(4 232)
Transfer between equity components	(45 221)	(37 043)	82 264	-
Transactions with SA Government as owner				
Net assets transferred out as a result of an administrative restructure	-	-	(171 212)	(171 212)
Prior period adjustments	-	-	(305)	(305)
Equity contribution from the State Government	916	-	-	916
Balance at 30 June 2015	916	2 339	48 054	51 309
Net result for 2015-16	-	-	3 348	3 348
Total comprehensive result for 2015-16	-	-	3 348	3 348
Transfer between equity components	-	(1 664)	1 664	-
Transactions with SA Government as owner				
Net assets transferred out as a result of an administrative restructure	-	-	(907)	(907)
Prior period adjustments	-	-	(120)	(120)
Balance at 30 June 2016	916	675	52 039	53 630

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 of the Premier and Cabinet
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		(136 150)	(155 838)
Supplies and services		(137 397)	(136 847)
Grants and subsidies		(6 971)	(11 138)
GST paid to the ATO		-	(5 600)
Other payments		(173)	(250)
Cash used in operations		(280 691)	(309 673)
Cash inflows			
Fees and charges		212 402	218 262
Commonwealth revenues		238	-
Grants		842	2 137
Interest received		1	3
Recoveries from administered items		1 500	1 271
GST recovered from the ATO		7 059	-
Other receipts		1 028	1 076
Cash generated from operations		223 070	222 749
Cash flows from SA government			
Receipts from SA Government		79 128	93 438
Payments to SA Government		(2 299)	(5 500)
Cash generated from SA government		76 829	87 938
Net cash provided by operating activities	33	19 208	1 014
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(4 755)	(4 275)
Purchase of intangible assets		(1 788)	(3 590)
Cash used in investing activities		(6 543)	(7 865)
Cash inflows			
Proceeds from the sale of property, plant and equipment		-	5 584
Cash generated from investing activities		-	5 584
Net cash used in investing activities		(6 543)	(2 281)
Cash flows from financing activities			
Cash outflows			
Cash transferred as a result of restructuring activities		(124)	(7 153)
Cash used in financing activities		(124)	(7 153)
Cash inflows			
Capital contributions from the State government		-	916
Cash generated from financing activities		-	916
Net cash used in financing activities		(124)	(6 237)
Net increase/(decrease) in cash and cash equivalents		12 541	(7 504)
Cash and cash equivalents at the beginning of the period		55 845	63 349
Cash and cash equivalents at 30 June	20	68 386	55 845

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

Department of the Premier and Cabinet
Disaggregated Disclosures Expenses and Income
as at 30 June 2016

	Premier and Cabinet Policy and Support		Strategic Engagement and Communications		Agent-General	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefits	11 435	9 827	3 217	2 616	1 215	954
Supplies and services	4 381	2 495	2 554	3 640	955	995
Grants and subsidies	2 993	7 873	2 300	1 657	-	-
Depreciation and amortisation	76	63	66	10	46	45
Net loss from disposal of non-current assets	-	-	-	-	-	-
Other expenses	10	5	-	11	140	-
Resources provided free of charge	-	-	-	-	-	-
Total expenses	18 895	20 263	8 137	7 934	2 356	1 994
Income						
Fees and charges	155	156	255	356	191	116
Commonwealth revenues	238	-	-	-	-	-
Grants	-	121	10	470	-	-
Interest	-	-	-	-	1	2
Resources received free of charge	-	-	-	-	-	-
Recoveries from administered items	-	250	1 500	1 017	-	-
Net gain from disposal of non-current assets	(2)	-	-	-	-	1 258
Other income	6	3	140	-	159	123
Total income	397	530	1 905	1 843	351	1 499
Net cost of providing services	18 498	19 733	6 232	6 091	2 005	495
Revenues from / payments to SA Government						
Revenues from SA Government	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	(5 500)
Total net revenues from SA Government	-	-	-	-	-	(5 500)
Net result	(18 498)	(19 733)	(6 232)	(6 091)	(2 005)	(5 995)

Department of the Premier and Cabinet
Disaggregated Disclosures Expenses and Income
as at 30 June 2016

	State Coordinator-General		Support Services and Community Programs		Government Publishing	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefits	660	312	30 650	30 994	1 409	1 485
Supplies and services	109	59	23 200	14 819	1 499	1 648
Grants and subsidies	-	-	1 538	469	-	-
Depreciation and amortisation	-	-	884	1 362	146	69
Net loss from disposal of non-current assets	-	-	496	-	-	-
Other expenses	-	-	97	253	6	-
Resources provided free of charge	-	-	-	41	-	-
Total expenses	769	371	56 865	47 938	3 060	3 202
Income						
Fees and charges	-	-	4 212	12 197	2 189	1 752
Commonwealth revenues	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Interest	-	-	-	1	-	-
Resources received free of charge	-	-	-	-	-	-
Recoveries from administered items	-	-	-	-	-	-
Net gain from disposal of non-current assets	-	-	387	-	(51)	-
Other income	-	-	440	620	190	19
Total income	-	-	5 039	12 818	2 328	1 771
Net cost of providing services	769	371	51 826	35 120	732	1 431
Revenues from / payments to SA Government						
Revenues from SA Government	-	-	72 537	81 447	-	-
Payments to SA Government	-	-	(2 299)	-	-	-
Total net revenues from SA Government	-	-	70 238	81 447	-	-
Net result	(769)	(371)	18 412	46 327	(732)	(1 431)

Department of the Premier and Cabinet
Disaggregated Disclosures Expenses and Income
as at 30 June 2016

	Capital City		Information and Communication Technology Services		Government Services	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefits	-	501	10 644	16 227	70 783	79 887
Supplies and services	-	91	47 006	48 564	38 107	51 468
Grants and subsidies	-	-	140	120	-	-
Depreciation and amortisation	-	-	5 376	5 554	1 334	2 406
Net loss from disposal of non-current assets	-	-	176	-	18	-
Other expenses	-	-	424	38	63	200
Resources provided free of charge	-	-	-	-	-	-
Total expenses	-	592	63 766	70 503	110 305	133 961
Income						
Fees and charges	-	-	57 779	59 150	129 341	132 119
Commonwealth revenues	-	-	-	-	-	-
Grants	-	288	-	-	95	136
Interest	-	-	-	-	-	-
Resources received free of charge	-	-	-	31	-	-
Recoveries from administered items	-	-	-	-	-	-
Net gain from disposal of non-current assets	-	-	(334)	(235)	-	-
Other income	-	-	46	263	2	130
Total income	-	288	57 491	59 209	129 438	132 385
Net cost of providing services	-	304	6 275	11 294	(19 133)	1 576
Revenues from / payments to SA Government						
Revenues from SA Government	-	-	1 685	1 643	4 906	10 348
Payments to SA Government	-	-	-	-	-	-
Total net revenues from SA Government	-	-	1 685	1 643	4 906	10 348
Net result	-	(304)	(4 590)	(9 651)	24 039	8 772

Department of the Premier and Cabinet
Disaggregated Disclosures Expenses and Income
as at 30 June 2016

	Public Sector Performance		State Records SA		Industry Participation Advocate	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefits	8 691	9 478	-	3 429	-	1 034
Supplies and services	3 041	3 765	-	3 154	-	295
Grants and subsidies	-	-	-	-	-	-
Depreciation and amortisation	176	114	-	594	-	29
Net loss from disposal of non-current assets	-	-	-	-	-	-
Other expenses	36	29	-	11	-	-
Resources provided free of charge	-	-	-	-	-	-
Total expenses	11 944	13 386	-	7 188	-	1 358
Income						
Fees and charges	4 551	4 788	-	413	-	-
Commonwealth revenues	-	-	-	-	-	-
Grants	737	981	-	-	-	-
Interest	-	-	-	-	-	-
Resources received free of charge	-	-	-	-	-	-
Recoveries from administered items	-	-	-	-	-	-
Net gain from disposal of non-current assets	-	-	-	(318)	-	-
Other income	379	313	-	-	-	-
Total income	5 667	6 082	-	95	-	-
Net cost of providing services	6 277	7 304	-	7 093	-	1 358
Revenues from / payments to SA Government						
Revenues from SA Government	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-
Total net revenues from SA Government	-	-	-	-	-	-
Net result	(6 277)	(7 304)	-	(7 093)	-	(1 358)

Department of the Premier and Cabinet
Disaggregated Disclosures Expenses and Income
as at 30 June 2016

	General/Not attributable		Total	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Expenses				
Employee benefits	(2)	-	138 702	156 744
Supplies and services	(5 411)	(10 421)	115 441	120 572
Grants and subsidies	-	-	6 971	10 119
Depreciation and amortisation	-	-	8 104	10 246
Net loss from disposal of non-current assets	-	-	690	-
Other expenses	(38)	(297)	738	250
Resources provided free of charge	-	-	-	41
Total expenses	(5 451)	(10 718)	270 646	297 972
Income				
Fees and charges	(5 110)	(10 306)	193 563	200 741
Commonwealth revenues	-	-	238	-
Grants	-	-	842	1 996
Interest	-	-	1	3
Resources received free of charge	-	-	-	31
Recoveries from administered items	-	-	1 500	1 267
Net gain from disposal of non-current assets	-	-	-	705
Other income	(341)	(412)	1 021	1 059
Total income	(5 451)	(10 718)	197 165	205 802
Net cost of providing services	-	-	73 481	92 170
Revenues from / payments to SA Government				
Revenues from SA Government	-	-	79 128	93 438
Payments to SA Government	-	-	(2 299)	(5 500)
Total net revenues from SA Government	-	-	76 829	87 938
Net result	-	-	3 348	(4 232)

Department of the Premier and Cabinet
Disaggregated Disclosures Assets and Liabilities
as at 30 June 2016

	Support Services and Community Programs		Capital City		State Records SA		Industry Participation Advocate	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Assets								
Cash and cash equivalents	66 456	55 389	-	124	-	-	-	-
Receivables	22 360	26 617	-	-	-	29	-	4
Inventories	78	86	-	-	-	7	-	-
Property, plant and equipment	26 338	28 686	-	-	-	2 193	-	159
Works of art	-	-	-	-	-	-	-	-
Intangible assets	5 845	6 253	-	-	-	84	-	-
Total assets	121 077	117 031	-	124	-	2 313	-	163
Liabilities								
Payables	18 703	18 620	-	39	-	220	-	36
Employee benefits	47 057	44 866	-	85	-	963	-	330
Provisions	2 783	2 417	-	-	-	6	-	1
Other liabilities	1 265	1 620	-	-	-	13	-	-
Total liabilities	69 808	67 523	-	124	-	1 202	-	367

	Agent-General		General/Not attributable		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Assets						
Cash and cash equivalents	1 930	332	-	-	68 386	55 845
Receivables	40	109	(545)	(817)	21 855	25 942
Inventories	-	-	-	-	78	93
Property, plant and equipment	514	528	-	-	26 852	31 566
Works of art	27	27	-	-	27	27
Intangible assets	-	-	-	-	5 845	6 337
Total assets	2 511	996	(545)	(817)	123 043	119 810
Liabilities						
Payables	93	72	(545)	(817)	18 251	18 170
Employee benefits	57	30	-	-	47 114	46 274
Provisions	-	-	-	-	2 783	2 424
Other liabilities	-	-	-	-	1 265	1 633
Total liabilities	150	102	(545)	(817)	69 413	68 501

Department of the Premier and Cabinet

Notes to and forming part of the Financial Statements

1 Objectives of the Department of the Premier and Cabinet

The Department of the Premier and Cabinet (the department) delivers specialist policy advice to the Premier and Ministers and supports the Cabinet process. It also has overarching responsibility for Commonwealth-State relations and drives the Premier's Council of Australian Governments (COAG) agenda. The department leads the implementation of South Australia's strategic priorities and policy commitments in the areas of economic and social development, international relationships and strengthening engagement between government and the community.

The department provides direction and leadership to the South Australian public sector and drives key government initiatives to benefit other government agencies and the community. These include the provision of shared corporate and business services across government, management of the government's information communication technology strategy and innovation, digital technology strategies and infrastructure, and delivery of government information, services and transactions through the Service SA network.

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 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 ended 30 June 2016. Refer to Note 4.

(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;
- the selection and application of accounting policies in a manner that 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) revenue, 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.

Department of the Premier and Cabinet

Notes to and forming part of the Financial Statements

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 applicable valuation policy.

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 comparative information presented for the year ended 30 June 2015.

(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 financial statements and accompanying notes encompass 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 making this assessment, the department considered its power over the entity, its exposure or rights to variable returns from its involvement with the entity and the ability to use its power to affect return amounts.

The department has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

Administered resources

The department administers, but does not control, certain resources on behalf of the South Australian Government. It is accountable for the transactions involving those administered resources, but does not have the discretion to deploy the resources for achievement of the department's objectives. For these resources, the department acts only on behalf of the Commonwealth and South Australian Governments.

Transactions and balances relating to these administered resources are not recognised as departmental income, expense, assets and liabilities. As administered items are significant in relation to the department's overall financial performance and position, they are disclosed in the administered financial statements attached to the general purpose financial statements.

Except as otherwise disclosed, administered items are recognised on the same basis and using the same accounting policies as for the departmental items.

(d) Transferred functions

The Public Sector (Reorganisation of Public Sector Operations) Notice 2015 (dated 21 May 2015) declared that State Records of South Australia will transfer to the Attorney General's Department, and the Industry Participation Advocate will transfer to the Department of State Development, both effective 1 July 2015.

As a result of restructuring of administrative arrangements, the department relinquished responsibility for Capital City effective 1 July 2015.

The Public Sector (Reorganisation of Public Sector Operations) Notice 2013 (dated 26 June 2014) declared that:

- Safework SA was transferred from the department to the Attorney-General's Department effective from 1 July 2014.
- Aboriginal Affairs and Reconciliation Division, Arts SA including Artlab Australia, Office of the Economic Development Board and Invest in SA were transferred from the department to the Department of State Development, effective 1 July 2014.

Department of the Premier and Cabinet

Notes to and forming part of the Financial Statements

(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). 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 budget 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 to do so.

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, emergency services levy, land tax equivalents and local government rate equivalents.

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

- the amount of GST incurred by the department as a purchaser that is not recoverable from the Australian Taxation Office (ATO) 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 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 Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

The department prepares a business activity statement on behalf of clients to which it provides business services, under the grouping provisions of the GST legislation. Under the grouping provisions, the department is liable for the GST payments and entitled to the GST receipts associated with these entities and items. The GST applicable forms part of the receivables and payables recorded in the department's Statement of Financial Position and the GST cash flows recorded in the Statement of Cash Flows.

(i) Events after the end of the reporting period

Adjustments would be 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 at balance date.

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

Events after 30 June 2016 are outlined in note 37.

Department of the Premier and Cabinet

Notes to and forming part of the Financial Statements

(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

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

Grants

Grants are recognised as income when the department obtains control of the income or when the agreement or contract has been approved and executed or income received. Grants received by the department with unconditional stipulations attached have been recognised as an asset and income upon receipt.

Resources received free of charge

Resources received free of charge from external parties are recognised in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when the 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 their receipt.

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

In relation to liquidity/funding risk, the continued existence of the department in its present form, and with its present activities, is dependent on Government policy and on continuing appropriations for the department's administration and activities.

Other income

Other income consists of refunds, pre-tax employee contributions and other miscellaneous income.

(k) Expenses

Expenses are recognised 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.

Employee benefits expense

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

Superannuation

The amount charged to the Statement of Comprehensive Income represents 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, for schemes operated by the State Government in the whole-of-government financial statements.

Department of the Premier and Cabinet

Notes to and forming part of the Financial Statements

Grants and subsidies

Grants and subsidies that the department pays 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 or subsidy. These entities may be other SA Government agencies, non-government organisations or the public. The grants and subsidies 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.

Grants and subsidies paid by the department generally have conditional stipulations attached.

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, while depreciation is applied to physical assets such as property, plant and equipment. The useful lives of all major assets held by the department are reassessed on an annual basis.

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:

<i>Class of asset</i>	<i>Useful Life (years)</i>
Buildings and Improvements	5-100
Transportable accommodation	10-20
Furniture and fittings	5-10
Plant and equipment	3-20
Office equipment	3-30
IT equipment	3-10
PABX equipment	3-7
Transmission equipment	5-40
StateNet core	5
Motor vehicles	4
Intangibles – Computer software	1-15

Works of Art controlled by the department are anticipated to have very long and indeterminate useful lives. Their service potential has not, in any material sense, been consumed during the reporting period. Consequently, no amount for depreciation has been recognised for this class of asset.

Net gain (loss) on disposal of non-current assets

A 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 re-valued assets are sold, the revaluation increments are transferred to retained earnings.

Resources provided free of charge

Resources provided free of charge to external parties are recognised as expenditure in the Statement of Comprehensive Income at their fair value and in the expense line to which they relate.

Payments to SA Government

Payments to the SA Government include the return of surplus cash pursuant to the government's cash alignment policy, paid directly to the Consolidated Account.

Department of the Premier and Cabinet

Notes to and forming part of the Financial Statements

(l) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. The department has a clearly identifiable operating cycle of 12 months. Therefore, assets and liabilities that will be sold, consumed or 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.

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

Cash and cash equivalents as reported in the Statement of Financial Position include cash on hand and deposits held at call. Cash and cash equivalents in the Statement of Cash Flows comprise cash and cash equivalents as defined above. Cash is measured at nominal value.

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 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 selling goods and services to other government agencies and to the public. If payment has not been received within 90 days after the amount falls due, under the terms and conditions of the arrangement with the debtor, the department is able to charge interest at commercial rates until the whole amount of the debt is paid.

The department determines the allowance for doubtful debts based on a review of balances within receivables that are unlikely to be collected. 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 measured at the lower of cost or their net realisable value.

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 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 authority immediately before transfer.

Department of the Premier and Cabinet

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In accordance with Accounting Policy Framework III *Asset Accounting Framework APS 2.15*:

- all non-current tangible assets with a value of \$10 000 or greater are capitalised; and
- Componentisation of complex assets is only performed when the complex asset's fair value at the time of acquisition is greater than \$5 million for infrastructure assets and \$1 million for other assets.

Revaluation of non-current assets

All non-current tangible assets are valued at fair value. Revaluation of non-current assets or groups of assets is performed when their fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than 3 years.

Every 5 years, the department revalues its land, buildings and artwork via a Certified Practising Valuer. 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, where they are re-valued to fair value.

An independent valuation of the land, buildings and artwork 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*.

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 increment is recognised as income. Any revaluation decrement is recognised as an expense, except to the extent that it reverses a revaluation increment for the same asset class, in which case the decrement is debited directly to the revaluation surplus to the extent of the credit balance existing in the revaluation surplus for that class of asset.

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

Impairment of assets

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 class in the 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 in the financial records, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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) and the asset recognition criteria (probability of future economic benefit 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.

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.

Department of the Premier and Cabinet

Notes to and forming part of the Financial Statements

The department classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used 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 characteristics 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 and financial feasibility).

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.

Refer to Notes 22, 23 and 24 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets

The department does not recognise any financial assets 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.

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.

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 before 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 processed.

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 amounts are measured at their nominal amount and are normally settled within 30 days after the department 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.

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

Department of the Premier and Cabinet

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Treasury and Finance centrally recognises the superannuation liability for schemes operated by the State Government, in the whole-of-government financial statements.

Employee benefits

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

(i) Salaries and wages

Liabilities for salaries and wages are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

(ii) Annual Leave

A liability for annual leave is calculated by determining the amount unpaid at the reporting date and estimating the nominal amount that is expected to be paid when the obligation is settled. In the unusual event where annual leave is payable later than twelve months, the liability will be measured at present value.

(iii) Employment on-costs

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

(iv) 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 across government.

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.

Current long service leave reflects the portion of leave expected to be settled within the next 12 months, based on previous experience.

(v) Skills and experience retention leave

A liability for skills and experience retention leave is calculated by determining the amount unpaid at the reporting date at remuneration rates current at reporting date. The liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid.

(vi) Sick leave

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

Workers compensation provision

The department is an exempt employer under the *Workers Rehabilitation and Compensation Act 1986*. Under a scheme arrangement, the department is responsible for the management of workers rehabilitation and compensation.

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an annual actuarial assessment as at 30 June 2016 performed by the consulting actuaries to the Office of the Public Sector division of the department.

The workers compensation provision liability recognised for the employees of the department is based on an apportionment of an actuarial assessment of the whole-of-government workers compensation liability conducted by Taylor Fry Consulting Actuaries.

Department of the Premier and Cabinet

Notes to and forming part of the Financial Statements

The actuarial assessment conducted by Taylor Fry Consulting Actuaries is based on the Payment Per Claim Incurred valuation method. The assessment has been conducted in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the Work Cover 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.

Copyright Provision

The *Commonwealth Copyright Act 1968* allows governments to copy copyrighted material for the services of government without infringing the Act if it pays 'equitable remuneration' to a declared 'collecting society'. State Records SA has responsibility for negotiating the amount payable for the State's copying of printed and electronic publications. The provision represents copyright licensing fees for print and electronic publications for the SA Government.

(o) Contributed/distributed capital

Where the investing activities of the department are not funded through appropriations, operating receipts, proceeds of assets sales or grants, government funding is provided via a capital contribution.

Capital distributed includes the return of surplus cash pursuant to the government's cash alignment policy, paid directly to the Consolidated Account. Where agencies have equity contributions from the Treasurer, part or all transfers of cash may be deemed a return of equity.

(p) Leases

The Department as lessee

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

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

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 expense over the lease term, on a straight-line basis.

(q) Unrecognised Contractual commitments and contingent assets and liabilities

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

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

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

3 Hedging arrangements

In accordance with government policy, the department enters into hedges for all contracted expenditure in a foreign currency over AUD \$250 000. The South Australian Government Financing Authority (SAFA) manages the foreign currency hedges on the department's behalf.

Department of the Premier and Cabinet

Notes to and forming part of the Financial Statements

4 New and revised Accounting Standards

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.

AASB 16 Leases will apply for the first time to our 30 June 2020 financial report. This standard will require us to recognise all lease 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 recognised and, over the lease term, amortised.

5 Activities of the Department

The department has identified thirteen major classes of activities that it delivers to the community and the Premier. Activities 7, 11 and 12 were part of the department during 2014-15 but have transferred to other departments as a result of machinery of government changes and have been disclosed for comparative purposes. The identity and description of each major activity class for the department during the year ended 30 June 2016 are summarised below (refer to the department's Disaggregated Disclosures).

Activity 1 – Premier and Cabinet Policy and Support

Coordination and leadership of cross-government policy on behalf of the Premier and Cabinet; leadership of the strategic economic and policy priorities of the state; support to the Premier intergovernmental relations; leadership and coordination of the government's international engagement and protocol functions; economic analysis to support the state budget and economic policy reforms; and support to Cabinet and Cabinet committees.

Activity 2- Strategic Engagement and Communications

Provision of whole of government leadership in marketing and communications, including the monitoring of advertising expenditure and leadership of whole of government marketing campaigns. Provision of support for high-quality engagement with specific sectors and the community at large, including through best practice community engagement advice and management of engagement tools.

Activity 3 - Agent-General

The Agent-General's Office represents the Premier and Government of South Australia in the United Kingdom and Europe to advance the state's development objectives as expressed in South Australia's Strategic Plan. The office aims to increase awareness of Adelaide and drive preference for all the state has to offer, principally as a destination for foreign investment, migrants, students, tourists and as a producer of premium food and wine.

Activity 4 – State Coordinator-General

Assists proponents with eligible private projects over \$3 million to unlock red tape and delays across all levels of government to stimulate investment and jobs growth. Administers the government's assessment of unsolicited proposals from the private and community sector.

Activity 5 – Support Services and Community Programs

Ministerial and support services and the management and monitoring of corporately administered grant programs. The program also delivers corporate services to the Department of Treasury and Finance.

Activity 6 – Government Publishing

Production and distribution of government and parliamentary publications.

Activity 7 - Capital City

Support the Capital City Committee, a legislated partnership between the Adelaide City Council and the Government of South Australia, by providing executive and strategic support to the committee and ensuring coordination between the strategic objectives of the state and the council to identify opportunities for the City of Adelaide.

As a result of restructuring of administrative arrangements, the department relinquished responsibility for Capital City. Assets and liabilities relating to this business unit were transferred to Renewal SA effective 1 July 2015. Refer to note 29.

Department of the Premier and Cabinet

Notes to and forming part of the Financial Statements

Activity 8 – Information and Communication Technology Services

Provision of specialised information communication technology (ICT) services, support and information to government and industry.

Activity 9- Government Services

Provision of a comprehensive range of services to various government agencies and the community.

Activity 10 - Public Sector Performance

The Office for the Public Sector undertakes statutory responsibilities under the *Public Sector Act 2009* and South Australian public sector leadership development, sector-wide reform and renewal, workforce data analysis and strategy development, enterprise bargaining and industrial relations, workers compensation performance and injury management services.

Activity 11 – State Records SA

Provision of specialised services, support, information and policy to the community, government, industry and the Minister in the areas of records management and archives.

As a result of restructuring of administrative arrangements outlined in the South Australian Government Gazette on 21 May 2015, the department relinquished responsibility for State Records SA. Assets and liabilities relating to this business unit were transferred to the Attorney-General's Department effective 1 July 2015. Refer to note 29.

Activity 12 - Industry Participation Advocate

The role of the Industry Participation Advocate (IPA) is to increase the number and diversity of local businesses securing economic benefit from government contracts. The IPA will investigate and recommend new ways to drive local investment, develop strong value chains from the state's portfolio of major projects, support the development of an advanced services sector and leverage opportunities for innovation. The IPA will also examine and report on efficiencies and productivity improvements that can be gained from procurement reforms.

As a result of restructuring of administrative arrangements outlined in the South Australian Government Gazette on 21 May 2015, the department relinquished responsibility for the Industry Participation Advocate. Assets and liabilities relating to this business unit were transferred to the Department of State Development effective 1 July 2015. Refer to note 29.

Activity 13 – General / Not Attributable

General/not attributable reflects internal transactions undertaken within the department.

Department of the Premier and Cabinet
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6 Employee benefits

	2016	2015
	\$'000	\$'000
Salaries and wages	100 867	113 424
Long service leave	4 530	5 889
Annual leave	9 050	10 356
Skills and experience retention leave	482	586
Employment on-costs - superannuation	13 310	14 413
Employment on-costs - other	6 367	7 192
Targeted voluntary separation payments (refer below)	1 038	4 240
Board and committee fees	86	102
Other employee related expenses	2 972	542
Total employee benefits	138 702	156 744

Targeted voluntary separation packages (TVSPs)

	2016	2015
	\$'000	\$'000
Amounts paid during the reporting period to separated staff:		
TVSPs	1 038	4 240
Annual leave, LSL and skills and experience retention leave, and long service leave paid during the reporting period	768	2 871
	1 806	7 111
Recovery from the Department of Treasury and Finance	-	1 303
Net cost to the department	1 806	5 808

Number of employees who received a TVSP during the reporting period	13	57
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Remuneration of employees

This table includes all employees who received normal remuneration equal to or greater than the base executive remuneration level during the year. The executive base level remuneration for 2015-16 has changed from \$141 500 (2014-15) to \$145 000 (2015-16).

Normal remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, leave paid on termination, superannuation contributions, salary sacrifice and fringe benefits, and any Fringe Benefits Tax paid or payable in respect of those benefits. Contract termination payments are included where employee normal remuneration exceeds \$145 000.

Department of the Premier and Cabinet
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The total remuneration received by employees for the year, listed in the table below, was \$13.4 million (\$21.5 million).

The number of employees, who received remuneration of \$145 000 or more during the year, falls within the following bands:

	2016 Number	2015 Number
\$141 500 - \$145 000*	-	3
\$145 001 - \$155 000	7	6
\$155 001 - \$165 000	4	7
\$165 001 - \$175 000	4	4
\$175 001 - \$185 000	3	9
\$185 001 - \$195 000	5	3
\$195 001 - \$205 000	4	4
\$205 001 - \$215 000	5	2
\$215 001 - \$225 000	3	1
\$225 001 - \$235 000**	4	3
\$235 001 - \$245 000	3	3
\$245 001 - \$255 000	1	1
\$255 001 - \$265 000	1	2
\$275 001 - \$285 000	1	1
\$285 001 - \$295 000	-	5
\$295 000 - \$305 000	-	1
\$305 000 - \$315 000	-	6
\$315 000 - \$325 000**	1	4
\$325 001 - \$335 000	-	1
\$335 001 - \$345 000	2	-
\$345 001 - \$355 000	-	2
\$355 001 - \$365 000	1	-
\$365 001 - \$375 000	2	-
\$385 001 - \$395 000	-	2
\$395 001 - \$405 000	-	1
\$405 001 - \$415 000	-	1
\$425 001 - \$435 000	-	1
\$455 001 - \$465 000	-	1
\$485 001 - \$495 000	-	1
\$505 001 - \$515 000	-	1
\$525 001 - \$535 000	1	-
\$575 001 - \$585 000	1	-
\$645 001 - \$655 000	-	1
\$695 001 - \$705 000	1	-
\$725 001 - \$735 000	1	-
\$735 001 - \$745 000	-	1
\$765 001 - \$775 000	-	1
\$785 001 - \$795 000	-	1
Total	55	80

*This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2014-15.

**The table above includes the TVSP component paid where the employee meets the \$145 000 threshold on normal remuneration.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

7 Supplies and services

	2016	2015
	\$'000	\$'000
Accommodation	17 206	21,527
Telecommunication	5 982	5,820
Staff development and recruitment	2 362	2,449
General administration and consumables	10 109	10,292
Promotion and marketing	3 553	3,115
Sponsorships	842	103
External contributions	4	205
Repairs, maintenance and minor equipment purchases	1 102	1,758
IT and computing charges	30 475	29,610
Microsoft licence and support	16 545	16,496
Managed network services	5 001	4,803
Outsourced contracts	2 269	2,322
Contractors and temporary staff	14 295	15,878
Consultants	1 844	1,646
Cost of goods sold	219	254
Community infrastructure	-	2
Projects	254	-
Intra government transfers	1 302	1,510
Other supplies and services	2 077	2,782
Total supplies and services	115 441	120 572

Payments to consultants

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

	2016	2015	2016	2015
	Number	Number	\$'000	\$'000
Below \$10 000	23	15	121	80
Above \$10 000	29	29	1 723	1 566
Total	52	44	1 844	1 646

Department of the Premier and Cabinet
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8 Grants and Subsidies

	2016	2015
	\$'000	\$'000
Grants and subsidies	6 971	10 119
Total grants and subsidies	6 971	10 119

Grants and subsidies consists of the following

Brand South Australia	1 500	1 457
Premier's community initiatives	165	33
Flinders University	-	75
Playford Memorial Trust	79	77
Building the state of wellbeing	345	200
Engine room SA	-	200
Connecting up Australia	120	120
Special appeals and minor grants	743	349
Tailem Bend motorsport park	-	7 500
D3 Digital challenge	200	10
Intercultural Adelaide	-	98
Adelaide fringe marketplace moneypot project	50	-
Adelaide to zero carbon challenge	100	-
Bioenergy connect fund	50	-
Community advocacy campaign	500	-
Electric car-share demonstration project	33	-
Establish the association and promote coworking in SA	50	-
National campaign to reduce violence against women	1 114	-
Qingdao International beer festival Huangdao	300	-
South Australian public high school trial 2016	15	-
The early childhood data project	909	-
Centre for Business Growth	698	-
Total grants and subsidies	6 971	10,119

9 Depreciation and amortisation

	2016	2015
	\$'000	\$'000
Depreciation and amortisation		
Buildings and improvements	1 210	2,515
Plant and equipment	5 102	5,841
Intangibles assets	1 792	1,890
Total depreciation and amortisation	8 104	10 246

10 Other expenses

	2016	2015
	\$'000	\$'000
Doubtful debts (note 21)	20	(12)
Derecognition of assets (note 22 and note 23)	425	125
Other	293	137
Total other expenses	738	250

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

11 Resources provided free of charge

	2016	2015
	\$'000	\$'000
Donated assets	-	41
Total resources provided free of charge	-	41

12 Auditors remuneration

	2016	2015
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department	551	657
Total audit fees	551	657

13 Fees and charges

	2016	2015
	\$'000	\$'000
Shared Services SA	89 872	88 772
Service SA	33 043	32 122
Regulatory fees	6	101
Fees for services	30 360	38 797
Microsoft licence and support	15 686	15 135
Rental income	-	14
Service provision	15 972	15 818
Sale of goods	1 684	1 749
Other	6 940	8 233
Total fees and charges	193 563	200 741

14 Commonwealth revenues

	2016	2015
	\$'000	\$'000
Commonwealth revenue	238	-
Total Commonwealth revenue	238	-

15 Grants

	2016	2015
	\$'000	\$'000
Recurrent grant	842	1 996
Total grants	842	1 996

16 Resources received free of charge

	2016	2015
	\$'000	\$'000
Donated assets	-	31
Total resources received free of charge	-	31

The department received Government Radio Network assets from the Attorney-General's Department during 2014-15.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

17 Net gain/(loss) from the disposal of non-current assets

	2016	2015
	\$'000	\$'000
Assets held for sale		
Proceeds from disposal	-	5 584
Selling costs	-	(84)
Net book value of assets disposed	-	(4 242)
Net gain/(loss) from disposal of assets held for sale	-	1 258
Buildings and improvements		
Proceeds from disposal	-	-
Net book value of assets disposed	(146)	(92)
Net (loss) from disposal of buildings and improvements	(146)	(92)
Plant and equipment		
Proceeds from disposal	-	-
Net book value of assets disposed	(91)	(332)
Net (loss) from disposal of plant and equipment	(91)	(332)
ICT infrastructure		
Proceeds from disposal	-	-
Net book value of assets disposed	(166)	(129)
Net (loss) from disposal of ICT Infrastructure	(166)	(129)
Intangible assets		
Proceeds from disposal	-	-
Net book value of assets disposed	(287)	-
Net gain/(loss) from disposal of intangible assets	(287)	-
Total assets		
Proceeds from disposal	-	5 584
Selling costs	-	(84)
Net book value of assets disposed	(690)	(4 795)
Total net gain (loss) from disposal of assets	(690)	705

18 Other Income

	2016	2015
	\$'000	\$'000
Refunds	140	309
Sponsorship	40	52
Pre-tax employee contributions	439	426
Other	402	272
Total other income	1 021	1 059

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19 Revenues from / payments to SA Government

	2016	2015
	\$'000	\$'000
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	75 551	86 974
Transfers from contingency provisions	3 577	6 464
Total revenues from SA Government	79 128	93 438
Payments to SA Government		
Return of proceeds of sale of Agent-General's residence	-	5 500
Return of surplus cash pursuant to cash alignment policy	2 299	-
Total payments to SA Government	2 299	5 500

The original amount appropriated under the Annual *Appropriation Act* was not varied in 2015-16. In 2014-15 the original amount appropriated to the department under the annual *Appropriation Act* was varied due to a reduction of \$3.9 million.

There was no material variations between the amounts appropriated and the expenditure associated with this appropriation.

The Agent-General's Residence in London, the United Kingdom was sold during 2014-15. Net proceeds of sale were paid to the Consolidated Account.

20 Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Deposits at call	53 225	43 745
Deposits with the Treasurer	10 104	8 667
Other short-term deposits	5 057	3 433
Total cash and cash equivalents	68 386	55 845

Deposits with the Treasurer

Includes deposits held in the Accrual Appropriation Excess Funds Account. The balances of these funds are not available for general use, i.e. funds can only be used once the Treasurer's/ Under Treasurer's approval is received.

Interest Rate Risk

All deposits at call are non-interest bearing. The carrying amount of cash and cash equivalents represents fair value.

Department of the Premier and Cabinet
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21 Receivables

	2016	2015
	\$'000	\$'000
Current		
Receivables	16 458	22 250
Less: allowance for doubtful debts	-	-
Prepayments	2 748	2 367
Accrued income	1 136	740
GST receivable	-	436
Total current receivables	20 342	25 793
Non-current		
Receivables	31	64
Prepayments	1 482	85
Total non-current receivables	1 513	149
Total receivables	21 855	25 942

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. 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. In addition, there is no concentration of credit risk.

Note 35 contains information regarding:

- (a) categorisation of financial instruments - refer to table (a).
- (b) ageing analysis of receivables - refer to table (b).
- (c) maturity analysis of receivables - refer to table (c).

Allowance for doubtful debts

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

Movements in the allowance for doubtful debts are as follows:

	2016	2015
	\$'000	\$'000
Carrying amount at the beginning of the period	-	17
Increase in allowance	20	(12)
Amounts written off	(20)	(5)
Carrying amount at the end of the period	-	-

Department of the Premier and Cabinet
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22 Property, plant and equipment

	2016 \$'000	2015 \$'000
Land, buildings and improvements		
Buildings & improvements (at fair value)	30 741	40 419
Accumulated depreciation	(24 080)	(31 696)
Total land, buildings and improvements	6 661	8 723
Plant and equipment		
Plant and equipment at cost (deemed fair value)	58 458	61 787
Accumulated depreciation	(40 699)	(41 732)
Total plant and equipment	17 759	20 055
Work in progress		
Work in progress at cost	2 432	2 788
Total work in progress	2 432	2 788
Total property, plant and equipment	26 852	31 566
Works of art		
Works of art (at fair value)	27	27
Total works of art	27	27

Reconciliation of Property, plant and equipment for 2015-16

	Land buildings and improvements	Plant and equip	Work in progress	Works of art	Total tangible assets
2016	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of period	8 723	20 055	2 788	27	31 593
Acquisitions	-	665	4 090	-	4 755
Transfers to (from) WIP	1 571	2 474	(4 045)	-	-
Disposals	(146)	(257)	-	-	(403)
Depreciation and amortisation	(1 210)	(5 102)	-	-	(6 312)
Transfers out as a result of administrative restructure	(2 277)	(76)	-	-	(2 353)
Other changes	-	-	(401)	-	(401)
Book value at 30 June 2016	6 661	17 759	2 432	27	26 879

Department of the Premier and Cabinet
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Reconciliation of Property, plant and equipment for 2014-15

	Land buildings and improvements	Plant and equipment	Work in progress	Works of art	Total tangible assets
2015	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	172 684	23 750	9 968	5 110	211 512
Acquisitions	-	157	4 251	-	4 408
Transfers to (from) WIP	483	3 662	(4 145)	-	-
Disposals	(93)	(464)	-	-	(557)
Depreciation and amortisation	(2 515)	(5 841)	-	-	(8 356)
Transfers out as a result of administrative restructure	(161 801)	(1 221)	(7 227)	(5 083)	(175 332)
Resources provided free of charge	-	(14)	(27)	-	(41)
Resources received free of charge	-	31	-	-	31
Other changes	(35)	(5)	(32)	-	(72)
Carrying amount at the end of the period	8 723	20 055	2 788	27	31 593

Valuations 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*.

Fair value of unrestricted land was determined using a market approach. The valuation was based on recent market transactions for similar land in the area and includes adjustments for factors specific to the land 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 buildings, due to there not being an active market. 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 internal records, specialised knowledge and the acquisition/transfer costs.

All other non-current assets controlled by the department have been deemed to be held at fair value.

Impairment

There were no indications of impairment of property, plant and equipment, and intangible assets held at 30 June 2016.

Department of the Premier and Cabinet
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23 Intangible Assets

	2016 \$'000	2015 \$'000
Intangibles		
Computer software	7 926	8 521
Accumulated amortisation	(7 467)	(7 330)
Other intangibles	7 797	6 118
Accumulated amortisation	(3 295)	(2 733)
Total intangibles	4 961	4 576
Work in progress		
Work in progress at cost	884	1 761
Total work in progress	884	1 761
Total intangibles	5 845	6 337

Reconciliation of intangible assets for 2015-16

	Computer Software \$'000	Other intangibles \$'000	WIP Intangibles \$'000	Total intangible assets \$'000
2016				
Carrying amount at the start of period	1 116	3 460	1 761	6 337
Acquisitions	-	-	1 788	1 788
Transfers to (from) WIP	513	2 011	(2 524)	-
Disposals	(27)	(260)	-	(287)
Depreciation and amortisation	(1 137)	(655)	-	(1 792)
Transfers out as a result of administrative restructure	(6)	(54)	(23)	(83)
Other changes	-	-	(118)	(118)
Book value at 30 June 2016	459	4 502	884	5 845

Department of the Premier and Cabinet
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Reconciliation of intangible assets for 2014-15

	Computer Software	Other intangibles	WIP Intangibles	Total intangible assets \$'000
2015				
Carrying amount at the beginning of the period	1 189	2 968	385	4 542
Acquisitions	1 422	-	2 682	4 104
Transfers to (from) WIP	59	1 110	(1 169)	-
Depreciation and amortisation	(1 555)	(335)	-	(1 890)
Transfers out as a result of administrative restructure	-	(324)	(46)	(370)
Other changes	1	41	(91)	(49)
Carrying amount at the end of the period	1 116	3 460	1 761	6 337

24 Fair value measurement

Fair Value hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement 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 Statement of Financial Position are categorised into the following levels as at 30 June 2016:

Fair value measurements at 30 June 2016

	Fair value \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements			
Buildings (note 22)	2 234	-	2 234
Leasehold improvements (note 22)	4 427	-	4 427
Plant and equipment (note 22)	17 759	-	17 759
Works of art (note 22)	27	27	-
Total recurring fair value measurements	24 447	27	24 420

Fair value measurements at 30 June 2015

	Fair value \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements			
Buildings (note 22)	2 393	-	2 393
Leasehold improvements (note 22)	6 330	-	6 330
Plant and equipment (note 22)	20 055	-	20 055
Works of art (note 22)	27	27	-
Total recurring fair value measurements	28 805	27	28 778

The department had no valuations categorised into level 1.

There were no transfers of assets between level 1 and level 2 fair value hierarchy levels during 2015-16. The department's policy is to recognise transfers into and out of fair value hierarchy levels as at end of the reporting period.

Valuation techniques and inputs

Valuation techniques used to derive levels 2 and 3 fair values are at Note 22 and below. There were no changes in valuation techniques during 2015-16.

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Notes to and forming part of the Financial Statements

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

	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
2016					
Opening balance at the beginning of the period	-	2 393	6 330	20 055	28 778
Additions	-	-	-	665	665
Transfers from WIP	-	69	1 502	2 474	4 045
Disposals & adjustments	-	(20)	(126)	(257)	(403)
Transfer out as a result of administrative restructure	-	-	(2 277)	(76)	(2 353)
Total movement recognised in statement of financial position	-	2 442	5 429	22 861	30 732
Gains/(losses) for the period recognised in net result:					
Depreciation	-	(208)	(1 002)	(5 102)	(6 312)
Total losses recognised in net result	-	(208)	(1 002)	(5 102)	(6 312)
Carrying amount at 30 June	-	2 234	4 427	17 759	24 420

Reconciliation of Level 3 recurring fair value measurements at 30 June 2015

Opening balance at the beginning of the period	10 718	123 579	11 017	23 750	169 064
Additions	-	-	-	157	157
Transfers from WIP	-	46	437	3 662	4 145
Resources received free of charge	-	-	-	31	31
Resources provided free of charge	-	-	-	(14)	(14)
Reclassification of assets	-	(35)	-	(5)	(40)
Disposals & adjustments	-	(93)	-	(464)	(557)
Transfer out as a result of administrative restructure	(10 718)	(120 894)	(2 819)	(1 221)	(135 652)
Total movement recognised in statement of financial position	-	2 603	8 635	25 896	37 134
Gains/(losses) for the period recognised in net result:					
Depreciation	-	(210)	(2 305)	(5 841)	(8 356)
Total losses recognised in net result	-	(210)	(2 305)	(5 841)	(8 356)
Carrying amount at 30 June	-	2 393	6 330	20 055	28 778

Department of the Premier and Cabinet
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25 Payables

	2016	2015
	\$'000	\$'000
Current		
Creditors	10 438	10 691
Accrued expenses	2 127	2 507
Employment on-costs	2 617	2 544
Net GST payable	508	-
Total current payables	15 690	15 742
Non-current		
Employment on-costs	2 561	2 428
Total non-current payables	2 561	2 428
Total payables	18 251	18 170

Employment on-costs

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 of 37% to 40% and the average factor for the calculation of employer superannuation on-cost has also changed from the 2015 rate of 10.3% to 10.2% as at 30 June 2016.

These rates are used in the employment on-cost calculation. The net 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. 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 to the amounts being payable on demand.

Note 35 contains information regarding:

- (a) Categorisation of financial instruments - refer to table (a).
- (b) Maturity analysis of payables - refer to table (c).

26 Employee benefits

	2016	2015
	\$'000	\$'000
Current		
Accrued salaries and wages	1 594	855
Annual leave	9 904	10 369
Long service leave	7 170	7 207
Skills and experience retention leave	707	713
Total current employee benefits	19 375	19 144
Non-current		
Long service leave	27 739	27 130
Total non-current employee benefits	27 739	27 130
Total employee benefits	47 114	46 274

Department of the Premier and Cabinet

Notes to and forming part of the Financial Statements

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 in 2016 to 2.0% (3.0%), the resulting effect is immaterial.

The salary inflation rate remained unchanged at 4.0% for long service leave and 3.0% for annual leave and skills and experience retention leave. As a result there is no net financial effect resulting from the changes in salary inflation rate.

27 Provisions

	2016 \$'000	2015 \$'000
Current		
Provision for workers compensation	922	609
Provision for copyright	-	-
Total current provisions	922	609
Non-current		
Provision for workers compensation	1 861	1 815
Total non-current provisions	1 861	1 815
Total provisions	2 783	2 424
Provision for workers compensation movement		
Carrying amount at the beginning of the period	2 424	4 377
Increase (decrease) in provision recognised	359	(1 953)
Carrying amount at the end of the period	2 783	2 424
Provision for copyright movement		
Carrying amount at the beginning of the period	-	2 602
Reduction due to copyright payments	-	(2 595)
Decrease in provision recognised	-	(7)
Carrying amount at the end of the period	-	-
Total carrying amount at the end of the period	2 783	2 424

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28 Other liabilities

	2016	2015
	\$'000	\$'000
Current		
Unearned income	5	13
Lease incentive	360	360
Total current other liabilities	365	373
Non-current		
Lease incentive	900	1 260
Total non-current other liabilities	900	1 260
Total other liabilities	1 265	1 633

29 Transferred Functions

2015-16 Transferred In/out

As a result of administrative arrangements outlined in the South Australian Government Gazette (the Government Gazette) No. 31 on 21 May 2015, the department relinquished responsibility for State Records SA and the Industry Participation Advocate. Assets and liabilities relating to the State Records SA were transferred to the Attorney-General's Department effective 1 July 2015.

Assets and Liabilities relating to the Industry Participation Advocate were transferred to the Department of State Development effective 1 July 2015.

As a result of administrative arrangements outlined in the Chief Executive letter of agreement on 21 September 2015, the department relinquished responsibility for Capital City Committee, a business unit of the department. Assets and liabilities relating to the business unit were transferred to Renewal SA effective 1 July 2015.

	State Records SA	Industry Participation Advocate	Capital City Committee	Total
	\$'000	\$'000	\$'000	\$'000
Current assets				
Cash and cash equivalents	-	-	124	124
Receivables	29	4	-	33
Inventories	7	-	-	7
Non-current assets				
Property, plant and equipment	2 277	159	-	2 436
Total assets	2 313	163	124	2 600
Current liabilities				
Payables	168	19	34	221
Employee benefits	383	138	34	555
Provisions	2	-	-	2
Other	13	-	-	13
Non-current liabilities				
Payables	52	17	5	74
Employee benefits	580	192	51	823
Provisions	4	1	-	5
Total liabilities	1 202	367	124	1 693
Net assets transferred out	1 111	(204)	-	907

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2014-15 Transferred Out

Arts SA, Aboriginal Affairs and Reconciliation Division, Office of the Economic Development Board and Invest in SA

As a result of administrative arrangements outlined in the South Australian Government Gazette (the Government Gazette) on 26 June 2014, the department relinquished responsibility for Arts SA, Office of Economic Development, Invest in SA and the Aboriginal Affairs and Reconciliation Division (AARD). Assets and liabilities relating to these business units were transferred to the department of State Development effective 1 July 2014.

Net assets transferred out

	Invest in SA	Office of the Economic Development Board	AARD	Arts SA	Total 1.7.2014
	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets					
Cash and cash equivalents	-	-	1 040	6 077	7 117
Receivables	10	-	126	4 448	4 584
Non-current assets					
Receivables	-	-	-	3	3
Property, plant and equipment	-	-	2 062	160 691	162 753
Total assets	10	-	3 228	171 219	174 457
Current liabilities					
Payables	23	26	1 104	2 586	3 739
Employee benefits	63	42	634	491	1 230
Provisions	-	-	3	23	26
Other	-	-	-	1 428	1 428
Non-current liabilities					
Payables	4	5	90	127	226
Employee benefits	46	56	969	1 284	2 355
Provisions	1	1	7	99	108
Total liabilities	137	130	2 807	6 038	9 112
Net assets transferred out	(127)	(130)	421	165 181	165 345

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SafeworkSA

As a result of administrative arrangements outlined in the Government Gazette on 26 June 2014, the department relinquished responsibility for Safework SA, a business unit of the department. Assets and liabilities relating to this business unit were transferred to the Attorney-General's department effective 1 July 2014.

Net assets transferred out

	SafeWork SA	Total 1.7.2014
	\$'000	\$'000
Current assets		
Cash and cash equivalents	36	36
Receivables	193	193
Non-current assets		
Receivables	1	1
Property, plant and equipment	12 949	12 949
Total assets	13 179	13 179
Current liabilities		
Payables	865	865
Employee benefits	2 400	2 400
Provisions	12	12
Non-current liabilities		
Payables	340	340
Employee benefits	3 664	3 664
Provisions	31	31
Total liabilities	7 312	7 312
Net assets transferred out	5 867	5 867

30 Unrecognised contractual commitments

Operating lease commitments

The department as a lessee

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

	2016 \$'000	2015 \$'000
Within one year	11 452	11 386
Later than one year but not longer than five years	27 320	32 548
Later than five years	1 849	1 951
Total operating lease commitments	40 621	45 885
Representing:		
Non-cancellable operating leases	40 621	45 885
Total operating lease commitments	40 621	45 885

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At the reporting date, the department's operating leases are for the lease of office accommodation and motor vehicles.

- Office accommodation is leased from the Building Management Accommodation and Building Services, a business unit of the Department of Planning, Transport and Infrastructure. The leases are non-cancellable with terms ranging from 1 to 15 years, with some leases having right of renewal. The rental amount is based on floor space and the time period of the lease, with the rental rate reviewed taking into account movements in market rental values or CPI. Rental is payable in advance.
- Motor vehicle leases are non-cancellable, with rental payments 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 term.

For the current financial year, the total amount of rental expense for minimum lease payments for operating leases was \$13.5 million (\$16.6 million).

Capital commitments

	2016	2015
	\$'000	\$'000
Within one year	1 200	1 526
Later than one year but not longer than five years	717	-
Later than five years	80	-
Total capital commitments	1 997	1 526

Other commitments

	2016	2015
	\$'000	\$'000
Within one year	3 402	20 505
Later than one year but not longer than five years	1 357	150
Total other commitments	4 759	20 655

The department's other commitments relate to the Jobs 4 Youth Traineeship program, the provision of the whole of Government Workers Compensation & Incident Management Database and the audit and verification of the Safety and Injury Management System.

For 2014-15 the department's other commitments included the following commitments which ceased as at 30 June 2016:

- Microsoft Enterprise Agreement regarding a 3 year across-government software assurance and
- Microsoft Enterprise Agreement regarding a 3 year instalment payment agreement.

31 Contingent assets and liabilities

Contingent assets

South Australian Government Salary Sacrifice Agreement (Office of the Public Sector)

In 2012, the Government entered into a salary sacrificing agreement with Maxxia Pty Ltd. The agreement allows the Minister or his delegate to withdraw up to a total of \$10 million when an unconditional financial undertaking is present to fund any interim measures to avoid disruption to the salary sacrifice arrangements provided to employees. The financial undertaking is in place until 30 June 2024.

Contingent liabilities

Software Licences (Shared Services SA)

A review of software licences has identified a possible liability for a shortfall in allocated licences for a particular software. SSSA and the vendor are currently involved in negotiations and therefore the amount payable cannot be measured as at 30 June 2016.

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Notes to and forming part of the Financial Statements

Glenthorne Farm (Commercial Advice)

Glenthorne Farm, at O'Halloran Hill, was purchased by the University of Adelaide from the Commonwealth Scientific and Industrial Research Organisation, with the assistance of a grant from the SA Government in May 2001. A contract signed by the SA Government and the University of Adelaide resulted in the former assuming liability for any possible third party claims resulting from any contamination which may be discovered on the property.

The South Australian and Commonwealth Governments agreed by exchange of letters that, in the event of such a claim, the state government reserves its right to seek a contribution from the Commonwealth based on the Commonwealth's previous ownership of the land.

32 Budgetary reporting and explanations of major variances

The following is a brief explanation of the major variance 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 ¹ 2016 \$'000	Actual 2016 \$'000	Variance \$'000
Statement of Comprehensive Income			
Expenses			
Employee benefits	144 907	138 702	(6,205)
Supplies and services	123 992	115 441	(8,551)
Grants and subsidies	1 923	6 971	5,048
Depreciation and amortisation	11 967	8 104	(3,863)
Net loss from the disposal of non-current assets	-	690	690
Other expenses	2 177	738	(1,439)
Borrowing Costs	12	-	(12)
Total Expenses	284 978	270 646	(14,332)
Income			
Fees and charges	210 236	193 563	(16,673)
Commonwealth revenues	-	238	238
Grants	364	842	478
Interest	-	1	1
Recoveries from administered items	-	1 500	1,500
Other income	179	1 021	842
Total income	210 779	197 165	(13 614)
Net cost of providing services	74 199	73 481	(718)
Revenues from / payments to SA government			
Revenues from SA government	75 551	79 128	3,577
Payments to SA government	-	(2 299)	(2,299)
Total net revenues from SA Government	75 551	76 829	1,278
Net result	1 352	3 348	1 996
Total comprehensive result	1 352	3 348	1 996

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

¹The 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.

	Note	Original budget ¹	Actual	Variance
		2016 \$'000	2016 \$'000	\$'000
Investing expenditure summary				
Total existing projects	(a)	5 293	2 326	(2,967)
Total annual program	(b)	4 175	4 217	42
Total investing expenditure		9 468	6 543	(2 925)

- (a) The variance mainly reflects delays associated with hosting facilities and other Central Data Network projects.
(b) The variance mainly reflects higher than budgeted capital acquisitions.

33 Cash flow reconciliation

	2016 \$'000	2015 \$'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	68 386	55 845
Balance as per the Statement of Cash Flows	68 386	55 845
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by operating activities	19 208	1 014
Less revenues from SA Government	(79 128)	(93 438)
Add payments to SA Government	2 299	5 500
Add/less non-cash items		
Depreciation and amortisation	(8 104)	(10 246)
Resources provided free of charge	-	(41)
Resources received free of charge	-	31
Bad and doubtful debts expense	-	17
Net (loss)/gain on disposal of assets	(690)	705
Prior period adjustments	120	(305)
Derecognition of assets	-	(125)
Net transfers from administrative restructures	(1 653)	(11 643)
Other expenses	(445)	-
Movements in assets and liabilities		
Decrease in receivables	(4 067)	(3 038)
(Decrease)/increase in inventories	(15)	1
(Increase)/decrease in payables	(175)	4 550
(Increase)/decrease in employee benefits	(840)	8 491
(Increase)/decrease in provisions	(359)	4 555
Decrease in other liabilities	368	1 802
Net cost of providing services	(73 481)	(92 170)

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

34 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	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses							
Employee benefits	6	7 338	7 859	131 364	148 885	138 702	156 744
Supplies and services	7						
Accommodation		16 737	21 168	469	359	17 206	21 527
Telecommunication		1	-	5 981	5 820	5 982	5 820
Staff development and recruitment		460	360	1 902	2 089	2 362	2 449
General administration and consumables		2 155	2 303	7 954	7 989	10 109	10 292
Promotion and marketing		194	86	3 359	3 029	3 553	3 115
Sponsorships		-	2	842	101	842	103
External contributions		-	53	4	152	4	205
Repairs, maintenance and minor equipment purchases		564	1 063	538	695	1 102	1 758
IT and computing charges		1 920	2 389	28 555	27 221	30 475	29 610
Microsoft licence and support		-	-	16 545	16 496	16 545	16 496
Managed network services		-	184	5 001	4 619	5 001	4 803
Outsourced contracts		1	-	2 268	2 322	2 269	2 322
Contractors and temporary staff		-	-	14 295	15 878	14 295	15 878
Consultants		-	-	1 844	1 646	1 844	1 646
Cost of goods sold		1	-	218	254	219	254
Community infrastructure Projects		-	-	-	2	-	2
Intra government transfers		1 174	1 510	128	-	1 302	1 510
Other supplies and services		417	253	1 109	1 872	1 526	2 125
Grants and subsidies	8	893	80	6 078	10 039	6 971	10 119
Depreciation and amortisation	9	-	-	8 104	10 246	8 104	10 246
Other Expenses	10						
Doubtful debts		20	-	-	(12)	20	(12)
Derecognition of assets		-	-	425	125	425	125
Other		14	-	279	137	293	137
Resources provided free of charge	11	-	41	-	-	-	41
Auditors remuneration	12	551	657	-	-	551	657
Net loss from the disposal of non-current assets	17	-	-	690	-	690	-
Payments to SA Government	19	2 299	5 500	-	-	2 299	5 500
Total expenses		34 865	43 508	238 080	259 964	272 945	303 472

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

		SA Government		Non-SA Government		Total	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Income							
Fees and charges	13						
Shared Services SA		89 872	88 772	-	-	89 872	88 772
Service SA		33 043	32 122	-	-	33 043	32 122
Regulatory fees		-	60	6	41	6	101
Fees for services		29 309	37 578	1 051	1 219	30 360	38 797
Microsoft licence and support		15 686	15 135	-	-	15 686	15 135
Rental income		-	-	-	14	-	14
Service provision		9 436	9 111	6 536	6 707	15 972	15 818
Sale of goods		562	516	1 122	1 233	1 684	1 749
Other		6 131	6 675	809	1 558	6 940	8 233
Commonwealth revenue	14	-	-	238	-	238	-
Grant income	15						
Recurrent grant		842	1 600	-	396	842	1 996
Resources received free of charge	16	-	31	-	-	-	31
Net gain from the disposal of non-current assets	17	-	-	-	705	-	705
Recoveries from administered items		1 500	1 267	-	-	1 500	1 267
Interest income		-	-	1	3	1	3
Other income	18	62	32	959	1 027	1 021	1 059
Revenues from SA Government	19	79 128	93 438	-	-	79 128	93 438
Total income		265 571	286 337	10 722	12 903	276 293	299 240
Financial assets							
Receivables	21						
Receivables		14 372	21 030	2 117	1 284	16 489	22 314
Prepayments		-	-	4 230	2 452	4 230	2 452
Accrued income		402	85	734	655	1 136	740
GST receivable		-	-	-	436	-	436
Total financial assets		14 774	21 115	7 081	4 827	21 855	25 942
Financial liabilities							
Payables	25						
Creditors		2 395	1 539	8 043	9 152	10 438	10 691
Accrued expenses		1 538	1 336	589	1 171	2 127	2 507
Employment on-costs		2 469	2 417	2 709	2 555	5 178	4 972
GST payable		-	-	508	-	508	-
Other liabilities	28						
Unearned income		4	-	1	13	5	13
Lease incentive		-	-	1 260	1 620	1 260	1 620
Total financial liabilities		6 406	5 292	13 110	14 511	19 516	19 803

Department of the Premier and Cabinet

Notes to and forming part of the Financial Statements

35 Financial Instruments

The department 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 a market risk. There have been no changes in risk exposure since the last reporting period.

(a) Categorisation of financial instruments

For 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 Accounting Policies".

Category of financial asset and financial liability	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	20	68 386	68 386	55 845	55 845
Receivables	Receivables ⁽¹⁾	21	17 567	17 567	22 960	22 960
Financial liabilities						
Financial liabilities at cost	Payables ⁽¹⁾	25	11 088	11 088	9 950	9 950
Financial liabilities at cost	Other liabilities	28	1 265	1 265	1 633	1 633

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 disclosure. The accounting standards define contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

Credit Risk

Credit risk arises when there is the possibility of the department's debtors defaulting on their contractual obligations resulting in financial loss to the department. The department measures credit risk on a fair value basis and monitors risk on a regular basis.

The department has minimal concentration of credit risk. The department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The department does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets is calculated on past experience and current and expected changes in client credit rating. Currently the department does not hold any collateral as security to any of its financial assets.

Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer to note 21 for information on the allowance for impairment in relation to receivables.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements

(b) Ageing analysis of financial assets

The following table discloses the ageing of financial assets and the ageing of impaired assets:

	Past due by			Total \$'000
	Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	
2016				
Not impaired				
Receivables	341	272	775	1 388
2015				
Not impaired				
Receivables	603	438	296	1 337

(c) Maturity analysis of financial assets and liabilities

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

	Carrying amount \$'000	Contractual maturities		
		< 1 year \$'000	1-5 years \$'000	< 5 years \$'000
2016				
Financial assets				
Cash and cash equivalents	68 386	68 386	-	-
Receivables	16 462	16 462	-	-
Accrued income	1 105	1 105	-	-
Total financial assets	85 953	85 953	-	-
Financial liabilities				
Creditors	11 088	11 088	-	-
Unearned income	5	5	-	-
Other financial liabilities	1 260	360	900	-
Total financial liabilities	12 353	11 453	900	-

	Carrying amount \$'000	Contractual maturities		
		< 1 year \$'000	1-5 years \$'000	< 5 years \$'000
2015				
Financial assets				
Cash and cash equivalents	55 845	55 845	-	-
Receivables	22 269	22 269	-	-
Accrued income	691	691	-	-
Total financial assets	78 805	78 805	-	-
Financial liabilities				
Creditors	9 950	9 950	-	-
Unearned income	13	13	-	-
Other financial liabilities	1 620	360	1 260	-
Total financial liabilities	11 583	10 323	1 260	-

Department of the Premier and Cabinet

Notes to and forming part of the Financial Statements

Liquidity risk

Liquidity risk arises from the possibility that the Department is unable to meet its financial obligations as they are due to be settled. 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 flows. The department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

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

Market risk

The department has no interest bearing liabilities as at the end of the reporting period. There is no exposure to foreign currency or other price risks.

A sensitivity analysis has not been undertaken for the interest rate 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.

36 Remuneration of board and committee members

The department administers a number of boards and committees where members receive or are entitled to receive remuneration for their membership.

Members during the year that were entitled to receive remuneration for membership during the 2015-16 financial year were:

Remuneration Tribunal

P Alexander
J Lewin
N Vincent
P Martin (appointed 23/05/2016)

Internal Audit and Risk Committee

Y Sneddon (appointed 01/07/2015)
P McMahon* (appointed 01/07/2015)
S Hocking* (appointed 01/07/2015, resigned 10/05/2016)
M Gunn* (appointed 01/07/2015)
D Contala* (appointed 01/07/2015)
M Duffy* (appointed 11/05/2016)

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

Nuclear Fuel Cycle Royal Commission Consultation and Response Advisory Board

P Agius (appointed 30/05/2016)
D White (appointed 30/05/2016)
D Stehlik (appointed 30/05/2016)
R Huntley (appointed 30/05/2016)
J Mansfield (appointed (30/05/2016)

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

	2016	2015
	Number of members	Number of members
\$0 - \$9 999	12	17
\$10 000 - \$19 999	2	3
\$20 000 - \$29 999	1	1
\$40 000 - \$49 999	-	1
Total number of board members	15	22

Department of the Premier and Cabinet

Notes to and forming part of the Financial Statements

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 \$86 000 (\$112 000).

For the year ending 30 June 2016, the department's disclosure regarding boards and committee's remuneration only applies to those boards and committees who were paid by the department. Boards and committees that did not receive remuneration from the department have been excluded from the note disclosure and comparatives adjusted where applicable.

Amounts paid to a superannuation plan for board/committee members was \$8 000 (\$10 000).

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.

37 Events after the reporting period

The South Australian Government Gazette dated 2 June 2016, proclaimed the establishment of the administrative unit, the Nuclear Fuel Cycle Royal Commission Consultation and Response Agency, as an attached office of the department as from 1 July 2016.

Department of the Premier and Cabinet
Statement of Administered Comprehensive Income
for the year ended 30 June 2016

		2016	2015
	Note	\$'000	\$'000
Administered expenses			
Employee benefits	A2	500	453
Grants and subsidies	A3	249	-
Intra government transfers	A4	142	-
Supplies and services	A5	1 701	2 157
Disbursements on behalf of third parties	A6	405 628	434 063
Payments to SA Government	A8	3 502	-
Total administered expenses		411 722	436 673
Administered income			
Collections on behalf of third parties	A7	405 628	434 063
Revenues from SA Government	A8	2 364	2 511
Interest		1	7
Fees and charges		-	102
Total administered income		407 993	436 683
Net result		(3 729)	10
Total comprehensive result		(3 729)	10

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 of the Premier and Cabinet
Statement of Administered Financial Position
as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Administered current assets			
Cash and cash equivalents	A9	4 651	8 350
Receivables	A10	1	12
Total current assets		4 652	8 362
Total assets		4 652	8 362
Administered current liabilities			
Payables	A11	1 861	1 845
Employee benefits	A12	6	3
Total current liabilities		1 867	1 848
Total liabilities		1 867	1 848
Net assets		2 785	6 514
Equity			
Retained earnings		2 785	6 514
Total equity		2 785	6 514

Unrecognised contractual commitments

A14.

Contingent liabilities

A15.

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

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

Department of the Premier and Cabinet
Statement of Administered Changes in Equity
for the year ended 30 June 2016

	Retained earnings	Total
	\$'000	\$'000
Balance at 30 June 2014	40 847	40 847
Net result for 2014-15	10	10
Total comprehensive result for 2014-15	10	10
Net assets transferred out as a result of administrative restructures	(34 343)	(34 343)
Balance at 30 June 2015	6 514	6 514
Net result for 2015-16	(3 729)	(3 729)
Total comprehensive result for 2015-16	(3 729)	(3 729)
Balance at 30 June 2016	2 785	2 785

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 of the Premier and Cabinet
Statement of Administered Cash Flows
for the year ended 30 June 2016

		2016	2015
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Payments to SA Government		(3 502)	-
Employee benefits		(497)	(451)
Grants and subsidies		(249)	-
Intra government transfers		(142)	-
Supplies and services		(1 719)	(2 143)
Disbursements on behalf of third parties		(405 595)	(434 528)
Cash used in operations		(411 704)	(437 122)
Cash inflows			
Revenues from SA Government		2 364	2 511
Fees and charges		12	155
Collections on behalf of third parties		405 628	434 063
Interest		1	7
Cash generated from operations		408 005	436 736
Net cash used in operating activities	A16	(3 699)	(386)
Cash flows from financing activities			
Cash outflows			
Cash paid on restructuring activities		-	(36 540)
Cash used in financing activities		-	(36 540)
Net decrease in cash and cash equivalents		(3 699)	(36 926)
Cash and cash equivalents at the beginning of the period		8 350	45 276
Cash and cash equivalents at the end of the period	A9	4 651	8 350

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

Department of the Premier and Cabinet
Disaggregated Disclosure – Administered Expenses and Income
as at 30 June 2016

	Special Act Salaries and Allowances		Bank of Tokyo Cultural and Social Exchange		SA Okayama	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses						
Employee benefits	500	453	-	-	-	-
Grants and subsidies	-	-	-	-	-	-
Intra government transfers	-	-	89	-	-	-
Supplies and services	-	-	-	-	-	-
Disbursements on behalf of third parties	-	-	-	-	-	-
Payments to SA Government	1 024	-	-	-	-	-
Total administered expenses	1 524	453	89	-	-	-
Income						
Collections on behalf of third parties	-	-	-	-	-	-
Revenues from SA Government	485	432	-	-	-	-
Interest	-	-	1	7	-	-
Fees and charges	-	-	-	-	-	-
Total administered income	485	432	1	7	-	-
Net result	(1 039)	(21)	(88)	7	-	-

	Promotion of the State		Government Workers Compensation		Service SA Administered	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses						
Employee benefits	-	-	-	-	-	-
Grants and subsidies	249	-	-	-	-	-
Intra government transfers	-	-	53	-	-	-
Supplies and services	1 500	1 959	-	-	-	-
Disbursements on behalf of third parties	-	-	-	-	405 628	434 063
Payments to SA Government	-	-	2 475	-	-	-
Total administered expenses	1 749	1 959	2 528	-	405 628	434 063
Income						
Collections on behalf of third parties	-	-	-	-	405 628	434 063
Revenues from SA Government	1 879	2 079	-	-	-	-
Interest	-	-	-	-	-	-
Fees and charges	-	3	-	-	-	-
Total administered income	1 879	2 082	-	-	405 628	434 063
Net result	130	123	(2 528)	-	-	-

Department of the Premier and Cabinet
Disaggregated Disclosure – Administered Expenses and Income
as at 30 June 2016

	TVSP Scheme		ODG Administered		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses						
Employee benefits	-	-	-	-	500	453
Grants and subsidies	-	-	-	-	249	-
Intra government transfers	-	-	-	-	142	-
Supplies and services	-	-	201	198	1,701	2,157
Disbursements on behalf of third parties	-	-	-	-	405,628	434,063
Payments to SA Government	3	-	-	-	3,502	-
Total administered expenses	3	-	201	198	411 722	436 673
Income						
Collections on behalf of third parties	-	-	-	-	405,628	434,063
Revenues from SA Government	-	-	-	-	2,364	2,511
Interest	-	-	-	-	1	7
Fees and charges	-	-	-	99	-	102
Total administered income	-	-	-	99	407 993	436 683
Net result	(3)	-	(201)	(99)	(3 729)	10

Department of the Premier and Cabinet
Disaggregated Disclosures – Administered Assets and Liabilities
as at 30 June 2016

	Special Act Salaries and Allowances		Bank of Tokyo Cultural and Social Exchange		SA Okayama		Promotion of the State	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Assets								
Cash and cash equivalents	(61)	3 015	-	88	48	48	2 803	2 672
Receivables	-	12	-	-	-	-	-	-
Total assets	(61)	3 027	-	88	48	48	2 803	2 672
Liabilities								
Payables	-	1 845	-	-	-	-	-	-
Employee benefits	6	3	-	-	-	-	-	-
Total liabilities	6	1 848	-	-	-	-	-	-

	Government Workers Compensation		Service SA Administered		TVSP Scheme		ODG Administered	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Assets								
Cash and cash equivalents	-	-	1 861	-	-	2 527	-	-
Receivables	-	-	-	-	-	-	1	-
Total assets	-	-	1 861	-	-	2 527	1	-
Liabilities								
Payables	-	-	1 861	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-	-
Total liabilities	-	-	1 861	-	-	-	-	-

	Total	
	2016 \$'000	2015 \$'000
Assets		
Cash and cash equivalents	4 651	8 350
Receivables	1	12
Total assets	4 652	8 362
Liabilities		
Payables	1 861	1 845
Employee benefits	6	3
Total liabilities	1 867	1 848

Department of the Premier and Cabinet

Notes to and forming part of the Administered Financial Statements

A1. Summary of significant accounting policies

All department accounting policies are contained in note 2 Summary of Significant Accounting Policies. The policies outlined in note 2 apply to both the departments and administered financial statements.

Administered items

The following funds were administered by the department as at 30 June 2016. They do not represent controlled transactions of the department. As such, they are not recognised in the financial statements of the department.

- Special Act Salaries and Allowances
- Bank of Tokyo Cultural and Social Exchange
- SA Okayama
- Promotion of the State
- Government Workers Compensation Fund
- Service SA collections and disbursements
- TVSP Scheme
- Office of the Digital Government - Administered

Cash held by the Government Workers Compensation and the TVSP Scheme was returned to the Department of Treasury and Finance (DTF) during 2015-16, in accordance with the DTF Cash Alignment Policy. Both funds will be closed as at 30 June 2016.

Refer to note A8. - Payments to SA Government for further information.

Department of the Premier and Cabinet
Notes to and forming part of the Administered Financial Statements

A2. Employee benefits

	2016	2015
	\$'000	\$'000
Salaries and wages	482	440
Other employment related expenses	18	13
Total employee benefits	500	453

Remuneration of employees

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

	2016 number	2015 number
\$465 001 - \$475 000*	-	1
\$515 001 - \$525 000*	1	-
Total	1	1

The table includes staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs including salaries and wages, payments in lieu of leave, superannuation contributions, fringe benefits tax and other salary sacrifice benefits. The total remuneration received by the staff member for the year was \$516 000 (\$472 000).

*The employee on-costs of the staff member were included in the department's controlled financial statements.

A3. Grants and subsidies

	2016	2015
	\$'000	\$'000
Grants and subsidies	249	-
Total grants and subsidies	249	-

A4. Intra government transfers

	2016	2015
	\$'000	\$'000
Other intra government transfers	142	-
Total other expenses	142	-

A5. Supplies and services

	2016	2015
	\$'000	\$'000
Marketing	1 500	1 959
IT services and computing charges	4	10
Contractors	56	188
Other supplies and services	141	-
Total supplies and services	1 701	2 157

Department of the Premier and Cabinet
Notes to and forming part of the Administered Financial Statements

A6. Disbursements on behalf of third parties

	2016	2015
	\$'000	\$'000
Registrations, licences and other fees - Department of Planning, Transport and Infrastructure	350 227	369 772
Expiation notices - South Australia Police	49 417	57 982
Firearms licences - South Australia Police	2 533	2 442
Office of Business and Consumer Affairs	753	1 086
South Australian Water Corporation	897	1 088
Emergency Services Levy - South Australian Fire and Emergency Services Commission	734	384
Other	1 067	1 309
Total disbursements on behalf of third parties	405 628	434 063

A7. Collections on behalf of third parties

	2016	2015
	\$'000	\$'000
Registrations, licences and other fees - Department of Planning, Transport and Infrastructure	350 227	369 772
Expiation notices - South Australia Police	49 417	57 982
Firearms licences - South Australia Police	2 533	2 442
Office of Business and Consumer Affairs	753	1 086
South Australian Water Corporation	897	1 088
Emergency Services Levy - South Australian Fire and Emergency Services Commission	734	384
Other	1 067	1 309
Total collections on behalf of third parties	405 628	434 063

A8. Revenues from / payments to SA Government

	2016	2015
	\$'000	\$'000
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	1 879	2 079
<i>Special Acts</i>	485	432
Total revenues from SA Government	2 364	2 511
Payments to SA Government		
Surplus cash transferred to the Consolidated account	3 502	-
Total Payments to SA Government	3 502	-

The original amount appropriated to the Department under the annual *Appropriation Act* was not varied in 2015-16 and 2014-15.

There was no material variations between the amount appropriated and the expenditure associated with this appropriation.

Surplus cash transferred to the consolidated account includes \$1.19m for excess cash as result of Machinery of Government cash reserves from prior years and \$2.48m for closed schemes; this is offset by \$0.17m for shortfall in Special Acts Appropriation payments.

Department of the Premier and Cabinet
Notes to and forming part of the Administered Financial Statements

A9. Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Deposits with the Treasurer	2 790	6 521
Cash on hand and in transit	1 861	1 829
Total cash and cash equivalents	4 651	8 350

A10. Receivables

	2016	2015
	\$'000	\$'000
Current		
Receivables	-	12
Prepayments	1	-
Total current receivables	1	12
Total receivables	1	12

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables and accrued revenues are non-interest bearing. The carrying amount of receivables approximates net fair value due to being receivable on demand. In addition, there is no concentration of risk.

A11. Payables

	2016	2015
	\$'000	\$'000
Current		
Creditors	-	17
Registration & licensing creditors	1 861	1 828
Total current payables	1 861	1 845
Total payables	1 861	1 845

A12. Employee benefits

	2016	2015
	\$'000	\$'000
Current		
Accrued salaries and wages	6	3
Total current employee benefits	6	3
Total employee benefits	6	3

Department of the Premier and Cabinet
Notes to and forming part of the Administered Financial Statements

A13. Transferred functions

No functions were transferred during 2015-16.

Transferred Out 2014-15

As a result of restructuring of administrative arrangements outlined in the South Australian Government Gazette on 26 June 2014, the department relinquished administrative responsibility for the Aboriginal Affairs and Reconciliation business unit which had administrative responsibility for Administered Commonwealth funding known as Aboriginal Affairs Administered and APY Lands.

Assets and liabilities relating to these business units transferred to the Department of State Development (DSD) on 1 July 2014.

The following assets and liabilities were transferred to DSD:

	AARD Administered Funds \$'000	APY Lands \$'000	Total \$'000
Assets			
Cash	16 568	19 972	36 540
Receivables	32	39	71
Total assets	16 600	20 011	36 611
Liabilities			
Payables	143	2 125	2 268
Total liabilities	143	2 125	2 268
Net assets transferred	16 457	17 886	34 343

Net assets transferred out by the department as a result of the administrative restructure were at the carrying amount.

Department of the Premier and Cabinet
Notes to and forming part of the Administered Financial Statements

A14. Unrecognised contractual commitments

There are no unrecognised contractual commitments as at 30 June 2016.

A15. Contingent Assets and Liabilities

The department is not aware of any contingent assets or liabilities affecting the administered activities of the department as at 30 June 2016.

A16. Cash flow reconciliation

	2016 \$'000	2015 \$'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	4 651	8 350
Cash and cash equivalents disclosed in the statement of cash flows	4 651	8 350
Reconciliation of net cash provided by operating activities to net result of administered items		
Net cash provided by operating activities	(3 699)	(386)
Movements in assets and liabilities		
Decrease in receivables	(11)	(53)
(Increase)/decrease in payables	(16)	451
Increase in employee benefits	(3)	(2)
Net cost of providing services	(3 729)	10

A17. Events after the reporting date

There are no known events after balance date that affects these financial statements in a material manner.

Department of the Premier and Cabinet
Notes to and forming part of the Administered Financial Statements

A18. 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 the 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	A2	-	-	500	453	500	453
Grants and subsidies	A3	-	-	249	-	249	-
Intra government transfers	A4	142	-	-	-	142	-
Supplies and services	A5						
Marketing		-	1 612	1 500	347	1 500	1 959
IT services and computing charges		-	-	4	10	4	10
Contractors		-	-	56	188	56	188
Other supplies and services		-	-	141	-	141	-
Disbursements on behalf of third parties	A6						
Registrations, licences and other fees - DPTI		350 227	369 772	-	-	350 227	369 772
Expiation notices - South Australia Police		49 417	57 982	-	-	49 417	57 982
Firearms licences - South Australia Police		2 533	2 442	-	-	2 533	2 442
Office of Business and Consumer Affairs		753	1 086	-	-	753	1 086
South Australian Water Corporation		897	1 088	-	-	897	1 088
Emergency Services Levy		734	384	-	-	734	384
Other		1 067	1 309	-	-	1 067	1 309
Revenues from / payments to SA Government	A8	3 502	-	-	-	3 502	-
Total expenses		409 272	435 675	2 450	998	411 722	436 673

Department of the Premier and Cabinet
Notes to and forming part of the Administered Financial Statements

		SA Government		Non SA Government		Total	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Income							
Collections on behalf of third parties	A7						
Registrations, licences and other fees - DPTI		350 227	369 772	-	-	350 227	369 772
Expiation notices - South Australia Police		49 417	57 982	-	-	49 417	57 982
Firearms licences - South Australia Police		2 533	2 442	-	-	2 533	2 442
Office of Business and Consumer Affairs		753	1 086	-	-	753	1 086
South Australian Water Corporation		897	1 088	-	-	897	1 088
Emergency Services Levy		734	384	-	-	734	384
Other		1 067	1 309	-	-	1 067	1 309
Revenues from / payments to SA Government	A8	2 364	2 511	-	-	2 364	2 511
Interest revenues		1	7	-	-	1	7
Fees and charges		-	102	-	-	-	102
Total income		407 993	436 683	-	-	407 993	436 683
Financial assets							
Receivables	A10						
Receivables		-	-	1	12	1	12
Total financial assets		-	-	1	12	1	12
Financial liabilities							
Payables	A11						
Creditors		-	-	-	17	-	17
Registration & licensing creditors		1 861	1 828	-	-	1 861	1 828
Employee benefits	A12						
Accrued salaries and wages		-	-	6	3	6	3
Total financial liabilities		1 861	1 828	6	20	1 867	1 848

Department of the Premier and Cabinet
Notes to and forming part of the Administered Financial Statements

A19. 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 expenses.

		Original budget 2016 \$'000	Actual 2016 \$'000	Variance 2016 \$'000
Statement of Administered Comprehensive Income	Note			
Expenses				
Employee benefits		446	500	(54)
Grants and subsidies		-	249	(249)
Intra government transfers		-	142	(142)
Supplies and services		17 480	1 701	15 779
Disbursements on behalf of third parties	(a)	1 416 524	405 628	1 010 896
Payments to SA Government		-	3 502	(3 502)
Total expenses		1 434 450	411 722	1 022 728
Income				
Collections on behalf of third parties	(b)	1 431 813	405 628	1 026 185
Revenues from SA Government		2 325	2 364	(39)
Interest		4	1	3
Fees and charges		432	-	432
Total income		1 434 574	407 993	1 026 581
Net result		124	(3 729)	3 853
Total comprehensive result		124	(3 729)	(3 853)

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.

Major variance explanations

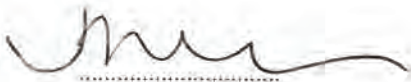
- (a) The budget includes payments to the Department of Planning, Transport and Infrastructure (DPTI) and Motor Accident Commission (MAC) for online motor vehicle registration and licensing collections via EzyReg. A decision was however reached that DPC only administer over-the-counter collections (there by excluding online collections which are recorded by DPTI). The budget has not yet been adjusted to reflect this decision.
- (b) The budget includes revenue to DPTI and MAC for online motor vehicle registration and licensing collections via EzyReg. A decision was however reached that DPC only administer over-the-counter collections (thereby excluding online collections which are recorded by DPTI). The budget has not yet been adjusted to reflect this decision.

Department of the Premier and Cabinet Certification of the Administered Financial Statements

We certify that the attached general purpose financial statements for the Department of the Premier and Cabinet:

- are in accordance with the accounts and records of the department;
- comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian accounting standards; and
- present a true and fair view of the financial position of the Department of the Premier and Cabinet 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 of the Premier and Cabinet for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Dr Tahnya Donaghy
A/Chief Executive
16 September 2016



Steven Woolhouse FCPA
Chief Finance Officer
16 September 2016

DEPARTMENT OF THE PREMIER AND CABINET

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Department of the Premier and Cabinet:

- are in accordance with the accounts and records of the department;
- comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian accounting standards; and
- present a true and fair view of the financial position of the Department of the Premier and Cabinet 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 of the Premier and Cabinet for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Dr Tahnya Donaghy
A/Chief Executive

16 September 2016



Steven Woolhouse FCPA
Chief Finance Officer

16 September 2016

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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To the Chief Executive Department of the Premier and Cabinet

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 of the Premier and Cabinet 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 Acting Chief Executive and the Chief Finance Officer.

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 of the Premier and Cabinet'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 of the Premier and Cabinet 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 of Primary Industries and Regions

Financial report
for the year ended
30 June 2016

Department of Primary Industries and Regions
Statement of Comprehensive Income
for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Expenses			
Employee benefits	5	92 066	89 288
Supplies and services	6	54 576	51 501
Depreciation and amortisation	7	5 685	5 845
Grants and subsidies	8	109 874	65 997
Borrowing costs	9	249	831
Net loss from the disposal of other assets	11	-	2
Other	12	1 159	668
Total expenses		263 609	214 132
Income			
Fees and charges	14	14 395	16 414
Advances and grants	15	58 056	53 671
Commonwealth revenues (National Partnership payments)	16	86 187	48 885
Interest revenues	17	1 949	2 745
Sale of goods	18	2 989	2 940
Net gain/(loss) from the disposal of non-current assets	10	116	166
Other	19	3 681	3 623
Resources received free of charge	20	9 317	12
Total income		176 690	128 456
Net cost of providing services		(86 919)	(85 676)
Revenues from/payments to SA Government			
Revenues from SA Government	21	104 929	93 771
Payments to SA Government	21	(1 186)	(1 019)
Net revenues from SA Government		103 743	92 752
Net result		16 824	7 076
Other comprehensive income			
<i>Items that will not be classified to the net result</i>			
Changes in property, plant and equipment asset revaluation surplus		-	1 387
Total other comprehensive income		-	1 387
Total comprehensive result		16 824	8 463

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 of Primary Industries and Regions
Statement of Financial Position
as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Current assets			
Cash	22	155 854	147 660
Receivables	23	17 751	19 956
Inventories	24	1 847	1 758
Non-current assets classified as held for sale	26	2 976	3 919
Total current assets		178 428	173 293
Non-current assets			
Receivables	23	3 573	3 448
Inventories	24	156	161
Other financial assets	25	4 518	4 518
Property, plant and equipment	27	111 841	97 776
Intangible assets	28	6 169	4 322
Total non-current assets		126 257	110 225
Total assets		304 685	283 518
Current liabilities			
Payables	30	12 237	10 444
Borrowings/financial liabilities	31	22 740	25 600
Employee benefits	32	9 526	9 071
Provisions	33	502	404
Other liabilities	34	16 745	15 535
Total current liabilities		61 750	61 054
Non-current liabilities			
Payables	30	2 334	2 040
Borrowings/financial liabilities	31	3 555	3 403
Employee benefits	32	24 289	22 029
Provisions	33	1 125	1 317
Other liabilities	34	1 148	15
Total non-current liabilities		32 451	28 804
Total liabilities		94 201	89 858
Net assets		210 484	193 660
Equity			
Retained earnings	35	171 957	154 506
Asset revaluation surplus	35	38 527	39 154
Total equity		210 484	193 660

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

Unrecognised contractual commitments	36
Contingent assets and liabilities	37

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

Department of Primary Industries and Regions
Statement of Changes in Equity
for the year ended 30 June 2016

		Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
	Note			
Balance at 30 June 2014		37 955	147 788	185 743
Prior period adjustment		(188)	(345)	(533)
Restated balance at 30 June 2014		37 767	147 443	185 210
Net result for 2014-15		-	7 079	7 079
Prior period adjustment to net result	3a	-	(3)	(3)
Restated net result for 2014-15		-	7 076	7 076
Gain on revaluation of land	27	1 387	-	1 387
Total comprehensive result for 2014-15		1 387	7 076	8 463
Balance at 30 June 2015		39 154	154 519	193 673
Prior period adjustment	3a	-	(13)	(13)
Restated balance at 30 June 2015	35	39 154	154 506	193 660
Net result for 2015-16		-	16 824	16 824
Transfer from reserve		(627)	627	-
Total comprehensive result for 2015-16		(627)	17 451	16 824
Balance at 30 June 2016	35	38 527	171 957	210 484

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 of Primary Industries and Regions
Statement of Cash Flows

for the year ended 30 June 2016

		2016	2015
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Employee benefit payments		(88 806)	(84 824)
Supplies and services		(55 594)	(49 794)
Grants and subsidies		(109 702)	(66 291)
Interest paid		(314)	(848)
GST paid to suppliers		(15 033)	(9 402)
Payments for paid parental leave scheme		(151)	(139)
Other payments		(603)	(340)
Cash used in operations		(270 203)	(211 638)
Cash inflows			
Fees and charges		15 515	17 918
Sale of goods		852	925
Commonwealth revenues (National Partnership payments)		86 187	58 135
Advances and grants		59 445	52 694
Interest received		1 645	2 070
GST receipts from customers		4 611	4 540
GST recovered from the ATO		9 466	4 060
Receipts for paid parental leave scheme		162	123
Other receipts		4 162	3 311
Cash generated from operations		182 045	143 776
Cash flows from SA Government			
Receipts from SA Government		104 929	93 771
Payments to SA Government		(1 186)	(1 019)
Cash generated from SA Government		103 743	92 752
Net cash provided by operating activities	41	15 585	24 890
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(7 940)	(4 074)
Loans advanced to rural sector and industry		(3 405)	(450)
Purchase of inventories		(438)	(357)
Purchase of intangibles		(2 343)	(1 422)
Purchase of investments		-	(17)
Cash used in investing activities		(14 126)	(6 320)
Cash inflows			
Loans repaid by the rural sector and industry		5 506	5 712
Proceeds from the sale of property, plant and equipment		1 090	1 858
Sale of inventories		1 515	1 437
Lease incentives received		1 332	2
Cash generated from investing activities		9 443	9 009
Net cash (used in) / provided by investing activities		(4 683)	2 689
Cash flows from financing activities			
Cash outflows			
Repayment of borrowings	31	(23 008)	(14 456)
Cash used in financing activities		(23 008)	(14 456)
Cash inflows			
Proceeds of borrowings	31	20 300	20 000
Cash generated by financing activities		20 300	20 000
Net cash (used in) / provided by financing activities		(2 708)	5 544
Net increase in cash and cash equivalents		8 194	33 123
Cash and cash equivalents at the beginning of the reporting period		147 660	114 537
Cash and cash equivalents at the end of the reporting period	22	155 854	147 660

All cash flows are attributable to the SA Government as owner.

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

Department of Primary Industries and Regions
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2016

Activities - (refer note 4)	Agriculture, Food and Fisheries		Forestry Policy		Regional Development		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses								
Employee benefits	87 216	84 264	681	832	4 169	4 192	92 066	89 288
Supplies and services	52 985	49 055	313	397	1 278	2 049	54 576	51 501
Depreciation and amortisation	5 685	5 845	-	-	-	-	5 685	5 845
Grants and subsidies	83 961	56 191	-	-	25 913	9 806	109 874	65 997
Borrowing costs	249	831	-	-	-	-	249	831
Net loss from the disposal of other assets	-	2	-	-	-	-	-	2
Other	1 159	668	-	-	-	-	1 159	668
Total expenses	231 255	196 856	994	1 229	31 360	16 047	263 609	214 132
Income								
Fees and charges	14 395	16 412	-	2	-	-	14 395	16 414
Advances and grants	56 056	51 671	-	-	2 000	2 000	58 056	53 671
Commonwealth revenues (National Partnership payments)	86 187	48 885	-	-	-	-	86 187	48 885
Interest revenues	1 949	2 745	-	-	-	-	1 949	2 745
Sale of goods	2 989	2 940	-	-	-	-	2 989	2 940
Net gain/(loss) from the disposal of non-current assets	116	166	-	-	-	-	116	166
Other	3 680	3 603	1	2	-	18	3 681	3 623
Resources received free of charge	9 317	12	-	-	-	-	9 317	12
Total income	174 689	126 434	1	4	2 000	2 018	176 690	128 456
Net cost of providing services	(56 566)	(70 422)	(993)	(1 225)	(29 360)	(14 029)	(86 919)	(85 676)
Revenues from/payments to SA Government								
Revenue from SA Government	74 576	78 517	993	1 225	29 360	14 029	104 929	93 771
Payments to SA Government	(1 186)	(1 019)	-	-	-	-	(1 186)	(1 019)
Net revenues from SA Government	73 390	77 498	993	1 225	29 360	14 029	103 743	92 752
Net result	16 824	7 076	-	-	-	-	16 824	7 076

The 2015 comparatives have been restated for prior period adjustments.

Department of Primary Industries and Regions
Disaggregated Disclosures – Asset and Liabilities
for the year ended 30 June 2016

Activities - (refer note 4)	Agriculture, Food and Fisheries		Forestry Policy		Regional Development		General/Not Attributable		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets										
Cash	126 210	117 640	-	-	-	-	29 644	30 020	155 854	147 660
Receivables	14 766	18 543	-	-	-	51	2 985	1 362	17 751	19 956
Inventories	1 847	1 758	-	-	-	-	-	-	1 847	1 758
Non-current assets classified as held for sale	-	-	-	-	-	-	2 976	3 919	2 976	3 919
Total current assets	142 823	137 941	-	-	-	51	35 605	35 301	178 428	173 293
Non-current assets										
Receivables	3 569	3 444	-	-	-	-	4	4	3 573	3 448
Inventories	156	161	-	-	-	-	-	-	156	161
Other financial assets	4 518	4 518	-	-	-	-	-	-	4 518	4 518
Property, plant and equipment	94 246	86 168	-	-	-	-	17 595	11 608	111 841	97 776
Intangible assets	309	260	-	-	-	-	5 860	4 062	6 169	4 322
Total non-current assets	102 798	94 551	-	-	-	-	23 459	15 674	126 257	110 225
Total assets	245 621	232 492	-	-	-	51	59 064	50 975	304 685	283 518
Current liabilities										
Payables	9 809	6 131	9	1 813	47	54	2 372	2 446	12 237	10 444
Borrowings/financial liabilities	22 740	25 600	-	-	-	-	-	-	22 740	25 600
Employee benefits	6 165	6 128	55	82	251	262	3 055	2 599	9 526	9 071
Provisions	422	323	-	-	1	1	79	80	502	404
Other liabilities	16 613	15 402	-	-	-	-	132	133	16 745	15 535
Total current liabilities	55 749	53 584	64	1 895	299	317	5 638	5 258	61 750	61 054
Non-current liabilities										
Payables	1 680	1 458	27	29	61	54	566	499	2 334	2 040
Borrowings/financial liabilities	3 555	3 403	-	-	-	-	-	-	3 555	3 403
Employee benefits	17 484	15 746	277	313	636	582	5 892	5 388	24 289	22 029
Provisions	986	1 083	-	1	4	3	135	230	1 125	1 317
Other liabilities	-	-	-	-	-	-	1 148	15	1 148	15
Total non-current liabilities	23 705	21 690	304	343	701	639	7 741	6 132	32 451	28 804
Total liabilities	79 454	75 274	368	2 238	1 000	956	13 379	11 390	94 201	89 858
Net assets	166 167	157 218	(368)	(2 238)	(1 000)	(905)	45 685	39 585	210 484	193 660

The 2015 comparatives have been restated for prior period adjustments.

Note:

Assets and liabilities are only attributed to Activities where this can be done reliably.

Certain amounts like cash and taxation amounts receivable and due from operating transactions are not allocated.

Property, plant and equipment assets are only allocated where there is exclusive custody, control and regulation of the use of the asset, by that Activity. Where this criteria is not met the asset value is 'unallocated'.

In the construction of this report a negative 'net assets' position may result for a program from the allocation method used and/or non attribution of assets and liabilities to programs. However, total 'net assets' reconciles to the Statement of Financial Position.

1 Objectives of the Department of Primary Industry and Regions

The Department of Primary Industries and Regions (PIRSA) has the lead role implementing and coordinating South Australia's economic priority - premium food and wine produced in our clean environment and exported to the world. PIRSA also has a lead role in coordinating and delivering regional development initiatives across government. These objectives reflect targets in South Australia's Strategic Plan, including growing the contribution made by the South Australian food industry to \$20.0 billion by 2020.

To assist in achieving these aims, PIRSA has the additional objectives of:

- securing sustainable access to resources such as land, water and stock;
- enhancing and growing the efficiency and value of production;
- ensuring and expanding access to markets; and
- working with South Australia's regional communities to enhance sustainable economic prosperity.

PIRSA contributes to the productivity growth of our agriculture, food and fisheries by: enforcing strict biosecurity measures to keep our crops and farm animals free of many pests and diseases (e.g. South Australia is fruit fly and phyloxera free), preparing food safety standards which make our produce some of the safest in the world, and providing strong research and innovation capabilities. PIRSA develops and implements policies and programs that ensure that South Australia's agricultural sector remains competitive, profitable and sustainable.

PIRSA manages the use of South Australia's aquatic resources to maximise the environmental, social and economic benefits to South Australian communities and ensure the sustainable development of our fisheries and aquaculture industries. South Australia's clean marine environment is home to some of the most sought after, premium seafood in the world. The fisheries that operate within these waters support aquaculture production and commercial, recreational and Aboriginal traditional fishing activities that contribute to the social and economic well-being of the state and prosperity of our coastal and river regions.

PIRSA's Forestry group works with businesses and the community to promote the future of the forestry and wood products industry in South Australia and seeks new opportunities for development. A key priority is to increase the economic value of the forest and wood products industry.

Regions SA, a division of PIRSA, is responsible for working with regional communities to identify opportunities to expand economic growth and propose strategies and projects to deliver these benefits. A reinvigorated commitment has been made through Regions SA to provide financial assistance to job creation and economic development projects from businesses, councils, Regional Development Australia groups and communities from across regional South Australia.

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 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 ended 30 June 2016 (refer note 3).

2 Summary of significant accounting policies (continued)

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;
- 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 Standards 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 these 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 (TVSP) information;
 - (d) employees whose normal remuneration, inclusive of any TVSP's paid, 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 department's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 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 financial statements and accompanying notes include all the controlled activities of the department. Transactions and balances relating to administered resources are not recognised as departmental income, expenses, assets and liabilities. As administered items are significant in relation to the department's overall financial performance and position, they are disclosed in the administered financial statements at the back of the controlled general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

In the process of reporting on the department as a single unit, all internal transactions have been eliminated in full.

2 Summary of significant accounting policies (continued)

d) Transferred functions

There were no transferred functions during the 2015-16 year.

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). 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.

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 and classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation 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) and emergency services levy.

Income, expenses, assets and liabilities 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.

2 Summary of significant accounting policies (continued)

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 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 and expenses

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

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

The following are specific recognition criteria:

Revenues from/Payments to 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 their receipt.

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy and the return of proceeds from real property sales pursuant to Premier and Cabinet Circular 114.

Amounts appropriated to the department for transfer to eligible beneficiaries in accordance with legislation or other authoritative requirements are not available to the department for use in achieving its objectives and therefore are not recognised as revenues, but are reported as administered revenues in the Administered Financial Statements. Similarly, the amounts transferred are not recognised as expenses, but are reported as administered expenses in the Administered Financial Statements.

Fees and charges

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

Contributions received/paid

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

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

- contributions with unconditional stipulations - this will be when the agreement becomes enforceable, i.e. the earlier of when the 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.

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

All contributions paid by the department have been contributions with unconditional stipulations attached.

2 j) Income and expenses (continued)

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.

Resources provided free of charge (contributions of services) are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated. These are recorded in the expense line items to which they relate.

Administered - Contributions received from industry

Under the *Primary Industry Funding Schemes Act 1998* certain administered industry funds may impose a levy on industry participants to raise funds for the conduct of approved projects to advance research or development in the industry sector. For each industry fund, regulations under the Act specify the amount and nature of levies payable. Revenue from this source is recognised as income when received.

Administered - Licence fee revenue

Revenue is recognised at the date of grant of a new licence and on any subsequent renewal, at the date of commencement of the new licence period. The operations of Fisheries and Aquaculture are largely cost recovered and annual licence fee revenue collections fund legislative compliance, research and other industry specific projects, in accordance with strategic plans developed by the industry.

Net gain/(loss) on non-current assets

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

Employee benefit expenses

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

Superannuation

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

Depreciation and amortisation of non-current assets

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

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

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

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

Land and assets held for sale are not depreciated.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
For the year ended 30 June 2016

2 j) Income and expenses (continued)

Depreciation/amortisation is calculated on a straight line basis either over the estimated useful life of the asset, where this can be reasonably determined, or a class rate taken from the table below:

Class of asset	Useful life
Buildings and infrastructure	1-80
Leasehold improvements	10
Plant and equipment	1-50
Intangibles	1-10

Borrowing costs

All borrowing costs are recognised as expenses.

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 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.

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 foreign currencies.

For the purposes of the Statement of Cash Flows, cash consists of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Receivables

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

Trade receivables arise in the normal course of selling goods and services to other SA Government agencies and to the public. Trade 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 selling goods and services to other SA Government agencies and to the public.

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

Other financial assets

The department measures financial assets at historical cost.

Inventories

Biological assets and agricultural produce

Biological assets are livestock, vines and fruit trees and are valued at fair value less estimated costs to sell. Agricultural produce, including wool, fruit and harvested crops; is valued at fair value less estimated costs to sell, using level 2 inputs. Gains and losses resulting from measurement at fair value, and from changes in fair value, are recognised in the Statement of Comprehensive Income.

2 I) Assets (continued)

Fair value for biological assets and agricultural produce has been determined by reference to quoted prices in the markets in which the produce is ordinarily sold, reduced by estimated point of sale costs that include commissions, packing and handling, brokerage selling charges and levies from regulatory bodies.

Other inventories

Other inventories are measured at the lower of cost or their net realisable value.

Inventories include chemicals, seed stocks and other goods and property held either for sale or distribution at no or nominal cost in the ordinary course of business. It excludes depreciating assets.

Inventories held for distribution, for no or nominal consideration, are measured at cost and adjusted when applicable for any loss of service potential.

Cost is measured on the basis of the first-in, first-out method. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

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

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

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

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

Non-current 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 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 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 the restructure.

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

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

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 five years the department revalues its land, buildings, and leasehold improvements via a valuation appraisal by 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 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.

2 I) Assets (continued)

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 in the Statement of Comprehensive Income.

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

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.

(i) Land and buildings

Land, buildings and infrastructure were independently reviewed to fair value as at 30 June 2013. Valuations comprised independent valuations received from Liquid Pacific Pty Ltd who valued the department's assets located in the metropolitan and near country areas. Valuation increments/decrements were recorded where applicable for land, buildings and infrastructure, which represents roads, fencing, signage etc.

(ii) Leasehold improvements

Leasehold improvements are recognised at cost and are deemed to have been revalued to their fair values immediately following recognition.

(iii) Plant and equipment

In accordance with Accounting Policy Framework III *Asset Accounting Framework* all plant and equipment below the revaluation threshold are deemed to have been revalued to their fair values immediately following recognition at cost.

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 costs. An amount by which an 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 for that class of asset.

Constructions and works in progress

Works in progress relate to costs associated with systems development, purchases of plant and equipment and other developments.

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 amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

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

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

2 l) Assets (continued)

Water rights are valued at cost determined from an infrastructure levy payable in instalments to the water provider. The right grants access to a contracted fixed annual supply of water while PIRSA maintains a supply agreement and shares with the provider. Where water use restrictions apply within the year the value of the resource is diminished and an impairment allowance is recognised.

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 department's 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 an estimated useful life that was less than three years' are deemed to approximate fair value.

Refer to notes 27 and 29 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.

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, employment on-costs and Paid Parental Leave Scheme payables.

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.

Department of Primary Industries and Regions
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For the year ended 30 June 2016

2 m) Liabilities (continued)

Employment benefits on-costs include payroll tax, ReturntoWork SA workers compensation 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 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 balance date relates to any contributions due but not yet paid to the South Australian Superannuation Board or external schemes.

Paid Parental Leave Scheme payables represent 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.

Borrowings/Financial liabilities

The department measures debt at historical cost.

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 operating leases.

Operating leases

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

Lease incentives

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

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

Lease incentives that provide benefits up to a stipulated maximum amount in a mixed form are first recognised as a convertible lease right. These incentives generally provide for certain agreed capital improvement works to be undertaken within a specified time, after commencement of the lease agreement, with an option to take any remainder of the benefit as a cash payout or a rent free period.

As capital projects are completed the value of the right is reduced and a leasehold improvement asset is recognised and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

Financial guarantees

The department may accept bank guarantees or other forms of securities like mortgages over land as security for loans advanced.

These financial guarantees are recognised as contingent assets (refer note 37) as the department only has claim to the funds in the event that a borrower defaults on the conditions of a loan agreement.

2 m) Liabilities (continued)

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

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

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

Long service leave

The liability for long service leave is 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 amount of long service leave expected to be taken in the next 12 months, based on historical data.

Employee benefits on-costs

Employee benefits on-costs (payroll tax and superannuation) are recognised separately under payables.

Provisions

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

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

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

The department is responsible for the payment of workers compensation claims.

2 Summary of significant accounting policies (continued)

n) 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 (refer note 37).

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) Trust funds

The department has received monies in a trustee capacity for trusts as set out in note 39.

As the department performs only a custodial role in respect of these monies, and because the monies cannot be used for achievement of the department's objectives, the revenues and expenditures are only disclosed by way of note and are not brought to account in the department's financial statements.

3 New and revised accounting standards and policies

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

Accounting Standards

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. 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 term.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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3a Prior period adjustments

During the financial year adjustments were made to prior year balances. The impact of these adjustments is detailed in the table below:

	Note	2015 Original balance \$'000	2015 Restated balance \$'000	Change \$'000
Statement of Comprehensive Income				
Supplies and services	6	51 534	51 501	33
Other expenses	12	672	668	4
Revenue from fees and charges	14	(16 486)	(16 414)	(72)
Advances and grants	15	(53 672)	(53 671)	(1)
Sale of goods	18	(2 907)	(2 940)	33
Prior period adjustments relating to net result				(3)
Statement of Financial Position				
Other accrued revenue	23	6 617	6 659	42
GST receivable	23	1 392	1 397	5
Property, plant and equipment	27	97 806	97 776	(30)
Intangible assets	28	4 326	4 322	(4)
Accrued expenses	30	(8 634)	(8 581)	53
Unearned revenue	34	(15 381)	(15 463)	(82)
Total prior period adjustments				(16)
Net prior period adjustments reflected in equity				(13)

The nature of these prior period adjustments were:

- correction of amounts accrued and recognised for SARDI and RSSA operations for additional produce sales and a reclassification to unearned revenue of fees and charges; and
- reclassification of transactions between operating and investing activities to ensure assets are correctly recorded and appropriately classified.

4 Activities of the department

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

Agriculture, Food and Fisheries

Lead the delivery of South Australia's economic priority - premium food and wine produced in our clean environment and exported to the world - to drive growth and sustainable development of the state's primary industry resources.

Forestry Policy

Lead the development of and growth opportunities in the forest industry, regional development and the provision of services to the state government's forest estate.

Regional Development

Regions SA works with South Australia's regional communities, industries and the three levels of government to identify, promote and support strategic economic development initiatives throughout regional South Australia. The program leverages economic activity, job creation, infrastructure and investment capacity building through its grant programs and other initiatives. It facilitates activities that directly support South Australia's economic priorities in regional South Australia.

The disaggregated disclosure schedule presents expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2015 and 30 June 2016.

Certain items of the department's Statement of Financial Position are not allocated to activities and are reported as general/not attributable.

Assets and liabilities are only attributed to activities where this can be done reliably. Property, plant and equipment assets are only allocated where there is exclusive custody, control and regulation of the use of the asset, by a specific activity. Where this criteria is not met the asset value is classified as general/not attributable.

Department of Primary Industries and Regions
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5 Employee benefit expenses

	2016	2015
	\$'000	\$'000
Salaries and wages	67 726	65 849
Targeted voluntary separation packages	83	125
Annual leave	6 098	6 068
Long service leave	4 180	3 920
Skills and experience retention leave	481	437
Employment on-costs - superannuation	7 937	7 801
Employment on-costs - other	4 326	4 203
Board and committee fees	49	199
Workers compensation	249	266
Other employee related expenses	937	420
Total employee benefits expenses	92 066	89 288

Targeted voluntary separation packages (TVSPs)

	2016	2015
	\$'000	\$'000
Amount paid during the reporting period to separated employees:		
TVSP's	83	125
Leave paid to those employees	89	48
Total amount paid	172	173

Recovery from the Department of Treasury and Finance⁽¹⁾

	-	(1 893)
Net cost to the department	172	(1 720)

The number of employees who received a TVSP during the reporting period was 1 (2).

⁽¹⁾ Expenditure incurred by government agencies for payment of TVSP's was reimbursed in arrears on an acquittal basis up until 30 June 2015.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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Employee benefit expenses (continued)

Remuneration of employees

	2016	2015
	Number of	Number of
	employees	employees
The number of employees whose remuneration received or receivable falls within the following bands:		
\$141 500 - \$145 000 *	n/a	2
\$145 001 - \$155 000	8	6
\$155 001 - \$165 000	8	10
\$165 001 - \$175 000	3	3
\$175 001 - \$185 000	1	-
\$185 001 - \$195 000	2	4
\$195 001 - \$205 000	1	5
\$205 001 - \$215 000	4	3
\$215 001 - \$225 000	3	-
\$225 001 - \$235 000	1	-
\$235 001 - \$245 000	1	2
\$245 001 - \$255 000	-	1
\$255 001 - \$265 000	1	2
\$265 001 - \$275 000	1	-
\$275 001 - \$285 000	1	2
\$295 001 - \$305 000	1	-
\$315 001 - \$325 000	1	-
\$345 001 - \$355 000	-	1
\$365 001 - \$375 000	1	-
Total	38	41

* 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, 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 \$7.5 million (\$7.8 million).

Analysis of the above table of remuneration of employees categorised by the number of executive and non-executive employees is provided below:

	2016	2015
Executives	22	22
Non-executives	16	19
Total number of employees	38	41

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6 Supplies and services

	2016	2015
	\$'000	\$'000
Professional and technical services ⁽¹⁾	17 421	15 064
Administrative and operating costs	10 002	8 119
Utility and property costs	8 335	8 819
Computing and communication costs	5 506	6 133
Travel	2 791	2 946
Shared Services costs	2 227	2 070
Staff development and safety	1 087	1 079
Operating lease costs - accommodation	3 364	3 347
Operating lease costs	93	122
Vehicle lease and operating costs ⁽²⁾	2 462	2 383
Other vehicle and equipment operating costs	847	992
Property and risk insurance	441	427
Total supplies and services	54 576	51 501

(1) Includes consultancies costs which are further broken down below and audit fees payable to the Auditor-General's Department (refer note 13).

(2) Includes all payments to LeasePlan for leasing, operating and maintaining vehicles under short and long term hire agreements.

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

	2016	2016	2015	2015
	Number	\$'000	Number	\$'000
Below \$10 000	2	4	2	11
Above \$10 000	4	132	7	165
Total paid/payable to consultants engaged	6	136	9	176

7 Depreciation and amortisation expense

	2016	2015
	\$'000	\$'000
Depreciation		
Plant and equipment	1 900	2 257
Buildings and infrastructure	2 554	2 512
Surplus buildings	35	-
Large vessels	98	-
Total depreciation	4 587	4 769
Amortisation		
Leasehold improvements	459	447
Intangible assets	639	629
Total amortisation	1 098	1 076
Total depreciation and amortisation expense	5 685	5 845

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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8 Grants and subsidies

	2016	2015
	\$'000	\$'000
Recurrent grants	99 864	61 899
Intra government transfers	10 010	4 098
Total grants and subsidies	109 874	65 997

Major grant program expenditure during the year includes:

South Australian River Murray Sustainability Program	68 065	41 447
Regional Development Australia	2 515	2 768
Regional Development Fund	17 638	2 232
Job Accelerator Fund	3 627	200
Riverland Sustainable Futures Fund	813	1 881
Upper Spencer Gulf and Outback Enterprise Zone Fund	-	170
Save the River Murray Fund	1 640	1 798

Cooperative Research projects ⁽¹⁾	5 554	4 092
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Industry development and restructuring initiatives greater than \$1 million made during the year were:

Marine Parks Commercial Fisheries Voluntary Catch/Effort Reduction Program	-	3 303
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Aggregate of all other payments less than \$1 million made during the year	10 022	8 106
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Total grants and subsidies	109 874	65 997
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- ⁽¹⁾ Research expenditure mainly incurred by the South Australian Research and Development Institute working with state, national and international collaborators. This includes funding of an operating nature assisting with the engagement of research staff or resources, or support with infrastructure development and renewal to improve research capability.

9 Borrowing costs

	2016	2015
	\$'000	\$'000
Interest paid/payable on borrowings	222	772
Guarantee fees	27	59
Total borrowing costs	249	831

Department of Primary Industries and Regions
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10 Net gain/(loss) from the disposal of non-current assets

	2016 \$'000	2015 \$'000
Land and buildings held for sale		
Proceeds from disposal	963	1 435
Disposal cost	(20)	(30)
Less net book value of assets disposed	(943)	(1 405)
Net gain/(loss) from disposal of land and buildings held for sale	-	-
Plant and equipment		
Proceeds from disposal	127	423
Less net book value of assets disposed	(11)	(257)
Net gain/(loss) from disposal of assets	116	166
Total assets		
Proceeds from disposal	1 090	1 858
Disposal cost	(20)	(30)
Less net book value of assets disposed	(954)	(1 662)
Net gain/(loss) from disposal of assets	116	166

11 Net gain/(loss) from the disposal of other assets

	2016 \$'000	2015 \$'000
Other assets		
Less net book value of assets disposed	-	(2)
Total net gain/(loss) from the disposal of other assets	-	(2)

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12 Other expenses

	2016	2015
	\$'000	\$'000
Publications, seed and miscellaneous stocks - cost of sales	116	92
Revaluation of assets to realisable value	-	267
Deemed cost of produce consumed ⁽¹⁾	551	555
Royalty payments	320	274
Workers compensation provision movement	346	6
Workers compensation liability revaluation	(440)	(561)
Industry assistance payments	232	-
Other	34	35
Total other expenses	1 159	668

⁽¹⁾ Publications, seed and other miscellaneous stocks are disclosed separately from the cost of sales of agricultural produce and livestock. This line predominantly represents the value of the inventory movement within the year and excludes the cost of crop harvesting from the use of internal resources. These amounts are included within the financial statements under the notes for 'employee benefit expenses' and 'supplies and services'.

13 Auditor's remuneration

	2016	2015
	\$'000	\$'000
Audit fees paid/payable to the Auditor General's Department relating to the audit of the financial statements	320	315
Total auditor's remuneration	320	315

Other services

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

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of 'supplies and services - professional and technical services' (refer note 6).

14 Revenues from fees and charges

	2016	2015
	\$'000	\$'000
Agriculture, Biosecurity and Fisheries, consultancies and services	3 143	3 134
Rural Solutions, consultancies and services	4 856	6 119
South Australian Research and Development Institute, consultancies and services	4 384	4 562
Other	2 012	2 599
Total revenues from fees and charges	14 395	16 414

User fees and charges are categorised to reflect the nature of the income received and the Division delivering the services sought.

Department of Primary Industries and Regions
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15 Advances and grants

	2016	2015
	\$'000	\$'000
State grants - received from SA Government entities	5 708	4 310
State grants - received from Administered Industry Funds ⁽¹⁾	17 833	16 771
Commonwealth grants - Concessional Loans Schemes ⁽²⁾	150	1 250
Commonwealth grants - other	4 818	3 498
Industry grants	29 480	27 842
Interstate Government grants	67	-
Total advances and grants revenue	58 056	53 671

Advances and grants received from all sources comprise funding for collaborative research, delivery of projects for industry development and funding from the Commonwealth to administer arrangements for financial assistance.

	2016	2015
	\$'000	\$'000
Advances and grants were applied to the following business sectors		
South Australian Research and Development Institute ⁽³⁾	38 118	36 963
Fisheries ⁽³⁾	8 311	7 250
Biosecurity	7 043	4 737
Aquaculture ⁽³⁾	1 444	1 335
Prudential and Rural Financial Services ⁽²⁾	150	1 250
Regions ⁽⁴⁾	2 000	2 000
Rural Solutions	780	108
Other	210	28
Total advances and grants revenue	58 056	53 671

⁽¹⁾ Contributions from industry groups are received into the Administered funds of the department (refer note A3) and may be transferred in part to PIRSA controlled to undertake specific research or to deliver projects proposed by the industry groups in their approved management plans.

⁽²⁾ Funding received from the Commonwealth for administering the Farm Finance Concessional Loans Scheme, Drought Concessional Loans Scheme and Drought Recovery Concessional Loans Scheme.

⁽³⁾ Costs recovered from the Fisheries Research and Development Fund and the Aquaculture Resource Management Fund for the administration of licences and registration are applied to the delivery of projects in compliance, research and fishing industry development in the Divisions of Fisheries, South Australian Research and Development Institute and Aquaculture. In 2015-16 the amount received from the Fisheries Research and Development Fund and the Aquaculture Resource Management Fund was \$13.7 million (\$13.0 million).

⁽⁴⁾ Funding received from the Department for Environment, Water and Natural Resources for projects deliverable from the former 'Save The River Murray Fund'.

Department of Primary Industries and Regions
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16 Commonwealth revenues (National Partnership payments)

	2016 \$'000	2015 \$'000
Commonwealth revenue		
South Australian River Murray Sustainability Program (SARMS) ⁽¹⁾	84 000	48 500
Water Infrastructure and Pest Management in drought affected areas	375	375
Pest Animal and Weed Management in drought affected areas	1 000	-
Managing established Pest Animals and Weeds	812	-
Exotic Pest Diseases Preparedness	-	10
Total commonwealth revenues ⁽²⁾	86 187	48 885

(1) The SARMS is a non-recourse grant that has been recognised upon receipt. The program will support the sustainability of South Australian River Murray communities through investment in irrigation efficiencies, water returns, irrigation industry assistance and regional economic development.

(2) Commonwealth funding for specific projects and to facilitate and/or reward States that deliver on nationally significant reforms are classified as 'National Partnership payments'. These payments are received by the department through the South Australian Department of Treasury and Finance.

17 Interest revenues

	2016 \$'000	2015 \$'000
Interest	1 621	2 087
Loans to the rural sector	328	658
Total interest revenues	1 949	2 745

18 Sale of goods

	2016 \$'000	2015 \$'000
Publications, books, maps and compact discs	2	37
Livestock	1 515	1 437
Agricultural produce	1 179	1 133
Other	293	333
Total sale of goods	2 989	2 940

Department of Primary Industries and Regions
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19 Other income

	2016	2015
	\$'000	\$'000
Reimbursements/recoveries	1 673	1 749
Seed and other royalties	1 531	1 591
Gain/(loss) from changes in fair value biological assets ⁽¹⁾	239	116
Diesel fuel rebates	101	91
Sponsorship contributions	-	1
Reduction in allowance for doubtful debts	102	15
Other	35	60
Total recoveries and other income	3 681	3 623

⁽¹⁾ The changes in fair values of livestock is reconciled along with the movement in inventory in note 24.

20 Resources received free of charge

	2016	2015
Fair value of assets received free of charge ⁽¹⁾	9 173	12
First time recognition of asset ⁽²⁾	144	-
Total resources received free of charge	9 317	12

⁽¹⁾ The Lincoln Marine Science Centre was transferred from the Flinders University during 2015-16 (\$9.173 million) – refer note 27.

⁽²⁾ A parcel of land at Murray Bridge with the Minister for Primary Industries as owner was recognised for the first time during 2015-16 (\$0.144 million) – refer note 27.

21 Revenues from/payments to SA Government

	2016	2015
	\$'000	\$'000
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriations Act</i>	104 085	90 746
Appropriations received from the Treasurer's Contingency Fund (TVSPs) ⁽¹⁾	-	1 893
Appropriations received from the Treasurer's Contingency Fund (other)	844	1 132
Total revenues from SA Government	104 929	93 771
Payments to SA Government		
Other payments to Consolidated Account	(1 186)	(1 019)
Total payments to SA Government	(1 186)	(1 019)
Net revenues from SA Government	103 743	92 752

Total revenue from Government for operational and capital funding consisted of \$104.1 million (\$90.7 million) appropriated to the department under the annual *Appropriation Act*. Additional amounts were also received during the year from the Treasurer's Contingency Fund and repayments to the Consolidated Account were made for land sale proceeds and for interest earned on Commonwealth funding agreements.

⁽¹⁾ Expenditure incurred by government agencies for payment of TVSP's was reimbursed in arrears on an acquittal basis up until 30 June 2015.

Department of Primary Industries and Regions
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22 Cash

	2016 \$'000	2015 \$'000
Deposits with the Treasurer	155 847	147 652
Imprest account and cash on hand	7	8
Total cash and cash equivalents	155 854	147 660

Deposits with the Treasurer includes the following fund balances that have restricted conditions:

Funds held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use (i.e. the funds can only be used in accordance with the Treasurer's/Under Treasurer's approval)

8 729	9 019
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Funds held pursuant to the *Rural Industry Adjustment and Development Act 1985* and other State and Commonwealth Schemes for rural financial assistance

58 149	59 023
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External funds held in the nature of grants or under cooperative agreements where unspent funds may be returned to the funder

17 642	16 650
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Commonwealth funds held for the SARMS Program

31 409	21 935
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Commonwealth funds held pursuant to the Farm Finance Concessional Loans Scheme

-	10 016
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Commonwealth funds held pursuant to the various Drought Concessional Loans Schemes

19 010	10 016
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Deposits with the Treasurer held as working capital, but subject to Department of Treasury and Finance budget and cash alignment policies

20 908	20 993
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Total deposits with the Treasurer

155 847	147 652
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Interest rate risk

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

Department of Primary Industries and Regions
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23 Receivables

	2016 \$'000	2015 \$'000
Current		
Receivables	6 567	5 947
Less: allowance for doubtful debts	(85)	(197)
	6 482	5 750
Loans receivable	3 753	5 606
Worker's compensation recoveries	9	15
Accrued interest on loans and deposits	237	335
Other accrued revenue	4 573	6 659
GST receivable	2 111	1 397
Prepayments	586	194
Total current receivables	17 751	19 956
Expected to be recovered more than 12 months after reporting date		
Loans receivable	3 555	3 403
Worker's compensation recoveries	18	45
Total expected to be recovered more than 12 months after reporting date	3 573	3 448
Total receivables	21 324	23 404

Interest rate and credit risk

Receivables are raised for all goods and services provided for, 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 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) Categorisation and maturity analysis of financial instruments - refer note 44.
- (b) Risk exposure information - refer note 44.

Loans receivable

Loans receivable consist of various schemes including the Loans to Cooperatives Scheme, Farm Finance Concessional Loans Scheme (closed to new applicants), Drought Concessional Loans Scheme and Drought Recovery Concessional Loans Scheme.

Loans to Cooperatives are agreements between the Treasurer, PIRSA and an approved loan applicant, whereby the principal borrowed by PIRSA from the Treasurer is on-lent to an approved loan applicant (refer note 31 Borrowings/Financial liabilities). Similarly, repayments of principal made by an approved loan applicant are returned to the Treasurer to reduce the level of borrowing made by PIRSA. The legal agreement with the loan recipient provides for a set loan term, and that the client can set interest rate structures within that period from time to time. At the end of each negotiated interest period the client can elect to repay the principal in full or part, or roll the entire balance for another interest period. The interest rate is determined by the Treasurer through SAFA at the time of settling the loan approval and remains fixed over the negotiated interest period. Interest periods can range between 30 days to 10 years subject to agreement through SAFA. A lending margin is added to the interest rate incurred by Cooperatives to cover guarantee fees and administrative costs.

Loans under the Farm Finance Concessional Loans Scheme are made by PIRSA to eligible loan recipients for the refinance of eligible debt held with commercial lenders as specified in the Concessional Loan Agreement. For approved loan recipients, a variable concessional interest rate applies for the first 5 years of each concessional loan.

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Receivables (continued)

The concessional interest rate set by the Commonwealth is reviewed on a six monthly basis in accordance with material changes to the Commonwealth five year bond rate. At the end of the loan term the loan must be repaid or refinanced by another financier. The Farm Finance Concessional Loans Scheme was closed to new applicants on 30 June 2015.

Loans under the Drought Concessional Loans Scheme are made by PIRSA to eligible loan recipients where their farm business has experienced a severe financial impact due to drought, causing a financial need for the assistance, and the financial impact being experienced by their farm business is a result of the effects of drought (which is considered to be a rainfall deficiency equivalent to, or worse than, either a 1 in 10 year or a 1 in 20 year rainfall event), and they meet the other eligibility criteria as specified in the scheme guidelines. Drought Concessional Loans have a loan term of five years, with a concessional interest rate period of five years. The concessional interest rate set by the Commonwealth is reviewed on a six monthly basis in accordance with material changes to the Commonwealth five year bond rate. At the end of the loan term the loan must be repaid or refinanced by another financier.

Loans under the Drought Recovery Concessional Loans Scheme commenced in February 2016 and are made by PIRSA to eligible loan recipients where their farm business has experienced a severe financial impact due to drought, causing a financial need for the assistance, and the financial impact being experienced by their farm business is a result of the effects of drought (which is considered to be a rainfall deficiency equivalent to, or worse than, either a 1 in 50 year or a 1 in 100 year rainfall event), and they meet the other eligibility criteria as specified in the scheme guidelines. Drought Recovery Concessional Loans have a loan term of ten years, are available for new debt, for planting and restocking activities, and / or a refinance of an existing Drought Concessional loan where provided for the purpose of operating expenses and / or drought recovery and preparedness activities.

The concessional interest rate period is available for the ten year term. The concessional interest rate set by the Commonwealth is reviewed on a six monthly basis in accordance with material changes to the Commonwealth ten year bond rate. Interest only payments must be made at least annually for the first five years, with interest and principal repayments required for years six to ten. At the end of the loan term any remaining balance must be repaid or refinanced.

The South East Confined Aquifer Well Rehabilitation Scheme was administered on behalf of the Department of Environment, Water and Natural Resources. The scheme is closed to new applicants and the last loan drawdowns were in 2010-11. The final outstanding loan was repaid in 2015-16.

Where there is objective evidence that a loan is impaired, a provision equal to the difference between the carrying value and the present value of expected future payments is made.

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 income' ('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
Movement in the allowance for doubtful debts (impairment loss)		
Carrying amount at the beginning of the period	197	223
Increase/(decrease) in the allowance for doubtful debts	(102)	(15)
Amounts written off	(10)	(11)
Carrying amount at the end of the period	85	197

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24 Inventories

	2016 \$'000	2015 \$'000
Current inventories		
Biological assets		
Livestock (at fair value less estimated costs to sell)	1 482	1 404
Agricultural produce (at fair value less estimated costs to sell)	259	242
Total biological assets	1 741	1 646
Other inventories		
Chemicals and other (at the lower of cost and realisable value)	54	81
Fuel and related items (at the lower of cost and realisable value)	35	25
Wool (at the lower of cost and realisable value)	17	6
Total other inventories	106	112
Total current inventories	1 847	1 758
Non-current inventories		
Orchards and vineyards (at fair value less estimated costs to sell)	156	161
Total non-current inventories	156	161
Total inventories	2 003	1 919

	Orchards, vineyards and agricultural produce \$'000	Livestock \$'000
Balance at 1 July 2015	403	1 404
Acquisitions	189	438
Sales	(782)	(1 108)
Used as feed stock	(351)	-
Harvests transferred to inventories	961	-
Increase/(decrease) due to natural accretion	-	518
Inventory changes (Biological growth)	(5)	(9)
Change in fair value less estimated costs to sell	-	239
Balance at 30 June 2016	415	1 482
Current	259	1 482
Non-current	156	-
Total	415	1 482

Agricultural activities are carried on to assist with research, but are conducted on a commercial basis. At 30 June 2016 inventory included 8 001 sheep, 1 036 cattle, 900 tonnes of crops and grain and 40 hectares of vines and fruit trees.

Production for the year included 562 tonnes of grapes and fruit, 6 194 lambs, 145 calves, 54 tonnes of wool and 2 586 tonnes of other grain crops.

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25 Other financial assets

	2016 \$'000	2015 \$'000
Non-current		
Investments in shares	4 518	4 518
Total other financial assets	4 518	4 518

Investments are primarily held to secure long term benefits from research partnerships and access to resources (water entitlements). The department's investments include –

- Ordinary shares in Australian Grain Technologies Pty Ltd (AGT), a joint venture entity involved in research to assist wheat breeding programs. The purchase consideration for these shares consisted of a mixture of cash and leased facilities. The department holds joint control along with the University of Adelaide, Grains Research and Development Corporation and Vilmorin & CIE SA. The department's 14.8% (14.8%) shareholding has been recognised at cost.
- Shares in Barossa Infrastructure Limited (\$12 500) acquired in 2000-01 and a further investment in 2014-15 (\$17 500) to secure a water entitlement for the department's research farm located at Nuriootpa. The investments have an associated water infrastructure levy payable under a fixed schedule calculated on the mega litres of water allocated under the scheme. The remaining commitment is reflected under note 36 'Other commitments'.

Impairment of financial assets is assessed by reviewing external or internal evidence for indicators of changes that occurred in the period, or are expected to occur in the near future, in the technological, market, economic or legal environment of the investee.

	2016 \$'000	2015 \$'000
Movement in financial assets		
Carrying amount at 1 July	4 518	4 501
Investments acquisitions	-	17
Carrying amount at 30 June	4 518	4 518

(a) Categorisation of financial instruments and maturity analysis of other financial assets - refer note 44.

(b) Risk exposure information - refer note 44.

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26 Non-current assets classified as held for sale

	2016	2015
	\$'000	\$'000
Land	2 976	3 919
Total non-current assets classified as held for sale	2 976	3 919

The department reviews its asset base annually. Property, plant and equipment that is surplus to requirements or no longer meets current business needs are regularly disposed of by sale or auction.

Disposal of the property was settled in early July 2016.

Reconciliation of non-current assets classified as held for sale

The following table shows the movement of non-current assets held for sale during 2015-16 and 2014-15.

	2016	2015
	\$'000	\$'000
Carrying amount at the beginning of the period	3 919	-
Assets reclassified from property, plant and equipment	-	5 324
Disposals	(943)	(1 405)
Carrying amount at the end of the period	2 976	3 919

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27 Property, plant and equipment

	2016 \$'000	2015 \$'000
Land and buildings		
Land at cost	40	40
Land at fair value	22 614	21 480
Surplus land	1 520	1 520
Buildings and infrastructure at cost	4 664	4 579
Buildings and infrastructure at fair value	67 875	59 693
Accumulated depreciation	(7 456)	(4 902)
Surplus buildings	1 430	1 430
Accumulated depreciation	(140)	(105)
Constructions and works in progress at cost	5 780	404
Total land and buildings	96 327	84 139
Leasehold improvements		
Leasehold improvements at cost (deemed fair value)	5 223	4 323
Accumulated amortisation	(3 139)	(2 680)
Total leasehold improvements	2 084	1 643
Plant and equipment		
Plant and equipment at cost (deemed fair value)	35 213	33 512
Accumulated depreciation	(23 204)	(22 826)
Construction and works in progress at cost	519	308
Total plant and equipment	12 528	10 994
Large vessels		
Large vessels at fair value	1 000	1 000
Accumulated depreciation	(98)	-
Total large vessels	902	1 000
Total property, plant and equipment	111 841	97 776

Property, plant and equipment (continued)

Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during 2015-16

	Land	Surplus land	Buildings and infrastructure	Surplus buildings	Leasehold improvements
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2015	21 520	1 520	59 370	1 325	1 643
Acquisitions	-	-	-	-	900
Disposals	-	-	-	-	-
Depreciation/amortisation expense	-	-	(2 554)	(35)	(459)
Transfer between asset classes	-	-	84	-	-
Assets received free of charge ⁽¹⁾	990	-	8 183	-	-
First time recognised assets ⁽²⁾	144	-	-	-	-
Carrying amount at 30 June 2016	22 654	1 520	65 083	1 290	2 084

	Plant and equipment	Large vessels	Constructions and works in progress - Plant and equipment	Constructions and works in progress - Buildings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2015	10 686	1 000	308	404	97 776
Acquisitions	2 895	-	550	5 460	9 805
Disposals	(11)	-	-	-	(11)
Depreciation/amortisation expense	(1 900)	(98)	-	-	(5 046)
Transfer between asset classes	339	-	(339)	(84)	-
Assets received free of charge ⁽¹⁾	-	-	-	-	9 173
First time recognised assets ⁽²⁾	-	-	-	-	144
Carrying amount at 30 June 2016	12 009	902	519	5 780	111 841

⁽¹⁾ The Lincoln Marine Science Centre was transferred from the Flinders University during 2015-16. The land and building assets were recognised at their written down value immediately prior to transfer - refer note 20.

⁽²⁾ A parcel of land at Murray Bridge with the Minister for Primary Industries as owner was recognised for the first time during 2015-16 - refer note 20.

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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	Surplus land	Buildings and infrastructure	Surplus buildings	Leasehold improvements
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2014	25 929	-	63 278	-	2 090
Acquisitions	851	-	10	-	-
Assets reclassified to held for sale	-	(5 127)	-	(197)	-
Disposals	-	-	-	-	-
Depreciation/amortisation expense	-	-	(2 512)	-	(447)
Revaluation increment ⁽¹⁾ /(decrement)	-	1 387	-	-	-
Transfer between asset classes ⁽²⁾	(5 260)	5 260	(1 432)	1 522	-
Assets received free of charge	-	-	-	-	-
Other movements	-	-	26	-	-
Carrying amount at 30 June 2015	21 520	1 520	59 370	1 325	1 643

	Plant and equipment	Large vessels	Constructions and works in progress - Plant and equipment	Constructions and works in progress - Buildings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2014	11 761	-	304	-	103 362
Acquisitions	2 203	-	552	493	4 109
Assets reclassified to held for sale	-	-	-	-	(5 324)
Disposals	(257)	-	-	-	(257)
Depreciation/amortisation expense	(2 257)	-	-	-	(5 216)
Revaluation increment ⁽¹⁾ /(decrement)	-	(267)	-	-	1 120
Transfer between asset classes ⁽²⁾	(720)	1 267	(548)	(89)	-
Assets received free of charge	12	-	-	-	12
Other movements	(56)	-	-	-	(30)
Carrying amount at 30 June 2015	10 686	1 000	308	404	97 776

⁽¹⁾ Revaluation of surplus land immediately preceding reclassification to held for sale.

⁽²⁾ During the 2014-15 year, land and buildings declared surplus by the agency were transferred to 'surplus' categories at their carrying amount. Surplus land and building assets undergo assessment to maximise the potential return from their disposal. Surplus assets for a particular site are held as a disposal group and are revalued separately to estimated recoverable value less costs to sell immediately prior to transfer to Held for Sale asset categories and commencement of their offer for sale on the market.

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Valuation of land, buildings and infrastructure

Land, buildings and infrastructure were independently reviewed and revalued to fair value as at 30 June 2013, by Liquid Pacific Pty Ltd, in accordance with AASB 116. The valuer arrived at fair value using the market approach based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

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. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

A desktop review of the movement in property, building and infrastructure values was also undertaken by Liquid Pacific Pty Ltd as at 30 June 2016. Land and Building and Improvement values were estimated to have changed by +5.09% and -5.56% respectively on aggregate 30 June 2013 values. The movement from the last formal valuation appraisal is not considered material and has not been reflected in the financial statements.

Land, buildings and improvements and plant and equipment acquired since the last formal revaluation are deemed to be at fair value. These assets are classified at level 3 as there has been no subsequent adjustment to their value, except for management adjustments about the assets condition and remaining effective life.

Valuation of large vessels

The department's purpose built high speed patrol vessel 'Southern Ranger' used for South Australia's Fisheries and Aquaculture operations was independently reviewed by Southern Marine Brokers Pty Ltd and revalued to fair market value as at 24 April 2015. The market value appraisal was arrived at from market research and recent market evidence through Southern Marine Brokers Pty Ltd. This asset is classified at level 3.

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 assets condition and remaining useful life.

Impairment

There were no indications of impairment of property, plant and equipment, infrastructure and intangible assets at 30 June 2016.

28 Intangible assets

	2016 \$'000	2015 \$'000
Software		
Computer software	14 556	13 303
Accumulated amortisation	(10 023)	(9 479)
Total software	4 533	3 824
Computer software development (works in progress)	1 054	384
Water and convertible accommodation lease rights at fair value ⁽¹⁾	582	114
Total water and convertible accommodation lease rights at fair value	582	114
Total intangible assets	6 169	4 322

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Intangible assets (continued)

Reconciliation of intangibles

The following table shows the movement of intangibles during 2015-16

	Computer software \$'000	Computer software development \$'000	Water and convertible accommodation lease rights \$'000	Total \$'000
Carrying amount at 1 July 2015	3 824	384	114	4 322
Additions	145	1 873	470	2 488
Reduction of lease rights	-	-	(2)	(2)
Transfers between asset classes	1 203	(1 203)	-	-
Amortisation expense	(639)	-	-	(639)
Carrying amount 30 June 2016	4 533	1 054	582	6 169

The following table shows the movement of intangibles during 2014-15

	Computer software \$'000	Computer software development \$'000	Water and convertible accommodation lease rights \$'000	Total \$'000
Carrying amount at 1 July 2014	3 073	378	87	3 538
Additions	30	1 367	24	1 421
Disposals	(2)	-	-	(2)
Reduction of lease rights	-	-	(2)	(2)
Transfers between asset classes	1 361	(1 361)	-	-
Amortisation expense	(629)	-	-	(629)
Other movements	(9)	-	5	(4)
Carrying amount at 30 June 2015	3 824	384	114	4 322

- (1) An agreement secures access to water resources for the research farm operated by the South Australian Research and Development Institute at Nuriootpa. This provides a perpetual right to an annual water allocation. This right is valued at cost determined from an infrastructure levy, payable in instalments to the water provider. Where water use restrictions apply within the year the value of the resource is diminished and an impairment allowance is recognised, conversely where there are no restrictions the impairment is removed. Water allowances are now at 100% (100%), with no rationing.

The department has no contractual commitments for the acquisition of intangible assets.

29 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 a hierarchy based on the level of inputs used in measurement. The most relevant observable inputs are classified as 'level 1 inputs' and the least relevant as 'level 3 inputs'. Input levels reflect the dependence on market based evidence used to establish the fair value.

Fair value measurements recognised in the statement of financial position were categorised into the following levels at 30 June 2016.

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 active markets 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 departments had no valuations categorised into level 1.

Fair value measurements at 30 June 2016		2016	Level 2	Level 3
	Note	\$'000	\$'000	\$'000
Recurring fair value measurements				
Land	27	22 654	22 654	-
Surplus land		1 520	1 520	-
Buildings and infrastructure deemed at fair value		62 968	-	62 968
Buildings non specialised		2 115	2 115	-
Surplus buildings		1 290	-	1 290
Leasehold improvements		2 084	-	2 084
Plant and equipment		12 009	-	12 009
Large vessels		902	-	902
Constructions and works in progress - plant and equipment		519	-	519
Constructions and works in progress - buildings		5 780	-	5 780
Total recurring fair value measurements		111 841	26 289	85 552
Non-recurring fair value measurements				
Land held for sale		2 976	2 976	-
Total non-recurring fair value measurements ⁽¹⁾		2 976	2 976	-
Total fair value measurements		114 817	29 265	85 552

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Fair value measurement (continued)

Fair value measurements at 30 June 2015		2015	Level 2	Level 3
	Note	\$'000	\$'000	\$'000
Recurring fair value measurements				
Land	27	21 520	21 520	-
Surplus land		1 520	1 520	-
Buildings and infrastructure deemed at fair value		57 072	-	57 072
Buildings non specialised		2 298	2 298	-
Surplus buildings		1 325	-	1 325
Leasehold improvements		1 643	-	1 643
Plant and equipment		10 686	-	10 686
Large vessels		1 000	-	1 000
Constructions and works in progress - plant and equipment		308	-	308
Constructions and works in progress - buildings		404	-	404
Total recurring fair value measurements		97 776	25 338	72 438
Non-recurring fair value measurements				
Land held for sale		3 919	3 919	-
Total non-recurring fair value measurements ⁽¹⁾		3 919	3 919	-
Total fair value measurements		101 695	29 257	72 438

⁽¹⁾ The department has measured land held for sale at fair value less costs to sell and carrying amount.

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2015-16. 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 note 27. There were no changes in valuation techniques during 2015-16.

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Fair value measurement (continued)

The following 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 and infrastructure \$'000	Surplus buildings \$'000	Plant and equipment \$'000	Large vessels \$'000	Leasehold improvements \$'000	Constructions and works in progress - plant and equipment \$'000	Constructions and works in progress - buildings \$'000
Opening balance at 1 July 2015	57 072	1 325	10 686	1 000	1 643	308	404
Acquisitions	-	-	2 895	-	900	550	5 460
Transfer between asset classes	84	-	339	-	-	(339)	(84)
Disposals	-	-	(11)	-	-	-	-
Assets received free of charge	8 183	-	-	-	-	-	-
Subtotal	65 339	1 325	13 909	1 000	2 543	519	5 780
Depreciation	(2 371)	(35)	(1 900)	(98)	(459)	-	-
Subtotal	(2 371)	(35)	(1 900)	(98)	(459)	-	-
Closing balance at 30 June 2016	62 968	1 290	12 009	902	2 084	519	5 780

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Fair value measurement (continued)

Reconciliation of Level 3 recurring fair value measurements at 30 June 2015

	Buildings and infrastructure \$'000	Surplus buildings \$'000	Plant and equipment \$'000	Large vessels \$'000	Leasehold improvements \$'000	Constructions and works in progress - plant and equipment \$'000	Constructions and works in progress \$'000
Opening balance at 1 July 2014	60 563	-	11 761	-	2 090	304	-
Acquisitions	10	-	2 203	-	-	552	493
Transfer between asset classes	(1 148)	1 325	(720)	1 267	-	(548)	(89)
Disposals	-	-	(257)	-	-	-	-
Assets received free of charge	-	-	12	-	-	-	-
Other movements	26	-	(56)	-	-	-	-
Subtotal	59 451	1 325	12 943	1 267	2 090	308	404
Depreciation	(2 379)	-	(2 257)	-	(447)	-	-
Revaluation decrement	-	-	-	(267)	-	-	-
Subtotal	(2 379)	-	(2 257)	(267)	(447)	-	-
Closing balance at 30 June 2015	57 072	1 325	10 686	1 000	1 643	308	404

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30 Payables

	2016 \$'000	2015 \$'000
Current		
Creditors	1	4
Accrued expenses	10 344	8 581
Accrued interest on borrowings	110	176
Paid parental leave scheme	15	5
Employment on-costs	1 767	1 678
Total current payables	12 237	10 444
Expected to be settled more than 12 months after reporting date		
Employment on-costs	2 334	2 040
Total expected to be settled more than 12 months after reporting date	2 334	2 040
Total payables	14 571	12 484

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave is 40% (37%). These rates are used in the employment on-cost calculation.

The employer superannuation on-cost rate has decreased from the 2015 rate of 11.11% to 11.03%, reflecting the superannuation mix of the department's employee profile at 30 June 2016.

Interest rate risk

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

- (a) Categorisation of financial instruments and maturity analysis of payables - refer note 44.
- (b) Risk exposure information - refer note 44.

31 Borrowings/financial liabilities

	2016 \$'000	2015 \$'000
Current		
Indebtedness to the Treasurer	22 740	25 600
Total current borrowings	22 740	25 600
Non-current		
Indebtedness to the Treasurer	3 555	3 403
Total non-current borrowings	3 555	3 403
Total borrowings	26 295	29 003

Borrowings consist of funds received from the Treasurer for Loans to Cooperatives and from the Commonwealth Government with respect to the Farm Finance, Drought and Drought Recovery Concessional Loans schemes.

Borrowings for Loans to Cooperatives are agreements between the Treasurer, PIRSA and an approved loan applicant, whereby the loan principal borrowed by PIRSA from the Treasurer is on-lent to an approved loan applicant (refer note 23 receivables - loans receivable). Similarly, repayments of principal made by an approved loan applicant are returned to the Treasurer to reduce the level of borrowing made by PIRSA.

Borrowings/financial liabilities (continued)

Borrowings incurred on behalf of Cooperatives are recognised at cost. The legal agreement with the loan recipient provides for a set loan term, and that the client can set interest rate structures within that period from time to time. At the end of each negotiated interest period the client can elect to repay the principal in full or part, or roll the entire balance for another interest period. The interest rate is determined by the Treasurer through SAFA at the time of settling the loan approval and remains fixed over the negotiated interest period. Interest periods can range between 30 days to 10 years subject to agreement through SAFA.

Borrowings by PIRSA under the Farm Finance Concessional Loans Scheme are receivable from the Commonwealth where applicants for financial assistance meet the eligibility criteria of the scheme. The Commonwealth pays the funds in advance in agreed tranches, which are held in a special deposit account pending drawdown (refer note 22). Concessional loan payments are made by PIRSA to eligible applicants and are available for debt restructuring. The Farm Finance Concessional Loans scheme closed to new applicants on 30 June 2015 and the uncommitted (borrowing) amount was returned to the Commonwealth in 2015-16.

Borrowings by PIRSA under the Drought Concessional Loans Scheme are receivable from the Commonwealth where applicants for financial assistance meet the eligibility criteria of the scheme. The Commonwealth pays the funds in advance in agreed tranches, which are held in a special deposit account pending drawdown (refer note 22). Concessional loan payments are made by PIRSA to eligible applicants and are available for debt refinance, operating expenses, drought recovery and preparedness activities. Applications for the 2014-15 Drought Concessional Loans Scheme closed on 30 June 2015 and the uncommitted (borrowing) amount was returned to the Commonwealth in 2015-16. Round two commenced for the 2015-16 year in October 2015.

Borrowings by PIRSA under the Drought Recovery Concessional Loans Scheme are receivable from the Commonwealth where applicants for financial assistance meet the eligibility criteria of the scheme. The Commonwealth pays the funds in advance in agreed tranches, which are held in a special deposit account pending drawdown (refer note 22). Concessional loan payments are made by PIRSA to eligible applicants and are available for new debt for planting and restocking activities; and / or a refinance of an existing Drought Concessional loan where provided for the purpose of operating expenses and / or drought recovery and preparedness activities.

In May 2016, the Commonwealth Government announced an extension of both the Drought and Drought Recovery Concessional Loans Schemes for a further four months to 31 October 2016 and included a new Dairy Recovery Concessional Loans Scheme as part of the existing Drought Recovery Concessional Loans scheme, with additional loan funding to be allocated to the Drought Recovery / Dairy Recovery Concessional Loans Scheme.

Applications for the Dairy Recovery Concessional Loans scheme opened on 1 July 2016 and are due to close on 31 October 2016 along with the Drought Recovery Concessional Loans scheme, or when funds are fully allocated, whichever occurs first.

Categorisation of financial instruments and maturity analysis of borrowings - refer note 44.

- (a) Risk exposure information - refer note 44.
- (b) Defaults and breaches - there were no defaults or breaches of the above liabilities throughout the year.

	2016 \$'000	2015 \$'000
Movement in financial liabilities/borrowings		
Carrying amount at the beginning of the period	29 003	23 459
Additional borrowing during the year	20 300	20 000
Repayment of borrowings	(23 008)	(14 456)
Carrying amount at the end of the period	26 295	29 003

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32 Employee benefits

	2016 \$'000	2015 \$'000
Current		
Annual leave	5 634	5 583
Long service leave	2 034	2 237
Accrued salaries and wages	1 086	534
Skills and experience retention leave	772	717
Total current employee benefits	9 526	9 071
Non-current		
Long service leave	24 289	22 029
Total non-current employee benefits	24 289	22 029
Total employee benefits	33 815	31 100

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.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$1 681 000 and employee benefit expense of \$1 681 000. 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 salary inflation rate.

The annual leave liability was historically reviewed to assess PIRSA's profile of entitlement payments. Where balances could be expected to be paid after 12 months these are measured at the present value of the future cash outflows using as a discount rate the yield on Commonwealth bonds of a term similar to the average term of the liability.

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33 Provisions

	2016 \$'000	2015 \$'000
Current		
Provision for workers compensation	502	404
Total provisions current	502	404
Non-current		
Provision for workers compensation	1 125	1 317
Total provisions non-current	1 125	1 317
Total provisions	1 627	1 721
Carrying amount at the beginning of the period	1 721	2 276
Reductions arising from payments	(351)	(325)
Revaluation of liability	440	561
Additional provisions recognised	(183)	(791)
Carrying amount at the end of the period	1 627	1 721

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.

34 Other liabilities

	2016 \$'000	2015 \$'000
Current		
Lease incentive	132	72
Unearned revenue	16 613	15 463
Total other current liabilities	16 745	15 535
Non-current		
Lease incentive	1 143	5
Other liabilities	5	10
Total other non-current liabilities	1 148	15
Total other liabilities	17 893	15 550

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

35 Equity

	2016 \$'000	2015 \$'000
Retained earnings	171 957	154 506
Asset revaluation surplus	38 527	39 154
Total equity	210 484	193 660

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.

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36 Unrecognised contractual commitments

Capital commitments

Capital expenditure 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	3 208	3 285
Later than one year but not longer than five years	-	2 223
Total capital commitments	3 208	5 508

Capital commitments relate to current contractual agreements for the development and supply of plant and equipment.

Expenditure commitments – other

	2016	2015
	\$'000	\$'000
Within one year	17 440	11 094
Later than one year but not longer than five years	14 986	9 239
Later than five years	-	264
Total other commitments	32 426	20 597

The department's other commitments include amounts owing under fixed price contracts outstanding at the end of the reporting period.

Operating lease commitments

	2016	2015
	\$'000	\$'000
Within one year	4 853	4 012
Later than one year and not later than five years	11 518	3 995
Later than five years	12 194	900
Total operating lease commitments ⁽¹⁾	28 565	8 907

Representing:

Non-cancellable operating leases	28 565	8 907
Total operating lease commitments	28 565	8 907

⁽¹⁾ PIRSA entered into a new eight year lease over 25 Grenfell Street commencing in February 2016.

The department's non-cancellable operating leases are for office accommodation and equipment. Office accommodation is leased from the Department of Planning, Transport and Infrastructure. Contingent rental provisions, within the lease agreements, allow for the review of lease payments every two years. Any changes in lease payments are based on market rates. Options exist to renew the leases at the end of their terms. Rent is payable monthly in advance.

Non-cancellable operating leases have also been entered into for plant and office equipment. The rental period may continue beyond the expiry date expressed in the initial agreement, in which case, the agreement extends until either party gives written notice of their intention to terminate the agreement. Rent for plant and office equipment is generally payable in advance.

The department's non-cancellable operating leases also include agreements with LeasePlan for long term hire of light vehicles.

Department of Primary Industries and Regions
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37 Contingent assets and liabilities

Contingent Assets

The department owns intangible assets consisting of intellectual property from its core research activities. These assets are not recognised in the financial statements due to difficulties in determining reliable fair values.

The department may also accept bank guarantees or other forms of securities like mortgages over land as security for loans advanced. Bank guarantees held at 30 June 2016, have a potential realisable value of \$3.7 million (\$8.6 million). The department may claim on these funds if the borrower defaults on the conditions of the loan agreement.

The department also holds contractor performance guarantees that have a potential realisable value of \$0.3 million (\$0.3 million).

Contingent Liabilities

The nature of activities that the department is involved in can create potential exposure to environmental matters, which the department may be required to remedy in the future.

The department has some potential outstanding litigation in a number of these areas.

Certain matters associated with contaminants such as contaminated land and hazardous materials have been identified and are managed in accordance with recognised standards, minimising the likelihood of future environmental risks to Government. Work is progressing to determine any liabilities that may be associated with this role. At this time, the financial impact cannot be reliably estimated.

38 Transferred functions

There were no transferred functions during the 2015-16 financial year.

39 Trust funds

Pleura Pneumonia Fund

This Fund consists of monies belonging to all State Governments and the Federal Government. The Fund is controlled by the Standing Committee of Agriculture and all expenditure is subject to the approval of the Chairman. Funds are to be used principally for publication of the history of the Pleura Pneumonia Eradication Campaign and are held in a Section 21 Deposit Account.

	2016 \$'000	2015 \$'000
Operations		
Revenue	1	2
Expenses	83	-
Net operating surplus	(82)	2
Net assets		
Cash at bank	15	97
Net assets	15	97
Funds		
Balance of funds at beginning of period	97	95
Add: net receipts	(82)	2
Fund balance at end of period	15	97

Department of Primary Industries and Regions
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40 Remuneration of board and committee members

Members of boards/committees relating to the ongoing activities of PIRSA who were entitled to receive remuneration during the 2015-16 financial year are listed below in the following summary table:

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

	2016	2015
\$Nil	88	117
\$1 - \$9 999	47	50
\$10 000 - \$19 999	1	2
\$20 000 - \$29 999	-	1
\$30 000 - \$39 999	-	1
Total number of members	136	171

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 \$51 955 (\$213 938).

Amounts paid to a superannuation plan for members was \$3 944 (\$16 614).

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

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

* Government employees

(DM) Deputy member

Members during 2015-16 financial year:

Aquaculture Advisory Committee

Abbott K A	(retired 01/07/2015)	Lawrie R A (DM) *	(retired 01/07/2015)
Coates J L	(retired 01/07/2015)	Luckens T (DM)	(retired 01/07/2015)
Cooper C S	(retired 01/07/2015)	Payne S G	(retired 01/07/2015)
Dolan P *	(retired 01/07/2015)	Rosenberg L F (DM)	(retired 01/07/2015)
Dyer A M	(retired 01/07/2015)	Rusby T C *	(retired 01/07/2015)
Healy R (DM)	(retired 01/07/2015)	Walters A (DM) *	(retired 01/07/2015)
Ingerson T (DM) *	(retired 01/07/2015)		

Aquaculture Tenure Allocation Board

Anderson J C (DM)	Harfield A J (DM)
Cooper C S	Healy R C
Davis G S	Rigg C L
Ellis D C	Rudd W L

Eyre Peninsula Farming System Board

Bates A	Scholz G
Crawford M	Smith B
Guerin S	Stanley M
James C R	Tilbrook A *
Mayfield S	Trezona D
McDonald G	

Department of Primary Industries and Regions
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Remuneration of board and committee members (continued)

Fisheries Council of South Australia

Barnett C J	(retired 01/07/2015)	Schahinger B M	(retired 01/07/2015)
Brooks K J	(retired 01/07/2015)	Schnierer S B	(retired 01/07/2015)
Doroudi M *	(retired 01/07/2015)	Sen S	(retired 01/07/2015)
Dyson M F N	(retired 01/07/2015)	Sloan S *	(retired 01/07/2015)
Ferguson D L	(retired 01/07/2015)	Smith A D M	(retired 01/07/2015)
Grady M A	(retired 01/07/2015)	Stevens R A	(retired 01/07/2015)
McEwen R J	(retired 01/07/2015)	Tapley A E	(retired 01/07/2015)

Genetically Modified Crops Advisory Committee

Ankeny R A	Hughes J E
Annison G	Levy J A W
Baldock H L *	Ophel Keller K M *
Bowden M S	Pontifex N C
Hannon A M	Way R J

Meat Food Safety Advisory Committee

Ackland T M	Martin G L
Bourne S L (retired 31/03/2016)	Nimalaraja B (DM)
Centofanti A (DM) *	Penhall M K (retired 31/03/2016)
DiCicco S K	Raven G D *
Dunn E T (retired 31/03/2016)	Rock M S
Fell L A	Sandercock P
Hindson L D (DM)	Scarvelis C (DM)
Jenkins F * (retired 31/03/2016)	Sexton M E (DM) *
Knoll F P	Shelbourne N B
Koto K	Skara D (DM)
Koumi S (retired 31/03/2016)	Smith G R (retired 31/03/2016)
Lloyd B R (DM)	Wedd R (retired 31/03/2016)
Lowe W R (DM)	Wigg A P
Martin G *	Zammit L O (retired 31/03/2016)

PIRSA Animal Ethics Committee

Anderson C M	Jones D W
Baird S L	McGrath K
Barekataan R *	Mitchell A B
Barnes S *	Rayner J * (retired 06/11/2015)
Cooper J G	Rudiger S * (retired 08/04/2016)
Deveney M *	Tilbrook A *
Drake K * (retired 15/01/2016)	van der Moer H *
Glatz P * (retired 18/12/2015)	Whittaker A
Hocking-Edwards J *	Zemitis J *

Department of Primary Industries and Regions
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Remuneration of board and committee members (continued)

PIRSA Audit and Risk Management Committee

Casement D *		Mooney P *
Ciui C *		Payne B *
Dietman P *		Sneddon Y
Frater D *	(retired 17/06/2016)	Zacharin W *
Harvey A E		

Rural Assistance Appeals Committee

Collins J *	Long J A
Hollands D J	

SA River Murray Sustainability Program Appeals Committee

Frater D *	(retired 17/06/2016)	O'Shea M *
Harvey A E		

SA River Murray Sustainability Program Expert Assessment Panel

Chessell I	(retired 07/12/2015)	Davidson D	(retired 09/06/2016)
Cole P	(retired 09/06/2016)	Jachmann N	(retired 09/06/2016)
Cutting M *	(retired 09/06/2016)	Mutton D	(retired 09/06/2016)

SA River Murray Sustainability Program Steering Committee

Akeroyd M D		McHugh B K	(retired 29/01/2016)
Casement D *		Parish J W	
Grant J *	(retired 07/09/2015)	Podoliak J	
Johnson A *	(retired 14/08/2015)	Sincock N *	
Jordan D *		Starick S R	
Kerin R G		Stefanovic T	
Martinson N T			

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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41 Cash flow reconciliation

	2016 \$'000	2015 \$'000
Reconciliation of cash - cash at year end as per:		
Statement of Cash Flows	155 854	147 660
Statement of Financial Position	155 854	147 660
Reconciliation of net cash provided by/(used in) operating activities to net cost of providing services		
Net cash provided by / (used in) operating activities	15 585	24 890
Less revenue from SA Government	(104 929)	(93 771)
Add return to Consolidated Account	1 186	1 019
Add/(less) non cash items		
Depreciation and amortisation	(5 685)	(5 845)
Gain/(loss) on disposal of assets	116	164
Gain/(loss) on inventories	407	320
Recognition and derecognition of assets	144	-
Lease incentives	132	122
Doubtful debts recognised	112	15
Revaluation of assets to realisable value	-	(267)
Resources received free of charge	9 173	12
Other non-cash items	-	(572)
Changes in assets/liabilities (net of restructuring transfer)		
Increase/(decrease) in receivables	(118)	(5 038)
Increase/(decrease) in inventories	(354)	(1 168)
(Increase)/decrease in payables and provisions	1 215	(1 493)
(Increase)/decrease in employee benefits	(2 715)	(3 473)
(Increase)/decrease in other liabilities	(1 188)	(591)
Net cost of providing services	(86 919)	(85 676)

Department of Primary Industries and Regions
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42 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	5	12 512	12 270	79 554	77 018	92 066	89 288
Supplies and services	6						
Professional and technical services		1 381	1 370	16 040	13 694	17 421	15 064
Administrative and operating costs		10	-	9 992	8 119	10 002	8 119
Utility and property costs		5 157	5 055	3 178	3 764	8 335	8 819
Computing and communication costs		2 082	2 106	3 424	4 027	5 506	6 133
Travel		-	-	2 791	2 946	2 791	2 946
Shared Services costs		2 227	2 070	-	-	2 227	2 070
Staff development and safety		-	-	1 087	1 079	1 087	1 079
Operating lease costs - accommodation		3 364	3 347	-	-	3 364	3 347
Operating lease costs		-	-	93	122	93	122
Vehicle lease and operating costs		2 462	2 383	-	-	2 462	2 383
Other vehicle and equipment operating costs		106	91	741	901	847	992
Property and risk insurance		441	427	-	-	441	427
Depreciation and amortisation	7	-	-	5 685	5 845	5 685	5 845
Grants and subsidies	8						
Recurrent grants		1 559	-	98 305	61 899	99 864	61 899
Intra government transfers		10 010	4 098	-	-	10 010	4 098
Borrowing costs	9	205	431	44	400	249	831
Net loss from disposal of other assets	11	-	-	-	2	-	2
Other	12						
Publications, seed and miscellaneous stocks - cost of sales		-	-	116	92	116	92
Revaluation of assets to realisable value		-	-	-	267	-	267
Deemed cost of produce consumed		-	-	551	555	551	555
Royalty payments		-	-	320	274	320	274
Workers compensation provision movement		346	6	-	-	346	6
Workers compensation liability revaluation		(440)	(561)	-	-	(440)	(561)
Industry assistance payments		-	-	232	-	232	-
Other		30	-	4	35	34	35
Payments to SA Government	21	1 186	1 019	-	-	1 186	1 019
Total expenses		42 638	34 112	222 157	181 039	264 795	215 151

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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Transactions with SA Government (continued)

	Note	SA Government		Non-SA Government		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Income							
Net gain from disposal of non-current assets	10	-	-	116	166	116	166
Fees and charges	14						
Agriculture, Biosecurity and Fisheries, consultancies and services		9	15	3 134	3 119	3 143	3 134
Rural Solutions, consultancies and services		1 174	1 932	3 682	4 187	4 856	6 119
SARDI, consultancies and services		13	28	4 371	4 534	4 384	4 562
Other		1 944	2 579	68	20	2 012	2 599
Advances and grants	15						
SARDI		6 710	6 239	31 408	30 724	38 118	36 963
Fisheries		8 295	7 229	16	21	8 311	7 250
Biosecurity		4 311	4 146	2 732	591	7 043	4 737
Aquaculture		1 419	1 305	25	30	1 444	1 335
Prudential and Rural Financial Services		-	-	150	1 250	150	1 250
Regions		2 000	2 000	-	-	2 000	2 000
Rural Solutions		780	108	-	-	780	108
Other		10	26	200	2	210	28
Commonwealth revenues (National Partnership payments)	16	-	-	86 187	48 885	86 187	48 885
Interest revenues	17	1 621	2 087	328	658	1 949	2 745
Sale of goods	18	-	5	2 989	2 935	2 989	2 940
Other	19						
Reimbursements/recoveries		60	335	1 613	1 414	1 673	1 749
Seed and other royalties		-	-	1 531	1 591	1 531	1 591
Gain/(loss) from changes in fair value biological assets		-	-	239	116	239	116
Diesel fuel rebates		-	-	101	91	101	91
Sponsorship contributions		-	-	-	1	-	1
Reduction in allowance for doubtful debts		-	-	102	15	102	15
Other		-	-	35	60	35	60
Resources received free of charge	20	-	-	9 317	12	9 317	12
Revenues from SA Government	21	104 929	93 771	-	-	104 929	93 771
Total income		133 275	121 805	148 344	100 422	281 619	222 227

Department of Primary Industries and Regions
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Transactions with SA Government (continued)

	Note	SA Government		Non-SA Government		Total	
		2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Receivables	23						
Receivables		1 161	972	5 321	4 778	6 482	5 750
Loans receivable		-	-	7 308	9 009	7 308	9 009
Worker's compensation recoveries		-	-	27	60	27	60
Accrued interest on loans and deposits		135	160	102	175	237	335
Other accrued revenue		95	463	4 478	6 196	4 573	6 659
GST receivable		-	-	2 111	1 397	2 111	1 397
Prepayments		-	-	586	194	586	194
Other financial assets	25	-	-	4 518	4 518	4 518	4 518
Total financial assets		1 391	1 595	24 451	26 327	25 842	27 922
Financial liabilities							
Payables	30						
Creditors		-	-	1	4	1	4
Accrued expenses		4 333	2 316	6 011	6 265	10 344	8 581
Accrued interest on borrowings		110	176	-	-	110	176
Paid parental leave scheme		-	-	15	5	15	5
Employment on-costs		2 133	1 929	1 968	1 789	4 101	3 718
Borrowings/financial liabilities	31	26 295	29 003	-	-	26 295	29 003
Other liabilities	34	1 523	110	16 370	15 440	17 893	15 550
Total financial liabilities		34 394	33 534	24 365	23 503	58 759	57 037

Department of Primary Industries and Regions
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43 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 ⁽¹⁾ 2016 \$'000	Actual 2016 \$'000	Variance \$'000
Statement of Comprehensive Income			
Expenses			
Employee benefits	94 086	92 066	(2 020)
Supplies and services	58 148	54 576	(3 572)
Depreciation and amortisation	5 968	5 685	(283)
Grants and subsidies	115 722	109 874	(5 848)
Borrowing costs	1 778	249	(1 529)
Other	766	1 159	393
Total expenses	276 468	263 609	(12 859)
Income			
Fees and charges	27 449	14 395	(13 054)
Advances and grants	53 424	58 056	4 632
Commonwealth revenues (National Partnership payments)	80 000	86 187	6 187
Interest revenues	3 532	1 949	(1 583)
Sale of goods	2 333	2 989	656
Net gain/(loss) from the disposal of non-current assets	2 212	116	(2 096)
Other	2 896	3 681	785
Resources received free of charge	-	9 317	9 317
Total income	171 846	176 690	4 844
Net cost of providing services	(104 622)	(86 919)	17 703
Revenues from/payments to SA Government			
Revenues from SA Government	104 085	104 929	844
Payments to SA Government	(2 076)	(1 186)	890
Net revenue from SA Government	102 009	103 743	1 734
Net result	(2 613)	16 824	19 437
Other comprehensive income			
<i>Items that will not be reclassified subsequent to net result</i>			
Changes in property, plant and equipment asset revaluation surplus	-	-	-
Total other comprehensive income	-	-	-
Total comprehensive result	(2 613)	16 824	19 437

**Budgetary reporting and explanations of major variances between budget and actual amounts
(continued)**

		Original budget ⁽¹⁾ 2016 \$'000	Actual 2016 \$'000	Variance \$'000
	Note			
Investing expenditure summary				
Total new projects	(a)	-	900	900
Total existing projects	(b)	7 696	4 915	(2 781)
Total annual programs	(c)	4 770	6 478	1 708
Total investing expenditure		12 466	12 293	(173)

⁽¹⁾ 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.

- (a) New project approved during 2015-16 relating to office accommodation.
- (b) Total existing project expenditure was lower than original budget due to the slippage into future years of approved expenditure for the Loxton Research Centre redevelopment and the redevelopment of the Clare Regional Office.
- (c) Total annual programs investing expenditure was higher than the original budget due to additional externally funded capital acquisitions.

44 Financial instruments/financial risk management

44.1 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.

44.2 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.

PIRSA 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, 23 and 30).
- Borrowings are recognised at cost which approximates fair value (refer notes 2 and 31).
- Held to maturity investments are initially recognised at cost which approximates fair value (refer notes 2 and 25).

The recognised fair values of financial assets and liabilities are classified according to the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Financial instruments/financial risk management (continued)

The fair value of financial assets or liabilities traded in active markets is based on quoted market prices for identical assets or liabilities at statement of financial position data (level 1). The quoted market price used for assets held by the department is the most representative of fair value in the circumstances.

The fair value of assets or liabilities that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. All significant inputs required to fair value financial assets and liabilities are observable, and accordingly included in level 2.

The department has no valuations for financial assets or liabilities categorised into level 3 (i.e. fair values derived from data not observable in a market).

44.3 Liquidity risk

Liquidity risk arises from the possibility that the department is unable to meet its financial obligations as they are due. The department is funded principally from appropriation by the SA Government. The department works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

PIRSA 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.

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

The carrying amount recorded in table 44.3 represent the department's maximum exposure to financial liabilities.

The following table discloses the carrying amount of each category of financial instrument held by the department including the contractual maturity analysis for financial assets and liabilities (i.e. 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.

Department of Primary Industries and Regions
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Financial instruments/financial risk management (continued)

Table 44.3 Categorisation and maturity analysis of financial assets and liabilities

Category of financial asset and financial liability	Note	2016 Carrying amount/fair value \$'000	2016 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and equivalents						
- Cash and cash equivalents	22	155 854	155 854	155 854	-	-
Loans and receivables						
- Receivables ⁽¹⁾⁽²⁾	23	18 600	18 600	15 045	3 555	-
Investments at cost						
- Other financial assets	25	4 518	4 518	4 518	-	-
Total financial assets		178 972	178 972	175 417	3 555	-
Financial liabilities						
Financial liabilities at cost						
- Payables ⁽¹⁾	30	10 138	10 138	10 138	-	-
- Borrowings	31	26 295	26 295	22 740	3 555	-
Total financial liabilities		36 433	36 433	32 878	3 555	-

Category of financial asset and financial liability	Note	2015 Carrying amount/fair value \$'000	2015 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and equivalents						
- Cash and cash equivalents	22	147 660	147 660	147 660	-	-
Loans and receivables						
- Receivables ⁽¹⁾⁽²⁾	23	21 753	21 753	18 350	3 403	-
Investments at cost						
- Other financial assets	25	4 518	4 518	4 518	-	-
Total financial assets		173 931	173 931	170 528	3 403	-
Financial liabilities						
Financial liabilities at cost						
- Payables ⁽¹⁾	30	8 440	8 440	8 440	-	-
- Borrowings	31	29 003	29 003	25 600	3 403	-
Total financial liabilities		37 443	37 443	34 040	3 403	-

⁽¹⁾ Receivables 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. 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 23 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 instruments/financial risk management (continued)

44.4 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 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. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 23 for information on the allowance for impairment in relation to receivables.

In addition, the department holds bank guarantees or other forms of security, like mortgages over land as securities for loan advances (refer note 37). The department may draw on these securities if the borrower defaults on the conditions of their loan agreement.

The following table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets.

Table 44.4 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 less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	
2016						
Cash and cash equivalents	155 854	155 854	-	-	-	-
Receivables ⁽¹⁾	18 600	17 753	454	127	181	85
Other financial assets	4 518	4 518	-	-	-	-
	178 972	178 125	454	127	181	85
2015						
Cash and cash equivalents	147 660	147 660	-	-	-	-
Receivables ⁽¹⁾	21 753	19 802	811	512	431	197
Other financial assets	4 518	4 518	-	-	-	-
	173 931	171 980	811	512	431	197

⁽¹⁾ Receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing to Government). They are carried at cost.

44.5 Market risk

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

44.6 Sensitivity disclosure analysis

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

45 Events after the reporting period

No events have occurred after balance date that would affect the financial statements of PIRSA as at 30 June 2016.

Department of Primary Industries and Regions
Statement of Administered Comprehensive Income
for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Expenses			
Employee benefits	A4	716	653
Supplies and services	A5	2 246	2 106
Grants and subsidies	A6	30 001	29 734
Levies payments	A7	194	219
Other	A8	593	136
Total expenses		33 750	32 848
Income			
Fees and charges	A10	25 998	26 009
Interest	A11	280	387
Levies collection	A12	217	197
Other	A13	6	30
Total income		26 501	26 623
Net cost of / (benefit from) providing services		7 249	6 225
Revenues from / payments to SA Government			
Revenues from SA Government	A14	4 734	4 872
Total revenues from / payments to SA Government		4 734	4 872
Net result		(2 515)	(1 353)
Total comprehensive result		(2 515)	(1 353)

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 of Primary Industries and Regions
Statement of Administered Financial Position
as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Current assets			
Cash	A15	21 315	23 702
Receivables	A16	173	321
Total current assets		21 488	24 023
Total assets		21 488	24 023
Current liabilities			
Payables	A17	1 605	1 702
Employee benefits	A18	2	4
Other current liabilities	A19	2 608	2 529
Total current liabilities		4 215	4 235
Total liabilities		4 215	4 235
Net assets		17 273	19 788
Equity			
Retained earnings	A20	17 273	19 788
Total equity		17 273	19 788

The total equity is attributable to the SA Government as owner

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

Department of Primary Industries and Regions
Statement of Administered Changes in Equity
for the year ended 30 June 2016

	Note	Retained Earnings \$'000	Total equity \$'000
Balance at 30 June 2014		21 137	21 137
Prior period adjustment		4	4
Restated balance at 30 June 2014		21 141	21 141
Net result for 2014-15		(1 367)	(1 367)
Prior period adjustment		14	14
Total comprehensive result for 2014-15		(1 353)	(1 353)
Balance at 30 June 2015	A20	19 788	19 788
Net result for 2015-16		(2 515)	(2 515)
Total comprehensive result for 2015-16		(2 515)	(2 515)
Balance at 30 June 2016	A20	17 273	17 273

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 of Primary Industries and Regions
Statement of Administered Cash Flows
for the year ended 30 June 2016

		2016	2015
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Employee benefit payments		(716)	(655)
Supplies and services		(2 279)	(2 131)
Grants and subsidies		(30 091)	(28 511)
Levy payments		(194)	(236)
Other payments		(468)	-
Cash used in operations		(33 748)	(31 533)
Cash inflows			
User fees and charges		26 122	27 680
Interest received		288	396
Levy collections		217	197
Other receipts		-	30
Cash generated from operations		26 627	28 303
Cash flows from SA Government			
Receipts from SA Government		4 734	4 872
Cash generated from SA Government		4 734	4 872
Net cash provided by operating activities	A23	(2 387)	1 642
Net increase/(decrease) in cash		(2 387)	1 642
Cash at the beginning of the period		23 702	22 060
Cash at the end of the period	A15	21 315	23 702

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

Department of Primary Industries and Regions
Schedule of Administered Expenses and Income Attributable to Administered Activities
for the year ended 30 June 2016

	Adelaide Hills Wine Industry Fund		Aquaculture Resource Management Fund		Barossa Wine Industry Fund	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses						
Employee benefits	-	-	-	-	-	-
Supplies and services	16	20	-	1	109	71
Grants and subsidies	265	250	1 682	1 520	500	590
Levies payments	-	-	-	-	-	-
Other	-	-	111	134	-	-
Total expenses	281	270	1 793	1 655	609	661
Income						
Fees and charges	361	352	1 727	1 647	832	706
Interest	5	3	11	19	9	8
Levies collection	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total income	366	355	1 738	1 666	841	714
Net cost of / (benefit from) providing services	(85)	(85)	55	(11)	(232)	(53)
Revenues from / payments to SA Government						
Revenues from SA Government	-	-	-	-	-	-
Net revenues from / payments to SA Government	-	-	-	-	-	-
Net result	85	85	(55)	11	232	53
Total comprehensive result	85	85	(55)	11	232	53

	Citrus Growers Fund		Clare Valley Wine Industry Fund		Eyre Peninsula Grain Growers Rail Fund	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses						
Employee benefits	-	-	-	-	-	-
Supplies and services	11	12	10	9	5	4
Grants and subsidies	170	115	65	50	-	290
Levies payments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total expenses	181	127	75	59	5	294
Income						
Fees and charges	183	152	77	68	-	-
Interest	2	2	1	1	-	1
Levies collection	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total income	185	154	78	69	-	1
Net cost of / (benefit from) providing services	(4)	(27)	(3)	(10)	5	293
Revenues from / payments to SA Government						
Revenues from SA Government	-	-	-	-	-	-
Net revenues from / payments to SA Government	-	-	-	-	-	-
Net result	4	27	3	10	(5)	(293)
Total comprehensive result	4	27	3	10	(5)	(293)

Note: Totals may not add due to rounding.

Department of Primary Industries and Regions
Schedule of Administered Expenses and Income Attributable to Administered Activities
for the year ended 30 June 2016

	Fisheries Research and Development Fund		ForestrySA Community Service Obligations		Grain Industry Fund	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses						
Employee benefits	-	12	-	-	-	-
Supplies and services	1 640	1 577	-	-	21	19
Grants and subsidies	12 972	12 257	4 098	4 278	1 200	1 200
Levies payments	-	-	-	-	-	-
Other	17	2	-	-	-	-
Total expenses	14 629	13 848	4 098	4 278	1 221	1 219
Income						
Fees and charges	14 191	14 161	-	-	1 255	1 450
Interest	-	-	-	-	37	42
Levies collection	-	-	-	-	-	-
Other	6	14	-	-	-	-
Total income	14 197	14 175	-	-	1 292	1 492
Net cost of / (benefit from) providing services	432	(327)	4 098	4 278	(71)	(273)
Revenues from / payments to SA Government						
Revenues from SA Government	-	-	4 099	4 278	-	-
Net revenues from / payments to SA Government	-	-	4 099	4 278	-	-
Net result	(432)	327	1	-	71	273
Total comprehensive result	(432)	327	1	-	71	273

	Grain Industry Research and Development Fund		Grains Industry Levy Fund		Langhorne Creek Wine Industry Fund	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses						
Employee benefits	-	-	-	-	-	-
Supplies and services	20	17	-	-	16	10
Grants and subsidies	1 800	2 238	-	1	300	250
Levies payments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total expenses	1 820	2 255	-	1	316	260
Income						
Fees and charges	1 907	2 184	-	-	370	347
Interest	5	8	-	-	5	5
Levies collection	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total income	1 912	2 192	-	-	375	352
Net cost of / (benefit from) providing services	(92)	63	-	1	(59)	(92)
Revenues from / payments to SA Government						
Revenues from SA Government	-	-	-	-	-	-
Net revenues from / payments to SA Government	-	-	-	-	-	-
Net result	92	(63)	-	(1)	59	92
Total comprehensive result	92	(63)	-	(1)	59	92

Note: Totals may not add due to rounding.

Department of Primary Industries and Regions
Schedule of Administered Expenses and Income Attributable to Administered Activities
for the year ended 30 June 2016

	McLaren Vale Wine Industry Fund		Riverland Wine Industry Fund		Rock Lobster Fishing Industry Fund	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses						
Employee benefits	-	-	-	-	-	-
Supplies and services	32	30	134	136	-	7
Grants and subsidies	500	640	700	700	-	117
Levies payments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total expenses	532	670	834	836	-	124
Income						
Fees and charges	691	733	692	570	-	-
Interest	7	8	9	15	-	1
Levies collection	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total income	698	741	701	585	-	1
Net cost of / (benefit from) providing services	(166)	(71)	133	251	-	123
Revenues from / payments to SA Government						
Revenues from SA Government	-	-	-	-	-	-
Net revenues from / payments to SA Government	-	-	-	-	-	-
Net result	166	71	(133)	(251)	-	(123)
Total comprehensive result	166	71	(133)	(251)	-	(123)

	South Australian Apiary Industry Fund		South Australian Cattle Industry Fund		South Australian Deer Industry Fund	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses						
Employee benefits	-	-	9	11	-	-
Supplies and services	5	5	22	16	7	5
Grants and subsidies	57	59	848	735	103	2
Levies payments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total expenses	62	64	879	762	110	7
Income						
Fees and charges	91	3	512	558	-	1
Interest	4	5	16	27	2	3
Levies collection	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total income	95	8	528	585	2	4
Net cost of / (benefit from) providing services	(33)	56	351	177	108	3
Revenues from / payments to SA Government						
Revenues from SA Government	-	-	-	-	-	-
Net revenues from / payments to SA Government	-	-	-	-	-	-
Net result	33	(56)	(351)	(177)	(108)	(3)
Total comprehensive result	33	(56)	(351)	(177)	(108)	(3)

Note: Totals may not add due to rounding.

Department of Primary Industries and Regions
Schedule of Administered Expenses and Income Attributable to Administered Activities
for the year ended 30 June 2016

	South Australian Grape Growers Industry Fund		South Australian Pig Industry Fund		South Australian Sheep Industry Fund	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses						
Employee benefits	-	-	3	8	30	41
Supplies and services	120	118	12	8	65	41
Grants and subsidies	420	575	133	183	4 188	3 684
Levies payments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total expenses	540	693	148	199	4 283	3 766
Income						
Fees and charges	660	459	189	203	2 260	2 415
Interest	6	6	69	84	92	147
Levies collection	-	-	-	-	-	-
Other	-	-	-	-	-	16
Total income	666	465	258	287	2 352	2 578
Net cost of / (benefit from) providing services	(126)	228	(110)	(88)	1 931	1 188
Revenues from / payments to SA Government						
Revenues from SA Government	-	-	-	-	-	-
Net revenues from / payments to SA Government	-	-	-	-	-	-
Net result	126	(228)	110	88	(1 931)	(1 188)
Total comprehensive result	126	(228)	110	88	(1 931)	(1 188)

	Other Funds		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses				
Employee benefits	674	581	716	653
Supplies and services	1	-	2 246	2 106
Grants and subsidies	-	-	30 001	29 734
Levies payments	194	219	194	219
Other expenses	465	-	593	136
Total expenses	1 334	800	33 750	32 848
Income				
Fees and charges	-	-	25 998	26 009
Interest	-	2	280	387
Levies collection	217	197	217	197
Other income	-	-	6	30
Total income	217	199	26 501	26 623
Net cost of / (benefit from) providing services	1 117	601	7 249	6 225
Revenues from / payments to SA Government				
Revenues from SA Government	635	594	4 734	4 872
Net revenues from / payments to SA Government	635	594	4 734	4 872
Net result	(482)	(7)	(2 515)	(1 353)
Total comprehensive result	(482)	(7)	(2 515)	(1 353)

Note: Totals may not add due to rounding.

A1 Summary of significant accounting policies

All Department of Primary Industries and Regions (PIRSA) accounting policies are contained in note 2 *Summary of Significant Accounting Policies*. The policies outlined in note 2 apply to both PIRSA's controlled and administered financial statements.

A2 New and revised accounting standards and policies

Application of new and revised accounting standards and policies by the department are contained in note 3 *New and revised accounting standards and policies*. The changes outlined in note 3 apply to both PIRSA's controlled and administered financial statements.

A3 Administered funds of the department

The activity schedule provides details of expenses and revenues applicable to the administered funds of the department. Information about the department's administered funds is set out below:

Adelaide Hills Wine Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 8 August 2003. The primary purposes of the fund are to promote the Adelaide Hills wine industry, undertake research and development and encourage communication and cooperation between participants in the Adelaide Hills wine industry.

Aquaculture Resource Management Fund

This fund, established under the *Aquaculture Act 2001*, came into operation on 11 November 2002. Under the Act, fees are paid into the fund and are to be utilised primarily for the purposes of any investigation or other projects relating to the management of aquaculture resources.

Barossa Wine Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 29 November 2007. The primary purposes of the fund are to promote the Barossa wine industry, undertake research and development and encourage communication and cooperation between participants in the Barossa wine industry.

Citrus Growers Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 20 October 2005. The primary purposes of the fund are to provide services to growers, promote the SA Citrus industry, represent growers in regional, State or national citrus or horticulture industry forums and encourage communication and cooperation between participants in the citrus industry.

Clare Valley Wine Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 21 February 2008. The primary purposes of the fund are to promote the Clare Valley wine industry, undertake research and development and encourage communication and cooperation between participants in the Clare Valley wine industry.

Eyre Peninsula Grain Growers Rail Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 7 September 2006. The primary purpose of the fund is to collect \$2 million towards the cost of improving the Eyre Peninsula grain railway line and associated equipment or infrastructure. The purpose of the fund has been met and the prescribed contribution rate has been reduced to zero.

Fisheries Research and Development Fund

Under the *Fisheries Management Act 2007*, all commercial licence fees received by PIRSA are required to be paid into this fund. The primary purposes of the fund are to carry out research, exploration, experiments, works or operations for the conservation, management or enhancement of living resources found in waters to which the Act applies or promotion of any fishing, fish farming or fish processing activity.

A3 Administered funds of the Department (continued)

ForestrySA Community Service Obligations

PIRSA receives appropriation to make payments to ForestrySA representing Community Service Obligations for the provision of: management of native forests for biodiversity conservation; community use of forest reserves; forest research programs; and provision of community fire protection services near forest reserves.

Grain Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 1 March 2012. The primary purposes of the fund are to promote the grain industry, through industry field days, conferences and other events; represent grain growers in regional, State or national grain or agriculture industry forums; collect and disseminate to grain growers information relevant to the grain industry; and undertake programs designed to encourage communication and cooperation between grain growers and other persons associated with the grain industry.

Grain Industry Research and Development Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 8 August 2013. The primary purposes of the fund are to collect industry funds and make payments to the South Australian Grain Industry Trust Fund and others; to undertake or facilitate research and development into the growing, harvesting, storage, processing and marketing of grain and collect and disseminate to grain growers information relevant to research and development into grains.

Grains Industry Levy Fund

Voluntary levies were collected from grain producers under the *Wheat Marketing Act 1989*, to support grains research and development in South Australia and the activities of the South Australian Farmers Federation (SAFF) Grains Industry Committee. The requirement for grain processors to make deductions in relation to the SAFF Grains Industry Committee was removed effective from 1 March 2012. This was replaced by the Grain Industry Fund. The *Wheat Marketing Act 1989*, was repealed on 8 August 2013 and the collection of contributions for research and development is now through the Grain Industry Research and Development Fund.

Langhorne Creek Wine Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 14 June 2001. The primary purposes of the fund are to promote the Langhorne Creek wine industry, undertake research and development and encourage communication and cooperation between participants in the Langhorne Creek wine industry.

McLaren Vale Wine Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 5 June 2003. The primary purposes of the fund are to promote the McLaren Vale wine industry, undertake research and development and encourage communication and cooperation between participants in the McLaren Vale wine industry.

Riverland Wine Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 14 June 2001. The primary purposes of the fund are to promote the Riverland wine industry, undertake research and development and encourage communication and cooperation between participants in the Riverland wine industry.

Rock Lobster Fishing Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 19 June 2008. The primary purposes of the fund were to collect industry funds for use by industry organisations to implement or facilitate research projects, industry development and management projects, marketing projects and other projects for the benefit of the rock lobster fishing industry, in accordance with the strategic plan developed by the South Australian Rock Lobster Advisory Council Incorporated. The *Primary Industry Funding Schemes (Rock Lobster Fishing Industry Fund) Regulations 2008* were revoked effective 31 March 2015, with the fund now closed.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2016

A3 Administered funds of the Department (continued)

South Australian Apiary Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 31 January 2001. The primary purpose of the fund is to undertake programs relating to the apiary industry or apiary products or any other aspect of the apiary industry that is considered will benefit the apiary industry.

South Australian Cattle Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 1 July 2000. The primary purposes of the fund are to undertake programs relating to cattle, cattle products or any other aspect of the cattle industry, and payment of compensation and other amounts in line with Regulations.

South Australian Deer Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 1 September 2002. The primary purposes of the fund were to undertake programs relating to deer, deer products or any other aspect of the deer industry, and payment of compensation and other amounts in line with Regulations. The *Primary Industry Funding Schemes (Deer Industry Fund) Regulations 2002* were revoked effective 30 June 2016, with the fund now closed.

South Australian Grape Growers Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 29 November 2007. The primary purposes of the fund are to promote the SA grape growers industry, undertake research and development and encourage communication and cooperation between participants in the SA grape growers industry.

South Australian Pig Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 1 October 2001. The primary purposes of the fund are to undertake research, investigations or other programs relating to pigs, pig products or any other aspect of the pig industry and payment of compensation in line with Regulations.

South Australian Sheep Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 28 October 1999 with new Regulations assented to on 14 August 2014. The purposes of the fund are to make financial assistance or ex gratia payments to farmers in line with the Regulations, undertake programs as recommended by the South Australian Sheep Advisory Group and provide contributions to the Dog Fence Board towards the maintenance or improvement of the dog proof fence.

Other Funds

This is the total of all other administered funds including the payment of Ministerial salaries and allowances, and seed levies collected and remitted pursuant to the *Commonwealth Pasture Seed Levy Collection Act, 1989* and amending Act *Primary Industries Levies and charges collection (Consequential Provisions) Act 1991*.

A4 Employee benefit expenses

	2016	2015
	\$'000	\$'000
Salaries and wages	665	617
Employment on-costs - superannuation	1	1
Employment on-costs - other	1	2
Workers compensation	30	-
Board fees	19	33
Total employee benefit expenses	716	653

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2016

A5 Supplies and services

	2016	2015
	\$'000	\$'000
Professional and technical services ⁽¹⁾	1 749	1 664
Administrative and operating costs	415	350
Computing and communication costs	73	77
Travel	5	14
Other	4	1
Total supplies and services	2 246	2 106

⁽¹⁾ Includes audit fees paid/payable to the Auditor-General's Department, refer to note A9.

A6 Grants and subsidies

	2016	2015
	\$'000	\$'000
Recurrent grants	7 710	8 365
Transfer payments to PIRSA for industry research and project delivery	17 833	16 771
Intra government transfers	4 458	4 598
Total grants and subsidies	30 001	29 734

The major grant programs and subsidies paid/payable during the year were:

Fisheries Research and Development Fund	12 972	12 257
South Australian Sheep Industry Fund	4 188	3 684
ForestrySA-Community Service Obligations	4 098	4 278
Grain Industry Research and Development Fund	1 800	2 238
Aquaculture Resource Management Fund	1 682	1 520
Grain Industry Fund	1 200	1 200
South Australian Cattle Industry Fund	848	735
Riverland Wine Industry Fund	700	700
McLaren Vale Wine Industry Fund	500	640
Barossa Wine Industry Fund	500	590
South Australian Grape Growers Industry Fund	420	575
Langhorne Creek Wine Industry Fund	300	250
Adelaide Hills Wine Industry Fund	265	250
Citrus Growers Fund	170	115
South Australian Pig Industry Fund	133	183
South Australian Deer Industry Fund	103	2
Clare Valley Wine Industry Fund	65	50
South Australian Apiary Industry Fund	57	59
Eyre Peninsula Grain Growers Rail Fund	-	290
Rock Lobster Fishing Industry Fund	-	117
Grain Industry Levy Fund	-	1
Total grants and subsidies	30 001	29 734

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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A7 Levies payments

	2016	2015
	\$'000	\$'000
Grain levies ⁽¹⁾	-	1
Seed levies ⁽²⁾	194	218
Total levies payments	194	219

⁽¹⁾ Grain levies collected pursuant to the *Wheat Marketing Act 1989* were paid to the South Australian Grain Industry Trust Fund (SAGIT) and the South Australian Farmers Federation (SAFF) Grains Section (Grains Industry Committee). The requirement for grain processors to make deductions in relation to the SAFF Grains Industry Committee was removed effective from 1 March 2012. *The Wheat Marketing Act 1989* was repealed on 8 August 2013 and payments to SAGIT are now through the Grain Industry Research and Development Fund.

⁽²⁾ Seed levies collected pursuant to the *Commonwealth Pasture Seed Levy Collection Act 1989* are paid to the Commonwealth Department of Agriculture and Water Resources. Fees charged by Australian Seed Authority Ltd (ASA) are by an agreement with the department, collected and remitted to ASA.

Income is recognised under note A12.

A8 Other expenses

	2016	2015
	\$'000	\$'000
Doubtful debts	128	136
Return of deposit account balances ⁽¹⁾	465	-
Total other expenses	593	136

⁽¹⁾ Following the winding up of the Egg Industry Deregulation Account the residual balance was returned to the Consolidated Account in 2015-16.

A9 Auditor's remuneration

	2016	2015
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements (including individual financial statements for industry funds)	102	103
Total auditor's remuneration	102	103

Other services

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

A10 Revenue from fees and charges

	2016	2015
	\$'000	\$'000
Aquaculture and fishing licences	13 639	13 668
Industry contributions	10 081	10 349
Penalties and fines	53	42
Other fees and levies	2 225	1 950
Total revenues from fees and charges	25 998	26 009

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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A11 Interest revenue

	2016	2015
	\$'000	\$'000
Interest received	280	387
Total interest revenue	280	387

A12 Levies collection

	2016	2015
	\$'000	\$'000
Seed levies ⁽¹⁾	217	197
Total Levies collection	217	197

- ⁽¹⁾ Seed levies comprise amounts collected pursuant to the *Commonwealth Pasture Seed Levy Collection Act 1989* and amending Act *Primary Industries Levies and Charges Collection (Consequential Provisions) Act 1991* for certification of pasture seed by the State and fees charged by ASA under licence by the Commonwealth Department of Agriculture and Water Resources. ASA undertake the role of the National Designated Authority for the Organisation for Economic Cooperation and Development (OECD) seed schemes, and, at the request of the Australian seed industry, operates the Australian Seed Certification Scheme which is used principally for seed not destined for export. The department has an agreement with ASA to collect and remit the levy on their behalf.

Payments are recognised under note A7.

A13 Other income

	2016	2015
	\$'000	\$'000
Reimbursements/recoveries	-	16
Other	6	14
Total other income	6	30

A14 Revenues from / payments to SA Government

	2016	2015
	\$'000	\$'000
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the Appropriation Act ⁽¹⁾	4 099	4 278
Reimbursements received for Parliamentary salaries and expense allowances	635	594
Total revenues from SA Government	4 734	4 872

- ⁽¹⁾ The original amount appropriated to the department under the Appropriation Act for Administered items was \$4.099 million (\$3.311 million). In 2014-15 an additional advance of \$0.967 million was received from the Treasurer via the Governor's Appropriation Fund in recognition of changes in funding for ForestrySA community service obligations.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2016

A15 Cash

	2016	2015
	\$'000	\$'000
Deposits with the Treasurer		
Section 21 Deposit Accounts	21 315	23 695
Cash on hand	-	7
Total cash and cash equivalents	21 315	23 702

Interest rate risk

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

A16 Receivables

	2016	2015
	\$'000	\$'000
Current		
Receivables	547	561
Less: allowance for doubtful debts	(390)	(266)
	157	295
Accrued interest on deposits	16	26
Total current receivables	173	321
Total receivables	173	321

Interest rate and credit risk

Receivables are raised for all goods and services provided for, 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 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 A26

(b) Categorisation of financial instruments and risk exposure information - Refer to note A26

Movement in the allowance for doubtful debts

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

	2016	2015
	\$'000	\$'000
Movement in the allowance for doubtful debts (impairment loss)		
Carrying amount at the beginning of the period	266	130
(Decrease)/increase in the allowance	128	136
Amounts written off	(4)	-
Carrying amount at the end of the period	390	266

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2016

A17 Payables

	2016	2015
	\$'000	\$'000
Current		
Accrued expenses	1 605	1 702
Total current payables	1 605	1 702
Total payables	1 605	1 702

A18 Employee benefits

	2016	2015
	\$'000	\$'000
Current		
Accrued salaries and wages	2	4
Total current employee benefits	2	4
Total employee benefits	2	4

A19 Other liabilities

	2016	2015
	\$'000	\$'000
Current		
Unearned revenue	2 546	2 462
Other	62	67
Total current other liabilities	2 608	2 529
Total other liabilities	2 608	2 529

A20 Equity

	2016	2015
	\$'000	\$'000
Retained earnings	17 273	19 788
Total equity	17 273	19 788

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

A21 Contingent assets and contingent liabilities

The department is not aware of any contingent assets affecting the Administered entities comprising the consolidated financial report as at 30 June 2016.

Contingent Liabilities - Refunds of Contributions

Funds established by Regulations under the *Primary Industry Funding Schemes Act 1998* may enable contributors to claim a refund for contributions made in relation to a prescribed period. At the reporting date the possible emergence of valid refund requests within each fund is present. However, as uncertainty exists as to the number of refund requests that will be received, and their timing and amount, these potential obligations cannot be reliably estimated and therefore represent a contingent liability for the fund. Once a valid refund request has been received from a past contributor and it is approved by the Minister or delegate, a present obligation to pay the refund arises. The refund amount is then recognised as a liability and expense of the fund.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2016

A22 Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the year are listed below in the following summary table:

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

	2016	2015
\$Nil	13	36
\$1 - \$9 999	32	39
Total number of members	45	75

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 \$20 284 (\$34 845).

Amounts paid to a superannuation plan for board and committee members was \$1 271 (\$1 356).

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

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

The total number of members has reduced as part of the whole of government review of boards and committees, which has resulted in a number of advisory groups being abolished.

* Government Employees

(DM) Deputy member

Members during 2015-16 financial year:

South Australian Cattle Advisory Board

Basham D K B	(retired 30/06/2016)	Pacitti A S	
Clegett L F	(retired 30/06/2016)	Schulz P	
Dennis K I		Van Wijk J *	(retired 30/06/2016)
Honner T J	(retired 30/06/2016)	Bartlett K (DM)	(retired 30/06/2016)
Litchfield A		Dickason C * (DM)	(retired 30/06/2016)
Mann N A M	(retired 30/06/2016)	Walters M (DM)	

South Australian Ovine Johne's Disease Committee

Altschwager P R	(retired 30/06/2016)	Mills L J	(retired 30/06/2016)
Cooper L T	(retired 30/06/2016)	Norsworthy P *	(retired 30/06/2016)
Dennis K I	(retired 30/06/2016)	Osborne M	(retired 30/06/2016)
Gogel L D	(retired 30/06/2016)	Trengrove C L	(retired 30/06/2016)
Heinrich A S	(retired 30/06/2016)	Van Wijk J *	(retired 30/06/2016)

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2016

A22 Remuneration of board and committee members (continued)

South Australian Pig Industry Advisory Group

Hamann R K	(retired 30/06/2016)	Moore M J *	(retired 30/06/2016)
Henwood K M	(retired 30/06/2016)	Sapwell C M	(retired 30/06/2016)
Lloyd B R	(retired 30/06/2016)	Schmidt P J	(retired 30/06/2016)
McLean L N	(retired 30/06/2016)	Starick M J	(retired 30/06/2016)
McMahon J	(retired 30/06/2016)		

South Australian Sheep Advisory Group

Bateman B J	(retired 30/06/2016)	Piggott A M	(retired 30/06/2016)
Bolto K T		Rowett I H	(retired 30/06/2016)
Fischer J I		Stewart W L	
Gillies R E		Dennis K I (DM)	(retired 30/06/2016)
Kellock J		MacLachlan A (DM)	(retired 30/06/2016)
Mills L J		Schulz P J (DM)	(retired 30/06/2016)
Petrenas E *	(retired 30/06/2016)	Whittlesea M (DM)	(retired 30/06/2016)

A23 Cash flow reconciliation

	2016	2015
	\$'000	\$'000
Reconciliation of cash - cash at year end as per:		
Statement of Administered Cash Flows	21 315	23 702
Statement of Administered Financial Position	21 315	23 702
Reconciliation of net cash provided by/(used in) operating activities to net cost of providing services:		
Net cash provided by/(used in) operating activities	(2 387)	1 642
Less Revenues from SA Government	(4 734)	(4 872)
Add/(less) non-cash items		
Doubtful debts recognised	(124)	(136)
Movements in assets and liabilities		
Increase/(decrease) in receivables	(24)	165
(Increase)/decrease in payables and provisions	97	(1 188)
(Increase)/decrease in employee benefits	2	1
(Increase)/decrease in other liabilities	(79)	(1 837)
Net cost of providing services	(7 249)	(6 225)

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2016

A24 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	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses							
Employee benefits	A4	14	2	702	651	716	653
Supplies and services	A5						
Professional and technical services		194	180	1 555	1 484	1 749	1 664
Administrative and operating costs		-	-	415	350	415	350
Computing and communications costs		-	-	73	77	73	77
Travel		-	-	5	14	5	14
Other		-	1	4	-	4	1
Grants and subsidies	A6						
Recurrent grants		-	-	7 710	8 365	7 710	8 365
Transfer payments to PIRSA for industry research and project delivery		17 833	16 771	-	-	17 833	16 771
Intra government transfers		4 458	4 598	-	-	4 458	4 598
Levies payments	A7	-	-	194	219	194	219
Other expenses	A8	-	-	593	136	593	136
Total expenses		22 499	21 552	11 251	11 296	33 750	32 848
Income							
Fees and charges	A10						
Aquaculture and fishing licences		-	-	13 639	13 668	13 639	13 668
Industry contributions		-	-	10 081	10 349	10 081	10 349
Penalties and fines		-	-	53	42	53	42
Other fees and levies		-	-	2 225	1 950	2 225	1 950
Interest revenue	A11	280	387	-	-	280	387
Levies collection	A12	-	-	217	197	217	197
Other income	A13						
Reimbursements/ recoveries		-	-	-	16	-	16
Other		-	-	6	14	6	14
Revenues from SA Government	A14	4 734	4 872	-	-	4 734	4 872
Total income		5 014	5 259	26 221	26 236	31 235	31 495
Financial assets							
Receivables	A16						
Receivables		-	-	157	295	157	295
Accrued interest on deposits		16	26	-	-	16	26
Total financial assets		16	26	157	295	173	321
Financial liabilities							
Payables	A17						
Accrued expenses		1 420	95	185	1 607	1 605	1 702
Employee benefits	A18	-	-	2	4	2	4
Other liabilities	A19	-	67	2 608	2 462	2 608	2 529
Total financial liabilities		1 420	162	2 795	4 073	4 215	4 235

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2016

A25 Budgetary reporting and explanations of major variances between budget and actual amounts

Explanations are provided for variances where the variance exceeds the greater of 10% of the original budget amount and 5% of original budgeted total expenses.

		Original budget ⁽¹⁾ 2016 \$'000	Actual 2016 \$'000	Variance \$'000
Statement of Administered Comprehensive Income	Note			
Expenses				
Employee benefits		678	716	38
Supplies and services		1 638	2 246	608
Grants and subsidies		30 819	30 001	(818)
Levies payments		166	194	28
Other		15	593	578
Total expenses		33 316	33 750	434
Income				
Fees and charges		27 736	25 998	(1 738)
Interest		514	280	(234)
Levies collection		166	217	51
Other		1	6	5
Total income		28 417	26 501	(1 916)
Net cost of providing services		4 899	7 249	2 350
Net revenues from / payments to SA Government				
Revenues from SA Government		4 701	4 734	33
Net revenues from / payments to SA Government		4 701	4 734	33
Net result		(198)	(2 515)	(2 317)
Total comprehensive result		(198)	(2 515)	(2 317)

- ⁽¹⁾ 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, administrative restructures/machinery of government changes or changes in accounting policy. The budget process is not subject to audit.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2016

A26 Financial instruments/Financial risk management

Table 26.1 Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note A1 Summary of significant accounting policies.

Category of financial asset and financial liability	Note	2016 Carrying amount/fair value \$'000	2016 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and equivalents						
- Cash and cash equivalents	A15	21 315	21 315	-	-	-
Loans and receivables						
- Receivables ⁽¹⁾⁽²⁾	A16	173	173	-	-	-
Total financial assets		21 488	21 488	-	-	-
Financial liabilities						
Financial liabilities at cost						
- Payables ⁽¹⁾	A17	1 509	1 509	-	-	-
Total financial liabilities		1 509	1 509	-	-	-

Category of financial asset and financial liability	Note	2015 Carrying amount/fair value \$'000	2015 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and equivalents						
- Cash and cash equivalents	A15	23 702	23 702	-	-	-
Loans and receivables						
- Receivables ⁽¹⁾⁽²⁾	A16	321	321	-	-	-
Total financial assets		24 023	24 023	-	-	-
Financial liabilities						
Financial liabilities at cost						
- Payables ⁽¹⁾	A17	1 607	1 607	-	-	-
Total financial liabilities		1 607	1 607	-	-	-

⁽¹⁾ Receivables and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; audit fees payable to Auditor-General's Department). 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. 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 A16 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.

26.1 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 A1, A16 and A17.

The recognised fair values of financial assets and liabilities are classified according to the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of financial assets or liabilities traded in active markets is based on quoted market prices for identical assets or liabilities at Statement of Financial Position data (level 1). The quoted market price used for assets held by the department is the most representative of fair value in the circumstances.

The fair value of assets or liabilities that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. All significant inputs required to fair value financial assets and liabilities are observable, and accordingly included in level 2.

The department has no valuations for financial assets or liabilities categorised into level 3 (ie fair values derived from data not observable in a market).

A27 Events after the reporting period

No events have occurred after balance date that would affect the consolidated administered financial statements of PIRSA as at 30 June 2016.

Department of Primary Industries and Regions
Certification of Financial Statements
for the year ended 30 June 2016

We certify that the attached general purpose financial statements for the Department of Primary Industries and Regions:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and any relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Department of Primary Industries and Regions; and
- present a true and fair view of the financial position of the Department of Primary Industries and Regions 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 of Primary Industries and Regions for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Scott Ashby
Chief Executive
Department of Primary Industries and Regions
16 September 2016



Stephen Johnin
Chief Financial Officer
Department of Primary Industries and Regions
16 September 2016



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**To the Chief Executive
Department of Primary Industries and Regions**

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 of Primary Industries and Regions 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 Administered 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 Chief Financial Officer.

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 of Primary Industries and Regions' 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 of Primary Industries and Regions 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

Return to Work Corporation of South Australia

Financial report
for the year ended
30 June 2016

ReturnToWorkSA Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Premium revenue	8	495,123	644,997
Cost of claims	9	(521,933)	809,718
Claims management fees		(72,922)	(100,997)
Ombudsman, tribunal and panel fees	12	(10,165)	(9,116)
Underwriting result		(109,897)	1,344,602
Net Investment profit	8	122,489	223,138
Self-insured employer fee	8	12,302	16,022
Other income	8	781	1,587
Net investment profit and other income		135,572	240,747
SafeWork SA		-	(11,651)
Return to Work Fund		(169)	(705)
General operating expenses	13	(66,492)	(70,833)
Total operating expenses		(66,661)	(83,189)
Operating profit/(loss) before tax equivalents		(40,986)	1,502,160
Tax equivalents		-	-
Operating profit/(loss) after tax equivalents		(40,986)	1,502,160
<i>Other comprehensive income – items that will not be reclassified to profit or loss</i>			
Re-measurements of defined benefit liability	14(b)	(3,414)	(844)
Total comprehensive result		(44,400)	1,501,316

The total comprehensive result is attributable to the SA Government as owner.

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

ReturnToWorkSA

Statement of Financial Position

as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Assets			
Cash	15	3	3
Trade and other receivables	16	78,200	69,385
Investments	17,24	2,749,676	2,863,158
Property, plant and equipment	18	5,771	6,835
Intangible assets	19	16,759	21,147
Total assets		2,850,409	2,960,528
Liabilities			
Trade and other payables	21	22,673	53,859
Outstanding claims	10,11	2,480,528	2,517,600
Employee benefits	14(a)	21,212	17,594
Provisions	22	636	1,715
Total liabilities		2,525,049	2,590,768
Net (liabilities)/assets		325,360	369,760
Equity			
Retained earnings		325,360	369,760
Total equity		325,360	369,760
Commitments	28		
Employer financial guarantees	29		
Contingent liabilities	30		

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

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

ReturnToWorkSA Statement of Changes in Equity for the year ended 30 June 2016

	2016 \$'000	2015 \$'000
Total equity at the start of the year	369,760	(1,131,556)
Total comprehensive result	(44,400)	1,501,316
Total equity at the end of the year	325,360	369,760

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

Statement of Cash Flows for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Premium receipts		563,870	716,860
Claim recoveries		25,564	25,235
Other receipts		1,719	836
Claim and other related payments		(618,983)	(544,149)
Interest received		38,998	43,705
Dividends received		45,182	52,894
Other payments to suppliers and employees		(178,054)	(158,516)
GST		(28,997)	(45,675)
Investment expenses		(5,236)	(5,374)
Net cash from operating activities	23	(155,937)	85,816
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	5
Proceeds from the sale of investments		761,283	1,601,470
Acquisition of property, plant and equipment		(614)	(612)
Acquisition of investments		(703,581)	(1,648,120)
Net cash used in investing activities		57,088	(47,257)
Net increase in cash and cash equivalents		(98,849)	38,559
Cash and cash equivalents at the beginning of the period		180,864	142,305
Cash and cash equivalents at the end of the period	15	82,015	180,864

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

ReturnToWorkSA

Notes to and forming part of the financial statements

30 June 2016

Note 1 Reporting entity, objectives and significant changes in the reporting period

ReturnToWorkSA (RTWSA), the principal trading name of the Return to Work Corporation of South Australia is a statutory authority set up under the Return to Work Corporation of South Australia Act 1994. Domiciled in Australia RTWSA provides insurance protection for South Australian employers and their workers in the event of work-related injury. RTWSA administers the Return to Work Act 2014 (the Act).

There was no significant change occurring in the reporting period. The prior period reflected the significant reduction in the net liability for outstanding claims due to the enactment of the Act.

For financial reporting purposes four separate funds are recognised as comprising RTWSA:

- Compensation Fund
- Statutory Reserve Fund
- Insurance Assistance Fund
- Mining and Quarrying Industries Fund.

Compensation Fund

The Compensation Fund was established on 30 September 1987 under Section 64 of the repealed Workers Rehabilitation and Compensation Act 1986 and continues under the Return to Work Act 2014. Workers injured at work are supported and assisted in returning to work through the payment of income support, medical and other treatment costs.

Statutory Reserve Fund

The Statutory Reserve Fund was established under the repealed Workers Compensation Act 1971 and came into operation in 1980 against which claims relating to workers compensation could be made in the event of the insolvency of an insurance company or the insolvency of an uninsured employer.

The Compensation Fund is required to meet any liability arising from a shortfall of the Statutory Reserve Fund.

Insurance Assistance Fund

The Insurance Assistance Fund exists to support policies issued under Section 118(g) of the repealed Workers Compensation Act 1971. These policies provided assistance to employers who were unable to obtain satisfactory workers compensation insurance under the repealed act at a determined premium.

The Statutory Reserve Fund is required to meet any liability arising from a shortfall of the Insurance Assistance Fund.

Mining and Quarrying Industries Fund

Amendments to the repealed Workers Rehabilitation and Compensation Act 1986 provided for the establishment of the Mining and Quarrying Industries Fund to replace the Silicosis Fund. Funds standing to the credit of the Silicosis Fund were transferred to RTWSA and credited to a special account entitled 'Mining and Quarrying Industries Fund' which is divided into two parts:

- Part A - to satisfy liabilities under the Silicosis Scheme established under the repealed act; and,
- Part B - to be available to the Mining and Quarrying Occupational Health and Safety Committee for the purposes referred to in the Fourth Schedule.

The Mining and Quarrying Occupational Health and Safety Committee has responsibility for the administration of the Fund.

ReturnToWorkSA

Notes to and forming part of the financial statements

30 June 2016

Note 2 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 (AASBs) and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the Public Finance and Audit Act 1987.

RTWSA has applied Australian Accounting Standards that are applicable for not-for-profit-entities, as RTWSA is a not-for-profit entity. Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by RTWSA for the reporting period ending 30 June 2016. None of these are expected to have a significant effect on the financial statements of RTWSA, except as outlined in the table below:

Reference	Title	Summary	Impact	Application date for RTWSA
AASB 16	Leases	Introduces a single lessee accounting model. It requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.	It will require RTWSA to record almost all lease arrangements on-balance sheet. There will be significant work for RTWSA to bring all leases currently treated as operating onto balance sheet. RTWSA will commence its analysis of current leasing arrangements based on AASB 16 shortly.	1 July 2019

Note 3 Basis of preparation

The financial statements have been prepared based on a twelve month period and are presented in Australian currency and have been rounded to the nearest thousand dollars (\$'000s).

The preparation of financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in 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, 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) 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;

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- 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.

Judgements made by management in the application of AASBs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 4.

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 financial assets that are stated at their fair value and outstanding claims and related recoveries that are discounted to present value using a risk-free rate.

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

The Statement of Financial Position is prepared using the liquidity format in which the assets and liabilities are presented broadly in order of liquidity. The assets and liabilities comprise both current amounts and non-current amounts. Information regarding the amount of an item that is expected to be outstanding longer than 12 months is included within the relevant note to the financial statements.

The accounting policies set out in Note 5 and throughout the notes have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented.

Note 4 Use of judgements and estimates

RTWSA makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on RTWSA and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are those related to the valuation of outstanding claims liability.

Outstanding claims liability

RTWSA takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. Given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The details of the valuation of the outstanding claims liability are set out in Notes 10 and 11.

The outstanding claims liability has been established on the basis of independent actuarial assessments of the estimated costs of settlement of claims, inflated for the anticipated effects of inflation and other factors and discounted to a present value at the reporting period. Risk-free rates are used when discounting liabilities to current values. RTWSA has adopted a risk margin of 7.0% for the Compensation Fund (2015: 6.5%) and 6.0% for the Statutory Reserve Fund (2015: 6.0%) and the Insurance Assistance Fund (2015: 6.0%) to value all the outstanding claims liabilities (apart from the liabilities relating to asbestos related diseases where the applicable percentage adopted is 25% (2015: 25%)) at 65% (2015: 65%) probability of sufficiency as approved by the Board. The risk margins were determined based on advice from Finity Consulting Pty Ltd.

The outstanding claims liability includes a liability in respect of the estimated cost of claims incurred but not settled at the reporting period, including the cost of claims incurred but not yet reported (IBNR) to RTWSA. The IBNR which relates principally to claims for asbestos related diseases affects mainly the Statutory Reserve Fund and the Insurance Assistance Fund. The outstanding liability for the Mining and Quarrying Industries Fund, which had its triennial valuation at 30 June 2016, is \$100,000.

The estimated cost of claims includes estimates of the direct expenses to be incurred in settling claims net of the expected recoveries.

Premiums receivable

The premiums receivable balance is the estimate of premiums due up to 30 June to be received after allowing for impairment and refunds.

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Note 5 Significant accounting policies

(a) Administered items

The financial statements and accompanying notes include all the controlled activities of RTWSA. Transactions and balances relating to administered resources are not recognised as corporation income, expense, assets and liabilities. As administered items are insignificant in relation to RTWSA's overall financial performance and position, they are disclosed under administered items at Note 31. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as RTWSA items.

(b) Foreign currency

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. Amounts payable to and by RTWSA in foreign currencies have been translated to Australian currency at rates of exchange current at the reporting period with resulting exchange differences brought to account at 30 June 2016.

(c) Insurance contracts

Insurance contracts are contracts under which an entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified future event (the insured event) adversely affects the policyholder or other beneficiary. RTWSA's liabilities for outstanding claims are similar in nature to general insurance contracts and accordingly are treated as general insurance contracts for the purpose of AASB 1023 General Insurance Contracts.

(d) Assets backing insurance liabilities

The assets backing insurance liabilities (outstanding claims) are those assets required to cover the insurance liabilities. Insurance liabilities are defined as outstanding claims and the liability for unearned premiums included in the Statement of Financial Position. As RTWSA operates solely in one industry and substantially all of its liabilities are insurance liabilities, RTWSA considers that substantially all of its assets, excluding property, plant and equipment, and intangible assets exist to back these insurance liabilities. As part of its investment strategy RTWSA seeks to manage its assets allocated to insurance activities having regard to the characteristics of the insurance liabilities.

(e) Revenue

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

Revenue 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.

Claims recoveries

Claims recoveries are made from a range of parties in accordance with the Act.

Recoveries received are offset against the cost of claims. Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims in that they are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims. Movements in recoveries receivable are also shown as a cost of claims.

(f) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits 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:

Net profit/loss on non-current assets

Any profit/loss on disposal of property, plant and equipment is recognised at the date control of the asset is passed to the buyer and determined after deducting the proceeds from the carrying amount at the time of disposal.

Operating lease payments

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

Claims management fees

Claims management fees are determined on an accruals basis in accordance with the respective agreements between RTWSA and its claims agents.

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Employee benefits - wages, salaries, skills and experience retention leave, annual leave and long service leave

Liabilities for employee benefits for wages, salaries, annual leave and skills and experience retention leave that are expected to be settled within 12 months of the reporting date and are measured at the undiscounted amount expected to be paid.

Where annual leave liability and skills and experience retention leave liability are expected to be payable later than twelve months, the liability is measured at present value.

The measurement and classification of long service leave is outlined in Note 14(a).

Employee benefits - defined contribution superannuation plan

Obligations for contributions to defined contribution superannuation funds are recognised in the Statement of Comprehensive Income as incurred.

(g) Taxation

In accordance with Treasurer's Instruction 22 Tax Equivalent Payments, effective 1 July 2015, RTWSA is required to pay to the SA Government an income tax equivalent. The income tax liability is based on the State Taxation Equivalent Regime, which applies the accounting profit method. This requires that the corporate income tax rate be applied to the net profit. The current income tax liability, if applicable, relates to the income tax expense outstanding for the current period.

RTWSA 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 GST, except when the amount of GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO). 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.

(h) Futures contracts

Futures contracts are recorded in the financial statements at fair value. The fair value is the unrealised gain/loss on the outstanding contracts as at the reporting period. All open futures contracts mature within 12 months of the reporting period.

(i) Segment reporting

RTWSA operates within the insurance industry predominantly providing for the recovery, return to work and compensation of workers with respect to injuries and diseases arising from their employment. RTWSA operates solely in the State of South Australia.

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Note 6 Reporting by fund

(a) Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	Compensation Fund \$'000	Statutory Reserve Fund \$'000	Insurance Assistance Fund \$'000	Mining & Quarrying Industries Fund Part A Part B \$'000 \$'000		2016 Total Funds \$'000	2015 Total Funds \$'000
Premium revenue		495,123	-	-	-	-	495,123	644,997
Cost of claims	9	(517,132)	(4,805)	4	-	-	(521,933)	809,718
Claims management fees		(72,922)	-	-	-	-	(72,922)	(100,997)
Ombudsman, tribunal and panel fees		(10,165)	-	-	-	-	(10,165)	(9,116)
Underwriting result		(105,096)	(4,805)	4	-	-	(109,897)	1,344,602
Net investment profit		113,596	7,098	1,087	12	696	122,489	223,138
Self-insured employer fee		12,302	-	-	-	-	12,302	16,022
Other income		781	-	-	-	-	781	1,587
Net investment profit and other income		126,679	7,098	1,087	12	696	135,572	240,747
Safework SA		-	-	-	-	-	-	(11,651)
Return to Work Fund		(169)	-	-	-	-	(169)	(705)
General operating expenses		(65,472)	(1)	-	-	(1,019)	(66,492)	(70,833)
Total operating expenses		(65,641)	(1)	-	-	(1,019)	(66,661)	(83,189)
Operating profit/(loss) before tax equivalents		(44,058)	2,292	1,091	12	(323)	(40,986)	1,502,160
Tax equivalents		-	-	-	-	-	-	-
Operating profit/(loss) after tax equivalents		(44,058)	2,292	1,091	12	(323)	(40,986)	1,502,160
Other comprehensive income - items that will not be reclassified to profit or loss								
Re-measurements of defined benefit liability		(3,414)	-	-	-	-	(3,414)	(844)
Total comprehensive result		(47,472)	2,292	1,091	12	(323)	(44,400)	1,501,316

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(b) Statement of Financial Position as at 30 June 2016

	Notes	Compensation Fund \$'000	Statutory Reserve Fund \$'000	Insurance Assistance Fund \$'000	Mining & Quarrying Industries Fund		2016 Total Funds \$'000	2015 Total Funds \$'000
					Part A \$'000	Part B \$'000		
Assets								
Cash		3	-	-	-	-	3	3
Trade and other receivables		78,169	-	-	-	31	78,200	69,385
Investments		2,559,932	150,485	23,401	272	15,586	2,749,676	2,863,158
Property, plant and equipment		5,771	-	-	-	-	5,771	6,835
Intangible assets		16,759	-	-	-	-	16,759	21,147
Total assets		2,660,634	150,485	23,401	272	15,617	2,850,409	2,960,528
Liabilities								
Trade and other payables		22,593	-	-	-	80	22,673	53,859
Outstanding claims	10,11	2,408,903	71,282	243	100	-	2,480,528	2,517,600
Employee benefits		21,212	-	-	-	-	21,212	17,594
Provisions		636	-	-	-	-	636	1,715
Total liabilities		2,453,344	71,282	243	100	80	2,525,049	2,590,768
Net assets / (liabilities)		207,290	79,203	23,158	172	15,537	325,360	369,760
Equity								
Retained earnings		207,290	79,203	23,158	172	15,537	325,360	369,760
Total earnings		207,290	79,203	23,158	172	15,537	325,360	369,760

Note 7 Funding ratio

The funding ratio is a measure of financial sustainability showing the availability of assets to fund the Scheme's liabilities.

The Board approved policy sets a funding range of 90% to 120%. The percentage is calculated from dividing total assets by total liabilities.

	2016 \$'000	2015 \$'000
Funded (unfunded) position	325,360	369,760
Funding percentage	112.9%	114.3%

The mechanism for managing the funding position is the Average Premium Rate. Each year the Average Premium Rate is reviewed and future projections of Scheme liability and cost are analysed to determine the most appropriate Average Premium Rate to achieve RTWSA's desired long-term funding and pricing position.

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Note 8 Income

(a) Premium revenue	2016	2015
	\$'000	\$'000
Registered employer premium	493,846	642,789
Fines and penalties	1,277	2,208
Premium revenue	495,123	644,997

Premium revenue

Premiums are payable by all registered South Australian employers under the Act.

Premiums are calculated on the total remuneration paid by employers for the financial year, including consideration for claims experience and are recognised on an accruals basis in respect to the financial year for which the remuneration is paid. Estimates are included for premiums relating to the current financial year which are payable following the reporting period. Premiums attributable to future years and received in the current financial year have been classified as unearned premiums (refer Note 21).

(b) Net Investment profit	2016	2015
	\$'000	\$'000
Dividends	45,182	52,894
Interest received	38,998	43,705
Change in net market values:		
Investment held at end of the financial year	58,130	150,851
Investment realised during the financial year	(15,061)	(19,427)
Investment profit	127,249	228,023
Investment expenses	(4,760)	(4,885)
Net investment profit	122,489	223,138

Investment income

Interest income is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method. Dividend income is recognised in the Statement of Comprehensive Income on the date RTWSA's right to receive payments is established which in the case of quoted securities is the ex-dividend date.

(c) Self-insured employer fee	2016	2015
	\$'000	\$'000
Self-insured employer fee - SA Government	5,402	7,356
Self-insured employer fee - Non SA Government	6,900	8,666
Self-insured employer fee	12,302	16,022

(d) Other income	Notes	2016	2015
		\$'000	\$'000
Defined benefit fund	14(d)	537	598
Sundry income		244	989
Other income		781	1,587

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Note 9 Cost of claims

		Compensation	Other	2016	2015
		Fund	Funds	Total Funds	Total Funds
	Notes	\$'000	\$'000	\$'000	\$'000
Income support		177,278	-	177,278	201,767
Redemptions		169,211	-	169,211	50,795
Lump sum payments		65,365	-	65,365	60,452
Hospital treatment		16,639	-	16,639	14,141
Medical treatment		66,949	-	66,949	76,888
Vocational rehabilitation		9,994	-	9,994	16,412
Physiotherapy		9,580	-	9,580	10,204
Legal costs		32,451	174	32,625	31,254
Other		34,435	1,181	35,616	46,775
Claims paid		581,902	1,355	583,257	508,688
Less recoveries from other parties		(21,429)	(1,811)	(23,240)	(22,941)
Net claims paid		560,473	(456)	560,017	485,747
(Decrease) / Increase in net outstanding claims liability	10,11	(56,214)	5,257	(50,957)	(1,301,555)
Net self-insurer settlements		12,873	-	12,873	6,090
Cost of claims		517,132	4,801	521,933	(809,718)

Note 10 Outstanding claims liability – Compensation Fund

(a) Outstanding claims

		2016	2015
	Notes	\$'000	\$'000
Expected future gross claims payments (undiscounted)		4,442,043	5,039,936
Discount to present value		(2,190,732)	(2,738,310)
Central estimate		2,251,311	2,301,626
Risk margin		157,592	149,606
Liability for outstanding claims		2,408,903	2,451,232
Recoveries	16	(80,881)	(66,996)
Net liability for outstanding claims		2,328,022	2,384,236
Current liability for outstanding claims		431,475	523,938
Non-current liability for outstanding claims		1,977,428	1,927,294
Total liability for outstanding claims		2,408,903	2,451,232
Change in liability for outstanding claims		(42,329)	(1,311,060)
Change in claim recoveries receivable		(13,885)	28,430
Movement in net outstanding claims liability		(56,214)	(1,282,630)
Weighted average expected term to settlement		15.0 years	13.0 years

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The liability for outstanding claims is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date by RTWSA, with an additional risk margin to allow for the inherent uncertainty in the central estimate. Under Actuarial Professional Standard 300, Valuations of General Insurance Claims, the central estimate is the best estimate of the expected liabilities for outstanding claims based on information currently available and exhibits no bias either towards a pessimistic or an optimistic outcome. A risk margin is applied to the outstanding claims liability to reflect the inherent uncertainty in the central estimate of the outstanding claims liability. The risk margin increases the probability that the net liability is adequately provided to approximately a 65% probability of sufficiency as approved by the Board.

The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not yet reported, claims incurred but under reported and anticipated claims handling expenses including the run-off provision. The expected future payments are discounted to present value using an appropriate risk-free rate.

The claims expense or income in the Statement of Comprehensive Income comprise claims paid and the change in the liability for outstanding claims both reported and unreported, including the risk margin and claims handling expenses.

The value of the claims liability is determined by RTWSA following an independent actuarial valuation by Finity Consulting Pty Ltd. The value of the outstanding claims liability is based on a central estimate and includes a risk margin of 7.0% (2015: 6.5%) to bring the estimated net liability to a 65% probability of sufficiency.

The split of the outstanding claims liability between current and non-current liabilities is based on actuarial advice from Finity Consulting Pty Ltd. Should the timing of cash flows vary from that projected by Finity Consulting Pty Ltd then the proportions of the overall claims liability that are shown as current and non-current may vary.

The RTW Scheme is designed to provide services and up to two years of income support and up to three years of medical support for workers injured at work together with long-term financial support for those seriously injured at work. Assumptions adopted in relation to the projected future payments made to claims are detailed below in Note 10(e).

Operational changes have been made to introduce early intervention initiatives and expedite claims decisions.

The estimate of the value of the claims liability is based on the Act including the transitional provisions. Any divergence of the experience from the current valuation assumptions, whether favourable or adverse, will be reflected over time in relation to valuation assumptions.

Developments which potentially affect the Scheme's operating environment and the uncertainty of the liability estimate include:

- employer premium changes introduced with the intention of increasing the engagement of employers in the prevention and management of workplace injuries
- future cost growth in medical and treatment related expenditure items, particularly for long term claims
- the outcomes for claims with pending disputes
- actual experience for two year income support claims and whole person impairment assessments
- actual experience for serious injury claims
- the culture of the scheme and the implications for return to work outcomes
- future changes in the overall economic environment.

The decrease in the outstanding claims liability includes the net impact of the decrease in the average discount rate from 4.06% at 30 June 2015 to 3.28% at 30 June 2016.

Note 10(f) sets out the impact of changes in the key assumptions on which the valuation of the outstanding claims liability is based.

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(b) Net claims incurred

	Current year \$'000	Prior years \$'000	2016 Total \$'000	Current year \$'000	Prior years \$'000	2015 Total \$'000
Undiscounted						
Gross incurred	808,113	(788,461)	19,652	824,148	(985,799)	(161,651)
Recoveries	(13,876)	(22,690)	(36,566)	(12,591)	25,370	12,779
Net incurred – undiscounted	794,237	(811,151)	(16,914)	811,557	(960,429)	(148,872)
Discounted						
Gross incurred	508,618	83,252	591,870	451,923	(1,210,291)	(758,368)
Recoveries	(13,195)	(24,549)	(37,744)	(11,432)	16,864	5,432
Net incurred – discounted	495,423	58,703	554,126	440,491	(1,193,427)	(752,936)
Discount and discount movement						
Gross incurred – discounted	(299,495)	871,713	572,218	(372,225)	(224,492)	(596,717)
Recoveries – discounted	681	(1,859)	(1,178)	1,159	(8,506)	(7,347)
Net incurred – undiscounted	(298,814)	869,854	571,040	(371,066)	(232,998)	(604,064)

The figures for current period claims relate to the risks borne in the current reporting period. The figures for prior period claims relate to the reassessment of the risks borne in all previous reporting periods.

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(c) Claims development

	Prior years*	Year ended 30 June 2006 \$'000	Year ended 30 June 2007 \$'000	Year ended 30 June 2008 \$'000	Year ended 30 June 2009 \$'000	Year ended 30 June 2010 \$'000	Year ended 30 June 2011 \$'000	Year ended 30 June 2012 \$'000	Year ended 30 June 2013 \$'000	Year ended 30 June 2014 \$'000	Year ended 30 June 2015 \$'000	Year ended 30 June 2016 \$'000
Estimate of ultimate claims cost**												
At the end of year	-	396,059	422,794	445,035	471,917	506,902	527,850	625,012	665,173	574,982	353,734	406,719
One year later	2,331,842	419,758	435,848	447,935	480,472	487,196	586,296	616,974	602,689	403,139	373,333	
Two years later	2,444,548	452,514	460,605	461,964	489,652	521,046	562,035	581,152	435,366	400,500		
Three years later	2,406,827	437,354	475,519	457,878	517,651	499,973	545,014	415,185	448,842			
Four years later	2,344,105	417,646	484,162	492,947	525,857	515,277	448,017	416,116				
Five years later	2,307,896	417,524	496,736	513,198	542,833	420,122	429,945					
Six years later	2,284,359	420,017	499,395	510,115	415,349	432,573						
Seven years later	2,291,402	413,787	490,010	400,071	406,873							
Eight years later	2,303,645	406,540	409,044	407,104								
Nine years later	2,300,525	394,854	423,358									
Ten years later	2,321,319	392,088										
Eleven years later	2,360,026											
Current estimate of cumulative claims costs**	2,360,026	392,088	423,358	407,104	406,873	432,573	429,945	416,116	448,842	400,500	373,333	406,719
Cumulative payments**	2,169,130	351,821	359,645	344,493	348,332	327,640	328,892	326,220	299,034	240,748	153,855	60,654
Outstanding payments**	190,896	40,267	63,713	62,611	58,541	104,933	101,053	89,896	149,808	159,752	219,478	346,065
Discount adjustment***	152,825	22,825	30,876	24,964	18,115	26,226	20,781	13,655	15,574	11,250	9,670	6,921
Net outstanding claims	343,721	63,092	94,589	87,575	76,656	131,159	121,834	103,551	165,382	171,002	229,148	352,986

* Development of outstanding claim estimate as at 30 June 2006 for accidents prior to 30 June 2005.
 ** Discounted to the beginning of the accident year using actual historical discount rates and the discount rates applied in the estimation.
 *** Discount adjustment from beginning of accident year to current valuation date.

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	2016 \$'000	2015 \$'000
Prior years	343,721	306,094
Year ended 30 June 2006	63,092	75,811
Year ended 30 June 2007	94,589	89,704
Year ended 30 June 2008	87,575	99,112
Year ended 30 June 2009	76,656	110,958
Year ended 30 June 2010	131,159	140,439
Year ended 30 June 2011	121,834	170,978
Year ended 30 June 2012	103,551	151,892
Year ended 30 June 2013	165,382	222,168
Year ended 30 June 2014	171,002	266,318
Year ended 30 June 2015	229,148	310,613
Year ended 30 June 2016	352,986	-
Net outstanding claims	1,940,695	1,944,087
Claims handling expenses	235,026	294,632
Risk margin	152,301	145,517
Net liability for outstanding claims	2,328,022	2,384,236

(d) Maturity profile

The expected maturity of the discounted net outstanding claims provision is analysed below.

	Up to 1 yr \$'000	1 to 3 yrs \$'000	3 to 5 yrs \$'000	5 to 10 yrs \$'000	10 to 20 yrs \$'000	Over 20 yrs \$'000	Total \$'000
2016	420,097	330,035	149,348	285,203	451,309	692,030	2,328,022
2015	509,282	584,349	178,479	276,626	367,257	468,243	2,384,236

(e) Key assumptions

The key assumptions used by Finity Consulting Pty Ltd in developing the valuation of the claims liability are the economic assumptions relating to inflation and discount rates and the assumptions relating to the duration and severity of claims. The key assumptions have been developed through the actuarial analysis of historic trends in conjunction with analysis of current and likely future economic factors. The following key assumptions were used in the measurement of the outstanding claims liability:

	2016	2015
Economic assumptions		
Inflation rate – income support	0.00% to 3.25%	0.00% to 3.25%
Inflation – medical, legal and other costs	2.20% to 3.50%	2.75% to 3.50%
Superimposed inflation rate – medical payments	2.00% to 3.00%	2.00% to 4.00%
Superimposed inflation rate – other	0.00% to 3.00%	0.00% to 3.00%
Discount rate	3.28%	4.06%
Duration and severity of claims	Refer below	Refer below
Claims handling expenses	19.0%	14.7%
Risk margin	7.00%	6.50%

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Finity Consulting Pty Ltd has made a range of assumptions relating to the projected durations that claimants will remain in receipt of payments and the quantum of those payments having had regard to the particular characteristics of groups of claims including:

- the distribution of claims between injured and seriously injured workers (assessed as having a whole person impairment (WPI) greater than 30%)
- the analysis of past claims experience including the cost of claims.

The valuation of the outstanding claims liability is strongly dependent on the assumptions adopted in relation to the duration of the long-term claims for seriously injured workers.

(f) Sensitivity to changes in key assumptions

The sensitivity of the discounted net outstanding claims estimate and profit / (loss) impact at the 65th percentile (i.e. after allowing for the risk margin) to changes in key assumptions is shown in the following table:

	Increase/ (decrease) in net liability \$'million	Percentage of net liability
Economic and modelling assumptions		
Strong economic scenario (3% gap between inflation and discount rate)	(689)	(30%)
Weak economic conditions (-1% gap)	516	22%
Duration and severity of claims		
Superimposed inflation is 1% higher than assumed for medical care costs for serious injury claims	281	12%
Impact of a 6 year increase in the life expectancy of catastrophic injury claims	350	15%
WPI assessments increase by 2% as a result of the higher incentives under the RTW Act	135	6%

In conducting its valuation, Finity Consulting Pty Ltd modelled a number of other scenarios under which the assumptions for future claims experience differed from those used in the valuation. Under those scenarios the total value of the liability differed from the central estimate by plus or minus amounts which were within the variation range of values shown above.

The selection of the probability of sufficiency has a material impact on the valuation of the outstanding claims liability. The impact on the outstanding claims liability of adopting a 75% probability is shown in the following table:

	2016 \$'million	2015 \$'million
Increase in net outstanding claims liability at 75% probability of sufficiency	120.0	111.9

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Note 11 Outstanding claims liability – Other Funds

(a) Outstanding claims – SRF and IAF

	SRF	IAF	2016 Combined	2015 Combined
	\$'000	\$'000	\$'000	\$'000
Open claims	2,484	-	2,484	1,578
Total incurred but not yet reported (IBNR)	50,452	179	50,631	47,523
Claims handling expenses	4,500	15	4,515	4,174
Central estimate	57,436	194	57,630	53,275
Risk margin	13,846	49	13,895	12,993
Liability for outstanding claims	71,282	243	71,525	66,268
Recoveries	-	-	-	-
Net liability for outstanding claims	71,282	243	71,525	66,268

The value of the claims liability is determined by RTWSA following an independent actuarial valuation by Finity Consulting Pty Ltd. The claims liability estimate is based on a central estimate and includes a risk margin to bring the estimate of claims to a 65% probability of sufficiency.

The IBNR component is primarily made up of the estimated liability of the funds for asbestos related disease claims that will be made after 30 June 2016 due to exposure prior to 30 June 2016. Due to the latent nature of the disease there is a significant delay between the time of injury and reporting of the claim. Relatively few claims have been notified at the date of adopting these financial statements. The generally accepted opinion is that this delay is in the order of 40 years on average.

The asbestos related disease IBNR component was estimated by Finity Consulting Pty Ltd based on:

- forecast total future claim numbers derived by fitting projection models to the SRF/IAF claims data by disease recognising the varying nature of the exposure for different claims
- forecasts of average claim costs derived from analysis of SRF/IAF claims data, external data and information obtained from discussion with key parties. This analysis was based on disease type, size of claim and legal costs, adjusted to allow for the timing of claim payments and for future claims inflation, discounted to their present value.

(b) Maturity profile – SRF and IAF

The expected maturity of the discounted net outstanding claims provision is analysed below.

	Up to 1 yr	1 to 3 yrs	3 to 5 yrs	5 to 10 yrs	10 to 20 yrs	Over 20 yrs	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2016	2,249	5,008	5,898	15,333	25,928	17,109	71,525
2015	1,798	4,653	5,507	14,242	24,019	16,049	66,268

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(c) Movement in liability – SRF and IAF

	SRF			IAF		
	2016	2015	Change	2016	2015	Change
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Asbestos related						
- Reported	989	644	345	-	-	-
- IBNR / re-opened claims	50,283	47,150	3,133	179	182	(3)
	51,272	47,794	3,478	179	182	(3)
Non-asbestos related						
- Reported	1,495	934	561	-	-	-
- IBNR / re-opened claims	169	191	(22)	-	-	-
	1,664	1,125	539	-	-	-
Central estimate	52,936	48,919	4,016	179	182	(3)
Claims handling expenses	4,500	4,158	342	15	16	(1)
Risk margin	13,846	12,944	902	49	49	-
Total outstanding claims liability	71,282	66,021	5,261	243	247	(4)

(d) Key assumptions

The key assumptions used in developing the estimate of the outstanding claims liability include economic assumptions relating to inflation and discount rates, the assumptions relating to severity of claims and the assumptions used to estimate the level of claims incurred but not reported. The key assumptions have been developed through the actuarial analysis of historic trends in conjunction with analysis of current and likely future economic factors.

	2016	2015
Inflation rate		
- asbestos claims	5.10%	5.50%
- non asbestos claims	3.10%	3.50%
Discount rate		
- asbestos IBNR	2.70%	3.65%
- other	2.70%	3.65%
Claim handling expenses	8.50%	8.50%
Risk margin		
- reported claims	6.00%	6.00%
- IBNR claims	25.00%	25.00%

The significant assumptions underpinning the asbestos related disease IBNR are that the propensity to claim and the basis for compensating claims remain similar to the current situation, specifically:

- the number of diagnosed incidents of asbestos related disease continues to develop in line with past trends
- the proportion of incidents compensated by the funds remains similar to current levels but with an allowance for an increase in the proportion of claims which revert to the SRF from uninsured and insolvent employers
- there are no additional failures of insurance companies.

(e) Sensitivity to changes in key assumptions - SRF and IAF

The key sensitivity for the SRF and the IAF is in relation to the ultimate value of the IBNR for asbestos related claims.

(f) Mining and Quarrying Industries Fund – Silicosis liability

The 30 June 2016 triennial valuation undertaken by Finity Consulting Pty Ltd estimated the extent of the existing and prospective liabilities for the Silicosis Scheme under the repealed Act as being \$100,000.

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(g) Summary of Other Funds

	2016 \$'000	2015 \$'000
Statutory reserve fund	71,282	66,021
Insurance assistance fund	243	247
Mining and quarrying industries fund	100	100
Net Liability for outstanding claims	71,625	66,368
Current liability for outstanding claims	2,249	1,797
Non-current liability for outstanding claims	69,376	64,571
Total liability for outstanding claims	71,625	66,368
Change in liability for outstanding claims	5,257	(18,925)
Change in liability for net outstanding claims	5,257	(18,925)

Note 12 Ombudsman, tribunal and panel fees

	2016 \$'000	2015 \$'000
South Australian Employment Tribunal/Workers Compensation Tribunal	9,170	5,831
Ombudsman	529	706
Medical Panels SA	466	2,579
Ombudsman, tribunal and panel fees	10,165	9,116

Note 13 General operating expenses

	Notes	2016 \$'000	2015 \$'000
Employee benefits	14	33,429	36,017
Depreciation		1,622	1,583
Amortisation		4,388	4,388
Expenses relating to operating leases		2,534	2,494
Loss on disposal of non-current assets		-	36
Other operating costs		24,519	26,315
Total general operating expenses		66,492	70,833

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The number and dollar amount of consultancies paid / payable (included in Return to Work Fund and general operating expenses) that fell within the following bands:

	No.	2016 \$'000	No.	2015 \$'000
Below \$10,000	3	15	5	29
Above \$10,000	19	2,362	21	2,939
Total paid/payable to the consultants engaged	22	2,377	26	2,968

Note 14 Employee benefits

	Notes	2016 \$'000	2015 \$'000
Salaries and wages		28,434	30,875
Long service leave		901	774
Annual leave		430	515
Skills and experience retention leave		53	31
Expenses relating to defined benefit plans			
-service cost	14(e)	173	195
-interest cost	14(e)	891	1,002
Contributions to defined contribution plans		2,547	2,625
Total employee benefits expenses		33,429	36,017

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

	2016	2015
\$141,500 to \$145,000*	-	4
\$145,001 to \$155,000	6	3
\$155,001 to \$165,000	6	2
\$165,001 to \$175,000	1	5
\$175,001 to \$185,000	7	4
\$185,001 to \$195,000	1	1
\$195,001 to \$205,000	1	1
\$205,001 to \$215,000	2	-
\$215,001 to \$225,000	-	2
\$225,001 to \$235,000	2	4
\$235,001 to \$245,000	3	2
\$265,001 to \$275,000	2	-
\$305,001 to \$315,000	-	1
\$325,001 to \$335,000	-	1
\$335,001 to \$345,000	1	-
\$355,001 to \$365,000	-	1
\$365,001 to \$375,000	1	1
\$385,001 to \$395,000	1	-
\$535,001 to \$545,000	-	1
\$625,001 to \$635,000	1	-
Total	35	33

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The table includes all employees who received Normal Remuneration equal to or greater than the base executive remuneration level during the year. The remuneration amounts shown above include all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits, any fringe benefits tax paid, or payable in respect of those benefits, and payments of accumulated annual leave, long service leave, superannuation and eligible termination payments, in respect of certain employees whose employment terminated in the financial year. The total remuneration received by these employees for the year was \$7.5 million (2015: \$7.0 million).

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2014-15.

(a) Liability for employee benefits

	2016	2015
	\$'000	\$'000
Current		
Annual leave	1,944	1,975
Skills and experience retention leave	87	85
Recognised liability for defined benefit obligations	1,512	1,452
Long service leave	3,029	3,327
	6,572	6,839
Non-current		
Recognised liability for defined benefit obligations	12,882	9,689
Long service leave	1,758	1,066
	14,640	10,755
Total employee benefits	21,212	17,594

Employee benefits - 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 RTWSA does not have an unconditional right to defer the 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 ten years of service.

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(b) Movement in net liability for defined benefit obligations

	2016 \$'000	2015 \$'000
Balance at 1 July	(11,141)	(10,253)
Included in result from operating activities		
Service cost	(173)	(195)
Net interest	(354)	(404)
	(527)	(599)
Included in other comprehensive income		
Re-measurements gain:		
- Actuarial (losses) / gain	(3,579)	(1,781)
- Actual return on assets less interest income	165	937
	(3,414)	(844)
Other		
Employer contributions	688	555
	688	555
Balance at 30 June	(14,394)	(11,141)

(c) Net liability for defined benefit obligations

	2016 \$'000	2015 \$'000
Amounts reflected in the Statement of Financial Position		
Assets	16,145	15,821
Liabilities	(30,539)	(26,962)
Net liability	(14,394)	(11,141)

(d) Reconciliation of the fair value of the defined benefit plan assets

	2016 \$'000	2015 \$'000
Opening fair value of defined benefit plan assets	15,821	15,573
Interest income	537	598
Actual return on assets less interest income	165	937
Employer contributions	687	555
Benefits and expenses paid	(1,065)	(1,842)
Closing fair value of defined benefit plan assets	16,145	15,821

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(e) Reconciliation of the present value of the defined benefit obligation

	2016	2015
	\$'000	\$'000
Opening present value of defined benefit obligations	26,962	25,826
Current service cost	173	195
Interest cost	891	1,002
Actuarial (gains) / losses:		
• Impact of changes in demographic assumptions	-	-
• Impact of changes in financial assumptions	3,887	1,867
• Experience items	(309)	(86)
Benefits and expenses paid	(1,065)	(1,842)
Closing present value of defined benefit obligations	30,539	26,962

Employee benefits - defined benefits superannuation plan

RTWSA contributes to two defined benefit superannuation plans.

RTWSA's net obligation is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is then discounted to determine its present value from which the fair value of any plan assets is deducted. The discount rate is the yield at the reporting period on government bonds that have maturity dates approximating to the terms of RTWSA's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

Under AASB 119, RTWSA determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of the contributions and benefit payments.

Employees who participate in the defined benefit superannuation fund are deemed to be members of the defined benefit categories of the State Superannuation Scheme. The defined benefit superannuation fund has been closed to new members since May 1994.

The State Superannuation Scheme's assets are under Funds SA's management and invested in its Growth Sector Fund. The Growth Sector Fund was created on 1 April 2005. The net market value of individual assets or portfolios that comprise the Growth Sector Fund may vary from time to time due to movements in financial markets and/or capital placements and redemptions made in accordance with investment strategy. Funds SA uses external fund managers to manage its growth portfolio. The investments are in wholesale pooled unit trusts or managed funds offered by each manager.

RTWSA expects to contribute \$575,298 to the defined benefit plans in the 2016-17 financial year.

(f) Each major asset category as a percentage of the fair value of the total plan assets

	2016	2016	2015	2015
	Active Market %	Non-active Market %	Active Market %	Non-active Market %
Australian equities	24.0	0.0	24.0	0.0
International equities	24.1	0.0	25.5	0.0
Property	2.5	11.8	2.6	11.8
Diversified strategies growth	0.8	10.2	0.7	9.0
Diversified strategies income	15.7	0.0	13.8	0.0
Inflation linked securities	0.0	5.7	0.0	7.3
Long term fixed interest	2.8	0.0	2.0	0.0
Short term fixed interest	0.0	0.0	0.0	0.0
Cash	2.4	0.0	3.3	0.0
Total	72.3	27.7	71.9	28.1

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(g) Major economic assumptions

	2016	2015
Discount rate	2.3%	3.4%
Long term salary rate increases	4.0%	4.0%
Long term CPI increases	2.5%	2.5%

(h) Sensitivity analysis

Scenario	Base Case	Discount rate plus 0.5%	Discount rate less 0.5%	Salary increase rate plus 0.5%	Salary increase rate less 0.5%	Pension increase rate plus 0.5%	Pension increase rate less 0.5%
Present value of defined benefit obligation (\$'000)	30,539	-	-	-	-	-	-
Change in defined benefit obligation (\$'000)	-	28,662	32,627	30,680	30,405	32,473	28,789
Change in defined benefit obligation	-	(6.1%)	6.8%	0.5%	(0.4%)	6.3%	(5.7%)

(i) Maturity profile

The weighted average duration of the defined benefit obligation is 15.5 years (2015 16.1 years). The expected maturity analysis of undiscounted benefit obligations is as follows:

	Less than 1 year \$'000	Between 1-2 years \$'000	Between 2-5 years \$'000	Between 5-10 years \$'000	Between 10-15 years \$'000	Between 15-20 years \$'000	Between 20-25 years \$'000	Over 25 Years \$'000	Total \$'000
Defined benefit obligation 2016	1,512	1,788	4,676	8,063	7,457	6,184	5,293	8,938	43,911
Defined benefit obligation 2015	1,452	1,471	4,742	7,972	7,630	6,593	5,508	10,039	45,407

Note 15 Cash and cash equivalents

	Notes	2016 \$'000	2015 \$'000
Cash		3	3
Cash equivalents	24	82,012	180,861
Cash and cash equivalents in the Statement of Cash Flows		82,015	180,864

Cash and cash equivalents in the Statement of Cash Flows 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.

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Note 16 Trade and other receivables

	Notes	2016 \$'000	2015 \$'000
Current receivables			
Trade receivables		11,740	15,856
Less allowance for doubtful debts		(8,500)	(8,500)
		3,240	7,356
Refunds		(6,500)	(5,200)
Recoverable claim payments	10	11,378	14,656
Sundry debtors and prepayments		579	233
Total current receivables		8,697	17,045
Non-current receivables			
Recoverable claim payments	10	69,503	52,340
Total non-current receivables		69,503	52,340
Total trade and other receivables		78,200	69,385

Movement in the allowance for doubtful debts

Opening balance		(8,500)	(11,500)
Amounts written off		3,600	8,788
Increase in allowance recognised		(3,600)	(5,788)
Total current receivables		(8,500)	(8,500)

Trade and other receivables are stated at fair value less impairment losses with the exception of claims recoveries receivable. Fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Claim recoveries receivables are stated at the amounts estimated in the actuarial valuation.

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

Note 17 Investments

	2016 \$'000	2015 \$'000
Deposits with financial institutions	376,762	548,080
Government / semi-government securities	536,587	499,316
Non-government debt instruments	450,899	416,054
Securities listed on the Australian Stock Exchange	306,237	315,147
Securities listed on overseas stock exchanges	778,068	847,716
Unit Trusts – unlisted property and debt security assets	287,154	236,727
Derivatives	13,969	118
Total investments	2,749,676	2,863,158
Current	469,342	548,138
Non-current	2,280,334	2,315,020
Total investments	2,749,676	2,863,158

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Investments are measured at fair value. Changes in the fair values of investments at the reporting period from the end of the previous reporting period, or from cost of acquisition if acquired during the financial year, are recognised as gains or losses in the Statement of Comprehensive Income.

The fair value of investments represents their net fair value and is determined as follows:

- cash assets are carried at the face value of the amounts deposited or drawn which approximates their fair value
- receivables are initially recognised at fair value and subsequently at amortised cost less impairment losses
- listed securities and Government securities are valued by reference to market quotations
- underlying property assets and investments in unlisted unit trusts are valued by reference to independent third parties.

All investments are classified as backing insurance liabilities (outstanding claims liabilities).

Note 18 Property, plant and equipment

	Leasehold improvements including office furniture and fittings \$'000	Computer and communications equipment \$'000	General office equipment \$'000	Total \$'000
Fair value				
Balance at 1 July 2014	7,340	3,007	206	10,553
Additions	-	556	-	556
Disposals	-	(355)	-	(355)
Balance at 30 June 2015	7,340	3,208	206	10,754
Balance at 1 July 2015	7,340	3,208	206	10,754
Additions	-	558	-	558
Disposals	-	(142)	-	(142)
Balance at 30 June 2016	7,340	3,624	206	11,170
Depreciation				
Balance at 1 July 2014	(1,628)	(938)	(84)	(2,650)
Depreciation charge	(798)	(744)	(41)	(1,583)
Disposals	-	314	-	314
Balance at 30 June 2015	(2,426)	(1,368)	(125)	(3,919)
Balance at 1 July 2015	(2,426)	(1,368)	(125)	(3,919)
Depreciation charge	(793)	(788)	(41)	(1,622)
Disposals	-	142	-	142
Balance at 30 June 2016	(3,219)	(2,014)	(166)	(5,399)
Carrying Amounts				
At 30 June 2015	4,914	1,840	81	6,835
At 30 June 2016	4,121	1,610	40	5,771

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All assets acquired, including leasehold improvements, computer and communications and general office equipment are stated at cost less accumulated depreciation and accumulated impairment losses, deemed to be fair value.

Refer to Note 20 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements.

Depreciation is calculated on a straight line basis so as to write off the cost of each item over its expected useful life. The estimated useful life in years used for each class of asset is as follows:

	2016	2015
Leasehold improvements including office furniture and fittings	5-10	5-10
Computer and communications	4-5	4-5
General office equipment	4-5	4-5

The cost of improvements to leasehold properties is amortised over the shorter of the unexpired period of the lease and the estimated useful lives of the improvements.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Note 19 Intangible assets

	IT development and software \$'000
Cost	
Balance at 1 July 2014	43,880
Balance at 30 June 2015	43,880
Balance at 30 June 2016	43,880
Amortisation	
Balance at 1 July 2014	(18,345)
Amortisation charge	(4,388)
Balance at 30 June 2015	(22,733)
Balance at 1 July 2015	(22,733)
Amortisation charge	(4,388)
Balance at 30 June 2016	(27,121)
Carrying Amounts	
At 30 June 2015	21,147
At 30 June 2016	16,759

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Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised can include external direct costs of materials and services, direct payroll and payroll related costs of employees' time spent on the project.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where RTWSA has an intention and ability to use the asset.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Comprehensive Income as incurred.

Amortisation is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the intangible assets, from the date that they are available for use. The estimated useful life is five to ten years.

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.

Note 20 Fair value measurement (non-financial assets)

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.

RTWSA had no valuations categorised into levels 1 or 2.

In determining fair value 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) 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.

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Fair values level 3 measurements and reconciliations

	Leasehold improvements including office furniture and fittings \$'000	Computer and communications equipment \$'000	General office equipment \$'000	Total \$'000
Balance at 1 July 2014	5,712	2,069	122	7,903
Acquisitions	-	556	-	556
Depreciation	(798)	(744)	(41)	(1,583)
Disposals	-	(41)	-	(41)
Balance at 30 June 2015	4,914	1,840	81	6,835
Balance at 1 July 2015	4,914	1,840	81	6,835
Acquisitions	-	558	-	558
Depreciation	(793)	(788)	(41)	(1,622)
Disposals	-	-	-	-
Balance at 30 June 2016	4,121	1,610	40	5,771

Total gains / (losses) for level 3 non-financial assets in the period included in general operating expenses:

	\$'000
2015	(1,619)
2016	(1,622)

Note 21 Trade and other payables

	2016 \$'000	2015 \$'000
Current		
Trade payables	19,939	50,566
Unearned premiums	378	391
Employment on-costs	903	745
Non-current		
Trade payables	1,329	2,058
Employment on-costs	124	99
Total trade and other payables	22,673	53,859

Trade and other payables are stated at cost. These amounts represent liabilities for goods and services provided to RTWSA prior to the end of the financial year and which are unpaid. These amounts are unsecured and usually paid within 30 days of recognition.

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Note 22 Provisions

	2016 \$'000	2015 \$'000
Balance at the start of the year	1,715	754
Provisions made/(written back) during the year	(369)	1,715
Provisions used during the year	(710)	(754)
Balance at the end of the year	636	1,715

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

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

The provision relates to redundancies arising from internal restructuring activities decided upon prior to 30 June 2016. The redundancy provision is calculated in accordance with the RTWSA Award 2015 and RTWSA Enterprise Agreement 2015. RTWSA expects to extinguish the liability within the next 12 months.

Note 23 Reconciliation of comprehensive result to net cash flows from operating activities

	2016 \$'000	2015 \$'000
Total comprehensive result	(44,400)	1,501,316
Depreciation	1,622	1,583
Amortisation	4,388	4,388
Net loss on disposal of non-current assets	-	36
Investment (profit) / loss	(127,249)	(228,023)
Dividends received	45,182	52,894
Interest received	38,998	43,705
Increase / (decrease) in creditors	(31,130)	19,646
(Increase) / decrease in receivables	(8,815)	18,185
Increase / (decrease) in outstanding claims liability	(37,072)	(1,329,985)
Increase / (decrease) in provisions	(1,079)	961
Increase / (decrease) in employee benefits	3,618	1,110
Net cash flows from operating activities	(155,937)	85,816

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Note 24 Risk management

(a) Overview

RTWSA's risk management framework is the principal means by which identified risks are managed. RTWSA has developed a corporate governance framework that supports risk management. Each identified risk is analysed according to an established risk management process and appropriate treatment strategies are adopted in order to manage RTWSA's exposure to risk. The key aspects of the process established in the risk management framework to mitigate risk include:

- the establishment of a Board Audit and Risk Committee, which is responsible for developing and monitoring risk management policies
- the establishment of the Risk Appetite Statement which is reviewed annually
- the establishment and regular review by the Board and management of a corporate risk register
- the establishment of a system of internal controls to manage risk
- the maintenance and use of management information systems which provide up to date, reliable data relevant to the risks to which the business is exposed
- the identification of operational risks and the establishment and implementation of processes to address and mitigate those risks.

The Board Audit and Risk Committee reports regularly to the Board on its activities. The Committee oversees how management monitors compliance with RTWSA's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by RTWSA. A risk management policy is in place to ensure risks are identified, analysed and managed appropriately by RTWSA. RTWSA's risk management framework is part of its governance risk and compliance system which is reviewed regularly to reflect changes in market conditions and in RTWSA's activities. RTWSA, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Committee is assisted in its oversight by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit and Risk Committee.

The broad categories of risk faced by RTWSA are:

- insurance risk
- operational risk
- financial risk.

(b) Insurance risk

As set out in Note 1, RTWSA provides workers compensation coverage, in accordance with the Act, to workers employed in South Australia through the following funds:

- Compensation Fund
- Statutory Reserve Fund
- Insurance Assistance Fund
- Mining and Quarrying Industries Fund.

In accordance with the Act the Compensation Fund is funded by charging premiums to all employers covered by the Act which are calculated as a percentage of the remuneration paid or expected to be paid by each employer. The percentage or premium rate applicable to each employer is determined annually based on the industry in which the employer operates and the Average Premium Rate. Small employers, with annual remuneration less than \$12,286 (subject to indexation), are not required to register or pay a premium.

The Average Premium Rate is set annually by the Board in accordance with its funding and pricing policy based on an actuarial assessment of the expected claims and expenses of the Compensation Fund and an estimate of the likely overall remuneration for all the employers that are required to pay premiums under the Act. The Average Premium Rate is then used as a basis for determining an individual premium rate for individual industry groups.

The risk of setting incorrect premium rates is controlled by taking external actuarial advice concerning the funding requirements of the Scheme and through the use of robust and historical models. The number of registered (non self-insured) employers insured under the Act for the financial year was approximately 50,000. The entitlements payable to injured workers are determined by the Act.

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RTWSA's approach to determining the outstanding claims provisions and related sensitivities is set out in Notes 4, 10 and 11. RTWSA relies on the following key controls in seeking to ensure the adequacy of the claims provision:

- there are established processes for managing claims in accordance with the Act and other relevant legislation
- the claims provision is reviewed by an external actuary as follows:
 - Compensation Fund – every six months
 - Statutory Reserve Fund (excluding IBNR arising from asbestos related matters) – every twelve months
 - Insurance Assistance Fund (excluding IBNR arising from asbestos related matters) – every twelve months
 - IBNR arising from asbestos related matters – every twelve months with a more detailed review every two years
 - Mining and Quarrying Industries Fund – every three years.

(c) Operational risk

Operational risk relates to the risk of loss arising from systems failure, human error or from other circumstances not related to insurance or financial risks. These risks are managed through the risk framework outlined above which includes a system of delegated authorities, effective segregation of duties, access controls and review processes.

(d) Financial risk

RTWSA has exposure to the following financial risks:

- credit risk
- liquidity risk
- market risk.

RTWSA's exposure to these risks arises primarily in relation to its investment portfolio but also in relation to its other financial assets. This note presents information about RTWSA's exposure to each of the above risks, objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements

Investments – risk management framework

RTWSA's Investment Policy and Strategy document describes the framework within which the RTWSA investment program functions, including the Board's governance arrangements for the investment program.

The mission of the investment program is to contribute to an improved funding position for the Scheme. The investment program will achieve this by delivering, over the long term, a rate of return that exceeds the average actuarial discount rate.

The current long term return objective for the investment program is a return of CPI + 3.5%. This will be achieved through adopting a moderate risk, balanced investment portfolio.

The formal investment policy is reviewed annually by the Board to ensure it remains appropriate to the organisation's current circumstances.

The investment portfolio is managed internally by experienced professionals supported by an internationally recognised investment firm that provides advice on asset allocation, selection of external fund managers, and undertakes specialised investment research and performance measurement.

The Board Investment and Finance Committee monitors the investment program on a regular basis.

RTWSA has a master custody arrangement with National Australia Bank (NAB). All assets are held by NAB under safe custody, except for the internally managed cash.

At any particular time the composition of the portfolio will vary from the Board approved investment strategy targets depending on the decisions of individual fund managers and market movements. However any variance to the target is required to be within Board approved limits.

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The composition of each asset group at 30 June 2016 was:

	Deposits With Financial Institutions \$'000	Government / semi – Government Securities \$'000	Non- Government Debt Instruments \$'000	Securities listed on the Australian stock exchange \$'000	Securities listed on overseas stock exchanges \$'000	Unit Trust – Unlisted Property and Private Debt Assets \$'000	Derivatives \$'000	Total \$'000
Cash	82,012	-	-	-	-	-	-	82,012
Fixed interest	10,932	235,677	119,070	-	-	-	260	365,939
Inflation Linked Securities	223,693	282,142	62,733	-	-	-	32	568,600
Australian Equities	8,879	-	-	290,801	-	-	865	300,545
Overseas Equities – hedged	-	-	-	-	204,390	-	7,488	211,878
Overseas Equities – unhedged	-	-	-	-	330,403	-	-	330,403
Property & Infrastructure	4,440	-	-	15,436	243,275	287,154	5,062	555,367
Alternative Income	46,806	18,768	269,096	-	-	-	262	334,932
	376,762	536,587	450,899	306,237	778,068	287,154	13,969	2,749,676

The composition of each asset group at 30 June 2015 was:

	Deposits With Financial Institutions \$'000	Government / semi – Government Securities \$'000	Non- Government Debt Instruments \$'000	Securities listed on the Australian stock exchange \$'000	Securities listed on overseas stock exchanges \$'000	Unit Trust – Unlisted Property and Private Debt Assets \$'000	Derivatives \$'000	Total \$'000
Cash	180,861	-	-	-	-	-	-	180,861
Fixed interest	35,439	209,434	96,979	-	-	-	60	341,912
Inflation Linked Securities	268,180	278,339	66,673	-	-	-	-	613,192
Australian Equities	4,294	-	-	299,204	3,468	-	1,241	308,207
Overseas Equities – hedged	-	-	-	-	218,705	-	-	218,705
Overseas Equities – unhedged	-	-	-	-	347,671	-	-	347,671
Property & Infrastructure	4,519	-	-	15,943	277,872	236,727	(541)	534,520
Alternative Income	54,787	11,543	252,402	-	-	-	(642)	318,090
	548,080	499,316	416,054	315,147	847,716	236,727	118	2,863,158

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Use of derivatives

In the normal course of its investment activities RTWSA is party to arrangements involving derivatives. Derivatives held within portfolios through RTWSA's custodian have three main objectives:

- risk management – minimisation or reduction of specific risks within a given portfolio. For example forward exchange contracts are used to hedge currency movements to remove their impact on international investment portfolio returns
- transactional efficiency – derivatives provide effective exposure to markets or individual securities while incurring transaction costs lower than the cost of purchasing the underlying security or basket of securities. In many instances the derivative markets provide much more liquidity than the underlying physical market
- value added strategies – given their low cost and high liquidity, derivatives can be an efficient way of taking active portfolio positions. As there can also be pricing anomalies between derivatives and underlying physical securities there can be opportunities to take advantage of different pricing.

Derivative exposures are subject to the same restrictions as physical assets within each portfolio's investment guidelines. Derivatives also need to comply with the fund managers risk management policies and RTWSA's Derivatives Policy. Where there is inconsistency, the Fund Manager Guidelines will take precedence. Additionally no gearing or leverage is allowed from derivative positions with all net long derivative exposures covered by cash or cash equivalent securities.

The use of derivatives is restricted to appropriately credentialed counterparties. Unit trusts in which RTWSA invests may use derivative instruments appropriate to the investment markets in which they invest. The use of derivatives within the Unit Trusts in which RTWSA invests is approved and monitored by the responsible entity or trustee for the respective Unit Trust.

No single instrument is individually material to the future cash flows of RTWSA. RTWSA does not consider that the nature and extent of the use of derivatives warrants separate disclosure of individual contracts. RTWSA, through its separate account investment portfolios, uses derivative instruments as follows:

Forward exchange contracts

- RTWSA invests in global markets to access the risk reduction benefits of diversification. In order to protect against exchange rate movements for a portion of overseas exposures, RTWSA has entered into forward exchange contracts, which require settlement of the net gain or loss at maturity. For diversification purposes RTWSA intentionally maintains some un-hedged currency exposures
- the gain or loss on open contracts as at the reporting period has been taken up in the financial statements as an unrealised gain or loss based on the exchange rate current as at the end of the reporting period
- the use of forward exchange contracts for speculative purposes is prohibited.

Credit risk - investments

Credit risk is the risk of financial loss to RTWSA if a premium payer, other debtor or counterparty to a financial instrument fails to meet their contractual obligations.

RTWSA manages its exposure to credit risk related to fixed interest and cash investments through its Investment Strategy and Investment Guidelines and Investment Credit Limits documents. Credit exposures are monitored against approved limits with breaches corrected and notified to the Board Investment and Finance Committee.

The following tables outline RTWSA's credit risk exposure within the major debt securities asset classes as at balance date.

As at 30 June 2016:

	Short-term issue ratings*					Long-term issue ratings**			Not rated***	Total
	A1+ \$'000	A1 \$'000	A2 \$'000	AAA \$'000	AA \$'000	A \$'000	BBB \$'000	BB/B \$'000	\$'000	
Cash	71,962	5,006	5,044	-	-	-	-	-	-	82,012
Fixed interest	10,932	-	-	252,078	73,958	21,843	6,868	-	260	365,939
Inflation linked securities	199,640	24,053	-	287,585	15,953	29,876	11,493	-	-	568,600
Alternative income	46,806	-	-	23,180	43,308	99,776	110,628	6,733	4,501	334,932
	329,340	29,059	5,044	562,843	133,219	151,495	128,989	6,733	4,761	1,351,483

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As at 30 June 2015:

	Short-term issue ratings*				Long-term issue ratings**				Not rated***	
	A1+ \$'000	A1 \$'000	A2 \$'000	AAA \$'000	AA \$'000	A \$'000	BBB \$'000	BB/B \$'000	\$'000	Total \$'000
Cash	171,851	9,010	-	-	-	-	-	-	-	180,861
Fixed interest	35,439	-	-	219,970	62,330	20,077	4,036	-	60	341,912
Inflation linked securities	248,135	20,045	-	286,653	21,770	23,794	12,795	-	-	613,192
Alternative income	54,786	-	-	35,143	28,448	93,994	89,413	7,594	8,712	318,090
	510,211	29,055	-	541,766	112,548	137,865	106,244	7,594	8,772	1,454,055

* Standard & Poor's short-term financial strength ratings apply for cash portfolio and short-term investments. A1+ is the highest short-term strength rating.

** Standard & Poor's long-term credit ratings. AAA is the highest possible long-term credit rating.

*** Not rated assets for this table are non-defensive assets and consist of cash or investments in a pooled fund which is benchmarked against the UBS Composite Index.

Credit risk - other financial assets

The only significant exposure to credit risk in relation to assets, other than investments, relates to trade receivables which include premiums due and payable from registered and self-insured employers and overpayment recoveries from employers, workers and providers. RTWSA is able to enforce the collection of debts due, under the Act or via restitution principles through a court of competent jurisdiction. RTWSA has processes in place to monitor all material credit exposures and has an established policy to manage debt recovery.

34.8% of RTWSA's trade receivables were past due greater than 30 days (2015: 33.6%). The ageing of RTWSA's trade receivables at the reporting date was:

	2016 \$'000	2015 \$'000
Not past due	2,940	4,758
Past due 1-30 days	1,176	1,404
Past due 31-60 days	321	1,213
Past due 61 days to one year	1,878	1,900
Impaired	-	-
	6,315	9,275

There were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises from the possibility that RTWSA will not be able to meet its financial obligations as they fall due. RTWSA's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to RTWSA's reputation. At least 20% of RTWSA's investments could be liquidated within seven business days if required.

Both the asset and liability liquidity risks are managed through management risk strategies. 81.7% (2015: 77.4%) of RTWSA's liabilities are non-current and consist predominately of estimates of payments of entitlements to workers compensation made over the long-term to individual claimants. RTWSA's asset allocation is such that if required it could be realisable as cash within a few months. Accordingly RTWSA considers that its short-term liquidity risks are minimal.

The table below outlines the maturity profile of certain financial liabilities based on the remaining undiscounted obligations. The maturity profiles of outstanding claims are outlined in notes 10 and 11.

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As at 30 June 2016:

	1 year or less \$'000	1 to 3 years \$'000	3-5 years \$'000	Over 5 Years \$'000	No term \$'000	Total \$'000
Trade and other payables	21,220	1,453	-	-	-	22,674

As at 30 June 2015:

	1 year or less \$'000	1 to 3 years \$'000	3-5 years \$'000	Over 5 Years \$'000	No term \$'000	Total \$'000
Trade and other payables	51,702	2,157	-	-	-	53,859

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect RTWSA's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

RTWSA is exposed to market risk primarily through:

- currency risk
- interest rate risk
- market price risk.

Currency risk

RTWSA is directly exposed to currency risk on purchases and financial instruments that are denominated in a currency other than Australian dollars. RTWSA uses forward exchange contracts for a portion of its international investments to hedge its exposure to foreign currency fluctuations. All overseas bond securities, overseas listed property and overseas infrastructure are covered by forward exchange contracts. Approximately 40% of the international equity securities are covered by forward exchange contracts, whilst remaining equities are left intentionally exposed to exchange rate movements. The changes in the valuations of these open contracts are disclosed in the financial statements as unrealised gains or losses as at the reporting period.

The analysis below demonstrates the impact on profit and equity of a movement in foreign exchange rates against the Australian dollar on our material un-hedged major currency exposures. This analysis is based on foreign currency exchange rate variances that RTWSA considered to be reasonably possible at the reporting date and assumes that all other variables, in particular interest rates, remain constant.

	Residual exposure at 30 June 2016 \$'000	Residual exposure at 30 June 2015 \$'000	Movement in variable against A\$	2016 Profit (loss) \$'000	2016 Equity \$'000	2015 Profit (loss) \$'000	2015 Equity \$'000
US Dollar	160,244	161,087	+10%	(16,024)	(16,024)	(16,109)	(16,109)
			-10%	16,024	16,024	16,109	16,109
Euro	30,614	34,314	+10%	(3,061)	(3,061)	(3,431)	(3,431)
			-10%	3,061	3,061	3,431	3,431
Sterling	18,482	21,279	+10%	(1,848)	(1,848)	(2,128)	(2,128)
			-10%	1,848	1,848	2,128	2,128
JPY	22,533	23,829	+10%	(2,253)	(2,253)	(2,383)	(2,383)
			-10%	2,253	2,253	2,383	2,383
Other	101,899	107,162	+10%	(10,189)	(10,189)	(10,716)	(10,716)
			-10%	10,189	10,189	10,716	10,716

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Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed interest securities are exposed to changes in fair value due to fluctuating interest rates whilst floating rate securities are exposed to future cash flow variations as a result of changes to interest rates. The risk management approach adopted by RTWSA to manage such risks is through its asset allocation whereby a mixture of high credit rated and readily liquidated fixed interest securities are held in conjunction with short-term deposits and cash to achieve the desired level of interest rate risk exposure.

RTWSA's fixed interest investments are held predominately in domestic markets. Such holdings form part of RTWSA's defensive or low risk exposure to provide capital stability and secure income. RTWSA's investments in interest bearing securities consist of marketable securities which are not held for trading.

RTWSA's sensitivity to movements in interest rates in relation to the value of interest bearing investments is shown in the table below. This analysis is based on interest rate variances that RTWSA considered to be reasonably possible at the reporting date. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Movement in interest rate	2016 Profit (loss) \$'000	2016 Equity \$'000	2015 Profit (loss) \$'000	2015 Equity \$'000
Interest rate movement – interest bearing investments	+1%	(46,567)	(46,567)	(40,864)	(40,864)
	-1%	46,567	46,567	40,864	40,864

Market price risk

Market price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market pricing (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual instrument or its issuer (idiosyncratic risk), or factors affecting all similar financial instruments traded in the market (systematic risk).

RTWSA is exposed to market price risk in all asset groups with the highest systematic risk in listed securities. These investments consist of investments listed on the Australian Stock Exchange and other major international exchanges (excluding listed debt). The market price risk in all other asset groups is considered less significant.

RTWSA manages its exposure to market price risk through the adoption of a longer-term investment strategy based on extensive modelling of the expected return, volatility and correlation of each asset category included in the investment program to maximise returns for a given level of risk. By diversifying investments across a number of lowly correlated markets the volatility of the aggregate investment return is moderated over time.

The potential impact of movements in the market value of Australian and overseas listed equities asset groups on RTWSA's Statement of Comprehensive Income and Statement of Financial Position is shown in the sensitivity analysis below. The calculation excludes the impact from currency risk. Industry standard categorisations have been adopted for RTWSA's equity exposures.

Listed Securities	Exposure at 30 June 2016 \$'000	Exposure at 30 June 2015 \$'000	Movement in variable	2016 Profit (loss) \$'000	2016 Equity \$'000	2015 Profit (loss) \$'000	2015 Equity \$'000
Domestic equities	290,801	299,204	+20%	58,160	58,160	59,841	59,841
			-20%	(58,160)	(58,160)	(59,841)	(59,841)
International equities	542,279	566,376	+20%	108,456	108,456	113,275	113,275
			-20%	(108,456)	(108,456)	(113,275)	(113,275)
Listed property	110,136	118,020	+20%	22,027	22,027	23,604	23,604
			-20%	(22,027)	(22,027)	(23,604)	(23,604)
Listed infrastructure	158,076	179,773	+20%	31,615	31,615	35,955	35,955
			-20%	(31,615)	(31,615)	(35,955)	(35,955)

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Fair value measurements

The fair value of financial assets must be estimated for recognition and measurement or for disclosure purposes.

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset either directly (as prices) or indirectly (derived from prices)

Level 3: inputs for the asset that are not based on observable market data (unobservable inputs)

The following tables present RTWSA's investments measured and recognised at fair value. There have been no transfers between levels during the period.

At 30 June 2016:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Deposits with financial institutions	376,762	-	-	376,762
Government / semi-government securities	536,587	-	-	536,587
Non-government debt instruments	450,899	-	-	450,899
Securities listed on the Australian Stock Exchange	306,237	-	-	306,237
Securities listed on overseas stock exchanges	778,068	-	-	778,068
Unit Trusts – unlisted property and debt security assets	-	235,605	51,549	287,154
Derivatives	-	13,969	-	13,969
Total investments at fair value through profit and loss	2,448,553	249,574	51,549	2,749,676

At 30 June 2015:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Deposits with financial institutions	548,080	-	-	548,080
Government / semi-government securities	499,316	-	-	499,316
Non-government debt instruments	416,054	-	-	416,054
Securities listed on the Australian Stock Exchange	315,147	-	-	315,147
Securities listed on overseas stock exchanges	847,716	-	-	847,716
Unit Trusts – unlisted property and debt security assets	-	208,404	28,323	236,727
Derivatives	-	118	-	118
Total investments at fair value through profit and loss	2,626,313	208,522	28,323	2,863,158

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by RTWSA is the current bid price. These instruments are included in level 1.

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The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date with the resulting value discounted back to present value
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities.

The following table presents the changes in level 3 instruments for the years ended 30 June 2016 and 2015:

	Unit Trusts – unlisted property and debt security \$'000
Opening balance at 1 July 2014	33,696
Contributions	190
Withdrawals	(5,836)
Gains / (losses) recognised in investment profit	273
Closing balance at 30 June 2015	28,323

	Unit Trusts – unlisted property and debt security \$'000
Opening balance at 1 July 2015	28,323
Contributions	20,488
Withdrawals	-
Gains / (losses) recognised in investment profit	2,738
Closing balance at 30 June 2016	51,549

Total unrealised gains / (losses) for level 3 investments in the period included in investment profit:	\$'000
2015	273
2016	2,738

The fair value of level 3 financial instruments is valued by an independent third party with the appropriate skills, experience and resources.

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Note 25 Auditors remuneration

	2016	2015
	\$'000	\$'000
Audit fees – Auditor General's Department	395	446

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

Auditor's remuneration costs are included within other operating costs, refer Note 13.

(Note \$446,000 was disclosed as payable in 2015. The amount invoiced and paid was \$406,000)

Note 26 Related parties transactions

Apart from the details disclosed in this note, no board member has entered into a contract with RTWSA.

Board members of RTWSA hold positions in organisations in which RTWSA invests, contracts or transacts in the ordinary course of business. The terms and conditions of those contracts and/or transactions with board member related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions with non-board member related entities on an arm's length basis.

Board member related entities also pay premiums and self-insured fees. The terms and conditions are no more favourable than those applying to all South Australian employers.

Note 27 Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2015-16 financial year were:

Member	Appointed / Resigned	Board	Investment and Finance Committee	Audit and Risk Committee	Human Resources Committee
Ms. J Yuile		Chair	-	-	Member
Ms. J Denley		Member	-	Member	Chair
Dr. W Griggs		Member	Member	-	Member
Mr. C Latham		Member	Chair	-	-
Mr. P Malinauskas	Resigned 22 November 2015	Member	Member	-	Member
Mr. N McBride		Member	-	Member	-
Ms. Y Sneddon		Member	-	Chair	-
Mr. J Szakacs	Appointed 7 April 2016	Member	Member	-	-

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

	2016	2015
\$10,000 - \$19,999	1	-
\$20,000 - \$29,999	1	-
\$30,000 - \$39,999	-	-
\$40,000 - \$49,999	-	-
\$50,000 - \$59,999	-	-
\$60,000 - \$69,999	5	6
\$70,000 - \$79,999	-	-
\$100,000 - \$109,999	1	1

The total remuneration received and receivable by board members was \$450,000 (2015: \$471,000) which includes superannuation contributions.

ReturnToWorkSA

Notes to and forming part of the financial statements

30 June 2016

The Ministers Advisory Committee is established under the Return to Work Act 2014 and gives advice direct to the Minister. The members remuneration paid/payable was \$80,787 (\$13,000) in total for the year ending 30 June 2016. Members during the 2016 financial year were: M Atchison (presiding member), D Blairs, E Dabars, P Dean, S Hall, A Moeller, S Myatt, J Wilson. R.Cairney resigned on 6 November 2015. H Treloar was appointed on 28 April 2016.

Remuneration for this Committee is not included in the member remuneration table above.

Note 28 Commitments

RTWSA has entered into agreements to lease office accommodation and motor vehicles for terms in excess of one year. The aggregate non-cancellable lease commitments not provided for in the financial statements, were as follows:

	Other	Office	Motor	2016	Other	Office	Motor	2015
	\$'000	Leases	Vehicles	Total	\$'000	Leases	Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Within one year	-	2,409	179	2,588	337	2,317	275	2,929
Later than one year but not longer than five years	-	9,715	183	9,898	-	9,552	106	9,658
Later than five years	-	2,676	-	2,676	-	5,250	-	5,250
	-	14,800	362	15,162	337	17,119	381	17,837

A Memorandum of Understanding is in place between RTWSA and the Department of Planning, Transport and Infrastructure on behalf of the Minister for Transport and Infrastructure, regarding the lease of office space at 400 King William Street Adelaide.

RTWSA leases motor vehicles under non-cancellable operating leases expiring from between one to three years.

Other commitments relate to expenditure on research and initiatives that contribute to the improved return of injured workers to work. The amounts above represent known future funding commitments.

Note 29 Employer financial guarantees

Under section 129 of the Act, RTWSA administers financial guarantees lodged by self-insured employers. As at 30 June 2016, RTWSA held security to the value of \$384.8 million in financial guarantees or other approved substituted financial securities, for self-insured employers. These guarantees are held for the purpose of extinguishing the claim liabilities under the Act of the self-insured employer in the event of that employer no longer being able to meet these liabilities.

Under the terms of the retro paid loss contracts, RTWSA administers financial guarantees lodged by retro paid loss employers. As at 30 June 2016, RTWSA held security to the value of \$52.9 million in financial guarantees for retro paid loss employers. These guarantees are held for the purpose of extinguishing the premium liabilities under the terms of the retro paid loss contracts of the retro paid loss employer in the event of that employer no longer being able to meet these liabilities.

Note 30 Contingent liabilities

Contingent liabilities are disclosed when the possibility of a settlement is less than probable but more than remote.

The normal course of business may generate exposure to contingent liabilities in relation to claims litigation for the four RTWSA funds. The result of such litigation may result in a liability to RTWSA different to that recognised in the financial statements.

Provisions are made in outstanding claims for obligations that are probable and quantifiable.

There are no individually significant amounts not provided for or that are considered likely to have a material impact on net liabilities.

ReturnToWorkSA

Notes to and forming part of the financial statements

30 June 2016

Note 31 Transactions with SA Government

The table below details the transactions with SA Government departments and agencies for the financial years ending 30 June 2016 and 2015.

	2016 Revenue \$'000	2016 Expenses \$'000	2016 Assets \$'000	2016 Liabilities \$'000
SA Government	5,403	22,156	-	4,337

	2015 Revenue \$'000	2015 Expenses \$'000	2015 Assets \$'000	2015 Liabilities \$'000
SA Government	7,356	31,459	-	3,520

Transactions with SA Government entities below the threshold of \$100,000 have not been included.
2015 figures have been restated to reclassify superannuation payments as non-government expenses.

Administered items

The Work Health and Safety Act 2012 requires employers to register with Safework SA and make payments in the form of fees. The registration and collection of these fees is administered by RTWSA for SafeWork SA in conjunction with the registration of employers under the Act. RTWSA pays these funds to SafeWork SA whilst retaining a portion of the funds to cover administration costs.

RTWSA only recognises transactions from activities that it controls. It is considered that except for the portion of funds retained by RTWSA to cover administration costs, RTWSA does not control the funds that it collects on behalf of SafeWork SA. Therefore, RTWSA does not recognise the fees collected and subsequent payments made in relation to SafeWork SA in its Statement of Comprehensive Income or Statement of Financial Position.

Administered Items for the financial year ending 30 June 2016:

	2016 Revenue \$'000	2016 Expenses \$'000	2016 Assets \$'000	2016 Liabilities \$'000
Administered items	19,845	19,068	-	1,537

Administered Items for the financial year ending 30 June 2015:

	2015 Revenue \$'000	2015 Expenses \$'000	2015 Assets \$'000	2015 Liabilities \$'000
Administered items	7,957	7,660	-	760

Note 32 Events after the reporting period

There have been no events after the reporting period which would have a material effect on RTWSA's financial statements at 30 June 2016.

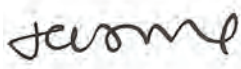
ReturnToWorkSA

Certificate under section 23(2) of the Public Finance and Audit Act 1987

In our opinion the attached general purpose financial statements for the Return to Work Corporation of South Australia:

- comply with relevant Treasurer's instructions issued under section 41 of the Public Finance and Audit Act 1987, and comply with relevant Australian accounting standards;
- are in accordance with the accounts and records of the Return to Work Corporation of South Australia; and
- present a true and fair view of the financial position of the Return to Work Corporation of South Australia as at 30 June 2016 and the results of its operation and cash flows for the financial year.

In our opinion the internal controls employed by the Return to Work Corporation of South Australia for the financial year over its financial reporting and the preparation of these general purpose financial statements have been sufficiently effective to enable the presentation of financial statements that are free of material misstatement.


J. Yuile
Chair


G. McCarthy
Chief Executive Officer


D. Quirk
Chief Financial Officer

12 September 2016



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**To the Chair of the Board of Management
Return to Work Corporation of South Australia**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 19 of the *Return to Work Corporation of South Australia Act 1994*, I have audited the accompanying financial report of the Return to Work Corporation of South Australia 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 to and forming part of the financial statements
- a Certificate from the Chair, the Chief Executive Officer and the Chief Financial Officer.

The Board of Management's responsibility for the financial report

The Board of Management 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 Board of Management 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 Board of Management, 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 Return to Work Corporation of South Australia's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

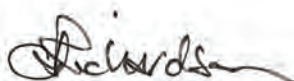
Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Return to Work Corporation of South Australia 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.

Inherent uncertainty – outstanding claims liability and funding ratio

Without qualification to the opinion expressed above, attention is drawn to notes 4, 10 and 11 of the financial report.

There is significant uncertainty surrounding the financial impact of legislative reforms which will only become clearer as outstanding claims experience emerges in future financial periods. If in future years the actual costs of claims described in notes 10 and 11 are greater than the balances recorded in the financial statements, this will adversely impact the funding ratio described in note 7.



Andrew Richardson
Auditor-General
14 September 2016

South Australia Police

Financial report
for the year ended
30 June 2016

South Australia Police
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Expenses:			
Employee benefits	5	663 038	658 343
Supplies and services	6	136 550	129 771
Depreciation and amortisation	7	25 515	25 859
Write down of non-current assets		718	616
Net loss from the disposal of non-current and other assets	11	-	238
Impairment loss	20	69	-
Total expenses		825 890	814 827
Income:			
Fees and charges	8	26 461	26 070
Interest	9	4	5
Commonwealth revenues	10	1 313	1 164
Net gain from the disposal of non-current and other assets	11	301	-
Other income	12	8 429	7 319
Total Income		36 508	34 558
Net cost of providing services		789 382	780 269
Revenues from (payments to) SA Government:			
Revenues from SA Government	13	766 892	735 886
Contributions from the Community Emergency Services Fund	13	21 267	20 748
Contributions from the Community Road Safety Fund	13	39 275	38 317
Payments to SA Government	13	(29 821)	-
Net revenues from SA Government		797 613	794 951
Net result		8 231	14 682
Other comprehensive income:			
Changes in revaluation surplus		13 065	-
TOTAL COMPREHENSIVE RESULT		21 296	14 682

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

South Australia Police
STATEMENT OF FINANCIAL POSITION
as at 30 June 2016

	Note No	2016 \$'000	2015 \$'000
Current assets:			
Cash and cash equivalents	14	115 096	121 416
Receivables	15	31 013	10 233
Inventories		307	276
		<u>146 416</u>	<u>131 925</u>
Non-current assets held for sale	16	9 893	9 893
Total current assets		<u>156 309</u>	<u>141 818</u>
Non-current assets:			
Receivables	15	1 239	1 024
Capital works in progress	17	18 716	10 023
Property, plant and equipment	18	346 587	344 102
Intangible assets	19	15 583	18 517
Investment properties	20	1 190	1 259
Total non-current assets		<u>383 315</u>	<u>374 925</u>
Total assets		<u>539 624</u>	<u>516 743</u>
Current liabilities:			
Payables	22	24 954	27 440
Employee benefits	24	73 132	64 574
Provisions	25	18 116	15 243
Other liabilities	23	499	499
Total current liabilities		<u>116 701</u>	<u>107 756</u>
Non-current liabilities:			
Payables	22	22 310	27 071
Employee benefits	24	188 086	179 769
Provisions	25	58 817	69 400
Other liabilities	23	4 577	5 076
Total non-current liabilities		<u>273 790</u>	<u>281 316</u>
Total liabilities		<u>390 491</u>	<u>389 072</u>
Net assets		<u>149 133</u>	<u>127 671</u>
Equity:			
Contributed capital	26	85 220	85 220
Revaluation surplus	26	141 831	129 064
Retained earnings	26	(77 918)	(86 613)
Total equity		<u>149 133</u>	<u>127 671</u>
The total equity is attributable to the SA Government as owner.			
Unrecognised contractual commitments	30		
Contingent liabilities	31		

South Australia Police
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2016

	Note	Contributed Capital \$'000	Revaluation Surplus \$'000	Retained Earnings \$'000	Total equity \$'000
Balance at 30 June 2014		85 220	129 879	(101 179)	113 920
Error correction		-	(552)	(379)	(931)
Restated balance at 30 June 2014		85 220	129 327	(101 558)	112 989
Net result for 2014-15		-	-	14 682	14 682
Total comprehensive result for 2014-15		-	-	14 682	14 682
Transfer to retained earnings from asset revaluation surplus					
- net increments realised on sale		-	(263)	263	-
Balance at 30 June 2015		85 220	129 064	(86 613)	127 671
Error correction		-	-	166	166
Restated balance at 30 June 2015		85 220	129 064	(86 447)	127 837
Net result for 2015-16		-	-	8 231	8 231
Gain/(loss) on revaluation of property plant and equipment		-	13 065	-	13 065
Total comprehensive result for 2015-16		-	13 065	8 231	21 296
Transfer to retained earnings from revaluation surplus - net increments realised on sale		-	(298)	298	-
Balance at 30 June 2016		85 220	141 831	(77 918)	149 133

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

South Australia Police
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		(658 700)	(641 561)
Supplies and services		(158 237)	(142 999)
Cash provided by (used in) operations		(816 937)	(784 560)
Cash inflows:			
Fees and charges		29 106	28 838
Interest		4	5
GST recovered from the ATO		10 241	12 412
Other receipts		8 906	5 229
Cash generated from operations		48 257	46 484
Cash flows from SA government:			
Receipts from SA government		809 377	812 693
Payments to SA government		(29 821)	-
Cash generated from SA government		779 556	812 693
Net cash provided by operating activities	27	10 876	74 617
Cash flows from investing activities			
Purchase of property, plant and equipment		(17 584)	(14 392)
Proceeds from the sale of property, plant and equipment		388	559
Net cash (used in) investing activities		(17 196)	(13 833)
Net increase/(decrease) in cash and cash equivalents		(6 320)	60 784
Cash and cash equivalents at 1 July		121 416	60 632
Cash and cash equivalents at 30 June	14	115 096	121 416

South Australia Police
DISAGGREGATED DISCLOSURES
as at 30 June 2016

South Australia Police
Disaggregated disclosures - expenses and income
For the year ended 30 June 2016

	Activity 1: Public Safety		Activity 2: Crime and Criminal Justice Services	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Expenses:				
Employee benefits	274 148	271 892	310 978	308 901
Supplies and services	50 951	48 651	62 308	59 985
Depreciation and amortisation	9 698	10 454	10 331	11 270
Write-down of non-current assets	237	216	314	293
Net loss from disposal of non-current assets	-	83	-	113
Impairment loss	23	-	30	-
Total expenses	335 057	331 296	383 961	380 562
Income:				
Fees and charges	16 909	15 069	5 570	3 982
Interest	1	2	2	2
Commonwealth revenues	468	417	661	588
Other income	2 272	2 153	3 380	3 198
Net gain from disposal of non-current assets	99	-	132	-
Total income	19 749	17 641	9 745	7 770
Net cost of providing services	315 308	313 655	374 216	372 792
Revenues from (payments to) SA Government				
Revenues from SA Government	329 337	319 653	393 081	379 643
Payments to SA Government	(10 638)	-	(15 012)	-
Net revenues from SA Government	318 699	319 653	378 069	379 643
Net result	3 391	5 998	3 853	6 851

South Australia Police
DISAGGREGATED DISCLOSURES
as at 30 June 2016

	Activity 3: Road Safety		TOTAL	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses:				
Employee benefits	77 912	77 550	663 038	658 343
Supplies and services	23 291	21 135	136 550	129 771
Depreciation and amortisation	5 486	4 135	25 515	25 859
Write-down of non-current assets	167	107	718	616
Net loss from disposal of non-current assets	-	42	-	238
Impairment loss	16	-	69	-
Total expenses	106 872	102 969	825 890	814 827
Income:				
Fees and charges	3 982	7 019	26 461	26 070
Interest	1	1	4	5
Commonwealth revenues	184	159	1 313	1 164
Other income	2 777	1 968	8 429	7 319
Net gain from disposal of non-current assets	70	-	301	-
Total income	7 014	9 147	36 508	34 558
Net cost of providing services	99 858	93 822	789 382	780 269
Revenues from (payments to) SA Government				
Revenues from SA Government	105 016	95 655	827 434	794 951
Payments to SA Government	(4 171)	-	(29 821)	-
Net revenues from SA Government	100 845	95 655	797 613	794 951
Net result	987	1 833	8 231	14 682

South Australia Police

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

- Note 1:** Objectives of South Australia Police (SAPOL)
- Note 2:** Summary of significant accounting policies
- Note 3:** New and revised accounting standards and policies
- Note 4:** Activities of SAPOL
- Note 5:** Employee benefits
- Note 6:** Supplies and services
- Note 7:** Depreciation and amortisation
- Note 8:** Fees and charges
- Note 9:** Interest
- Note 10:** Commonwealth revenues
- Note 11:** Net gain/(loss) from the disposal of non-current assets
- Note 12:** Other income
- Note 13:** Revenues from (payments to) SA Government
- Note 14:** Cash and cash equivalents
- Note 15:** Receivables
- Note 16:** Non-current assets held for sale
- Note 17:** Capital works in progress
- Note 18:** Property, plant and equipment
- Note 19:** Intangible Assets
- Note 20:** Investment properties
- Note 21:** Fair value measurement
- Note 22:** Payables
- Note 23:** Other liabilities
- Note 24:** Employee benefits
- Note 25:** Provisions
- Note 26:** Equity
- Note 27:** Cash flow reconciliation
- Note 28:** Transactions with SA Government
- Note 29:** Budgetary reporting and explanations of major variances
- Note 30:** Unrecognised contractual commitments
- Note 31:** Contingent liabilities
- Note 32:** Remuneration of tribunal and committee members
- Note 33:** Financial risk management/financial instruments
- Note 34:** Events after balance date

South Australia Police

Notes to and forming part of the financial statements

Note 1: Objectives of South Australia Police (SAPOL)

South Australia Police (SAPOL) operates within the *Police Act 1998*, the *Police Regulations 2014* and the *Public Sector Act 2009* (PSA).

The vision of SAPOL is to provide a visible, responsive police service for all South Australians by the provision of services to -

- Uphold the law
- Preserve the peace
- Prevent crime
- Assist the public in emergency situations
- Coordinate and manage responses to emergencies
- Regulate road use and prevent vehicle collisions

Note 2: Summary of significant accounting policies

(a) Statement of compliance

SAPOL has prepared these financial statements 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 Australian Accounting Standards (AAS) and comply with Treasurer's Instructions (TI) and Accounting Policy Statements (APS) promulgated under the provisions of the PFAA.

Except for AASB 2015-7 which the department has early adopted, SAPOL has applied AASs that are applicable to not-for-profit entities, as SAPOL is a not for profit entity. AASs and interpretations that have recently been issued or amended but are not yet effective have not been adopted by SAPOL 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 SAPOL'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 APSs issued pursuant to Section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, that have been included in these financial statements:
 - (a) revenues and 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 TVSP information

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

SAPOL'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 continued existence of SAPOL in its present form and with its present activities is dependent on government policy and on continuing appropriations by parliament for SAPOL's administration and outputs.

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

SAPOL is a government department of the State of South Australia and operates within the *Police Act 1998*, the *Police Regulations 2014* and the PSA. SAPOL is an administrative unit acting on behalf of the Crown.

The financial statements and accompanying notes include all the controlled activities of SAPOL (refer to the disaggregated schedule for details of SAPOL's controlled activities).

SAPOL 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.

The financial statements and accompanying notes include all the controlled activities of SAPOL. Transactions and balances relating to administered resources are not recognised as SAPOL income, expenses, assets and liabilities. As administered items are significant in relation to SAPOL's overall financial performance and position, they are disclosed in the administered financial statements attached to 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 controlled items.

(d) Transferred functions

No functions were transferred during the 2015-16 financial year.

(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). 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 Cashflows 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.

South Australia Police
Notes to and forming part of the financial statements

(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 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.

(g) Rounding

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

(h) Taxation

SAPOL is not subject to income tax. SAPOL is liable for payroll tax, FBT, GST, Emergency Services levy, land tax equivalents and local government rate equivalents.

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

- where the GST incurred on a purchase of goods or services is not recoverable from the ATO, in which case GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables (with the exception of prepayments) 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.

GST recoverable from or payable to the ATO associated with administered items transactions is included in the SAPOL statements.

(i) Events after the end of the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2016.

There is an event after the end of reporting period after 30 June 2016. Refer note 34.

(j) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to SAPOL 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:

South Australia Police

Notes to and forming part of the financial statements

Fees and charges

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

Fees and charges controlled by SAPOL are recognised as income in the SAPOL financial statements. Fees and charges are deemed to be controlled where they can be deployed for the achievement of SAPOL objectives. Such amounts are not required to be paid to the Consolidated Account or other funds not controlled by SAPOL.

Fees and charges collected by SAPOL but not controlled are not recognised as income in the SAPOL financial statements but are reported as administered income in the administered financial statements. Such amounts are required to be paid to the Consolidated Account or other funds not controlled by SAPOL (Refer note A5).

Contributions received

Contributions are recognised as an asset and income when SAPOL 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, SAPOL 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 SAPOL 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 – that is 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 SAPOL have been contributions with unconditional stipulations attached and have been recognised as an asset and income on receipt.

Resources received free of charge

Resources received free of charge are recorded as income 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.

Net gain/(loss) from the 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.

Gains/losses on disposal is recognised at the date control of the asset passed to the buyer and is determined after the deduction from proceeds of the asset at that time.

Revenues from SA Government

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

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

Other income

Other income includes donations, recoveries of employee benefits (i.e. where employees are seconded to Commonwealth programs and SAPOL continues to provide the ongoing salary for the employees) and goods and services (i.e. where SAPOL incurs expenditure on goods and services and later recovers the expenditure).

South Australia Police
Notes to and forming part of the financial statements

(k) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from SAPOL 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

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 SAPOL to superannuation plans in respect of current services of current SAPOL staff. Department of Treasury and Finance (DTF) centrally recognises the superannuation liability in the whole-of-government general purpose financial statements.

Depreciation and amortisation

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

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

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

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

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

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

<i>Class of asset</i>	<i>Useful Life (years)</i>
Buildings	20-60
Vehicles and transport vessels	3-10
Aircraft	5-35
Computing & communications equipment	2-10
Sub Class:	
<i>Radio masts</i>	2-60
Other	2-20
Sub Class:	
<i>Generators</i>	2-38
Leasehold improvements	Life of lease
Intangible assets	2-10

Payments to SA Government

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy which is paid directly to the Consolidated Account. Expiation fees received on behalf of the Government are an administered item and paid directly to the Consolidated Account. This payment is recognised in the administered items financial statements.

South Australia Police
Notes to and forming part of the financial statements

(l) Current and non-current classification

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

(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, and deposits at call that are readily converted to cash, used in the cash management function on a day to day basis 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.

Administered cash is shown in the administered items financial schedules.

Cash is measured at nominal value.

Receivables

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

Receivables arise in the normal course of selling goods and services to other government agencies and to the public.

Receivables are generally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Collectability of receivables is reviewed on an ongoing basis. 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.

Inventories

SAPOL holds inventories generally for internal distribution. Inventories held for distribution are measured at lower of cost and replacement value.

Inventories include stationery, capsicum sprays and police horses.

Non-current assets held for sale

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

Non-current assets held for sale are tested for impairment at 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.

Non-current assets classified as held for sale are presented separately from the other assets in the Statement of Financial Position.

Non-current assets

- *Acquisition and recognition*

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

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

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

All other plant and equipment purchases are expensed in the year of purchase.

Capital works in progress (WIP) are capital projects which are commenced but not yet completed as at reporting date. Refer to note 17.

- *Revaluation of non-current assets*

All non-current tangible assets are valued at fair value. Revaluation of a non-current asset, 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.

SAPOL has a policy of revaluing its land, buildings, leasehold improvements, investment properties, vessels and aircraft every six years via a Certified Practising Valuer. SAPOL engaged a Certified Practising Valuer to perform a site valuation and a desktop valuation for the remainder of the contract. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, when they are revalued to fair value.

Land, buildings, leasehold improvements and investment properties controlled by SAPOL were revalued as at 30 June 2016 following an independent valuation prepared by Liquid Pacific using the fair value methodology. Aircraft controlled by SAPOL were revalued as at 30 June 2016 following an independent valuation prepared by Liquid Pacific using the fair value methodology. Other non-current assets are recognised at their written down historic cost.

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 an income.

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

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

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

- *Impairment*

All significant 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 revaluation surplus.

For revalued non-current assets held for sale, an impairment loss is recognised as an expense.

South Australia Police

Notes to and forming part of the financial statements

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

The acquisition, or internal development, of software is capitalised only when the expenditure meets the definition criteria outlined in AASB 138 (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.

Investment properties

Investment properties represent properties held to earn rental income and 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.

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.

SAPOL 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, SAPOL 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).

As SAPOL 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' is deemed to approximate fair value.

Refer to Note 17, 19, and 20 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets/liabilities

SAPOL does not recognise any financial assets or financial liabilities at fair value.

South Australia Police
Notes to and forming part of the financial statements

(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 and employee benefit 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 SAPOL.

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 SAPOL has received from the Commonwealth Government to forward onto eligible employees via SAPOL's standard payroll processes. That is, SAPOL 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.

Employee benefits on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave, police service leave, annual leave and skills and experience retention leave (SERL).

SAPOL 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 the super schemes administered by the Police Superannuation Board and the South Australian Superannuation Board and externally managed superannuation schemes have assumed this liability. The only liability outstanding at balance date relates to any contributions due but not yet paid to these schemes.

Leases

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

SAPOL has entered into a number of operating lease agreements for buildings and vehicles where the lessors effectively retain all of the risks and benefits incidental to ownership of the items. Operating lease payments are representative of the pattern of benefits to be derived from the leased items and accordingly are charged to the Statement of Comprehensive Income in the period in which they are incurred.

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 SAPOL in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight line basis.

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

Public Private Partnership (PPP)

In May 2005 Cabinet approved the execution of a 25 year service contract with Plenary Justice Pty Ltd (Plenary) for regional police stations for SAPOL and courts for the Courts Administration Authority (CAA).

In June 2005 the Minister of Infrastructure signed a Project Agreement.

The PPP includes police stations at Mt Barker and Gawler, police stations and court facilities at Port Lincoln, Victor Harbor and Berri, and court facilities at Port Pirie.

For accounting purposes the leases are operating leases.

Under the PPP agreement SAPOL is responsible for paying lease payments to Plenary for sites occupied by both SAPOL and CAA. SAPOL invoices CAA for the sites they occupy.

Lease expenditure and payables related to the facilities occupied by SAPOL are recognised in the SAPOL financial statements. Lease expenditure, revenue and associated payables and receivables related to the facilities occupied by CAA is recognised in the Administered financial statements.

South Australia Police

Notes to and forming part of the financial statements

Employee benefits

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

- *Salaries and wages, annual leave, SERL and sick leave*

Liabilities 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 SERL is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. Liabilities for annual leave are recognised and are measured as the amount unpaid at the reporting date at the rate of pay expected to be paid when the leave is taken in respect of employee's services up to that date.

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 the police and emergency services sector across government. Expected future payments are discounted using market yields at the end of reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

- *Police Service Leave*

Police Service Leave is prescribed in Clause 34 of the South Australia Police Enterprise Agreement 2011 and come into effect 1 July 2014 to recognise and retain the knowledge and experience of long serving officers.

The Police service leave liability is expected to be payable within 5 years and is measured at the undiscounted amount expected to be paid. Police service leave liability is recognised and measured as the amount unpaid at the reporting date at the rate of pay expected to be paid when the leave is taken in respect of employee's services up to that date.

- *Employee benefit on-costs*

Employee benefit on-costs (payroll tax and superannuation) are recognised separately under payables.

Provisions

Provisions are recognised when SAPOL 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 SAPOL 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 reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

- *Workers Compensation*

A provision 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 through the Office for the Public Sector (a division of the Department of the Premier and Cabinet) (refer to Note 25). The workers compensation provision is for the estimated cost of ongoing payments to employees as required under current legislation.

SAPOL, as a self-insurer, is responsible for the payment of workers compensation claims.

South Australia Police
Notes to and forming part of the financial statements

- *Civil Actions against Police*

A liability has been reported to reflect unsettled actions against SAPOL.

- *Claims for death events out of or in the course of employment*

A liability has been reported to recognise those claims where an employee has died out of or in the course of employment. SAPOL is still to conduct an investigation in to some of these claims and by recognising a provision, SAPOL is not accepting liability to these claims until a full investigation has been completed.

(o) Professional Indemnity and General Public Liability Insurance

SAPOL is a participant in the SA Government's Insurance Program. SAPOL pays an insurance premium through South Australian Insurance Corporation (SAICORP), a Division of SAFA. SAPOL is responsible for the payment of claim amounts up to an agreed amount (the deductible). SAICORP provides the balance of the funding for claims in excess of the deductible.

(p) 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.

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.

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.

South Australia Police
Notes to and forming part of the financial statements

Note 3: New and revised accounting standards and policies

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

Accounting Standards

AASB 16 Leases will apply for the first time to SAPOL's 30 June 2020 financial report. This standard introduces a single lessee accounting model. It requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117.

This new standard is a significant change from the past 30 years of accounting for leases. It will require SAPOL to record almost all lease arrangements on the statement of financial position. SAPOL is yet to commence its analysis of current leasing arrangements and determine the standard's impact on SAPOL's financial report.

Note 4: Activities of SAPOL

SAPOL has identified three activities that it delivers to the community and the Minister for Police. The identity and description of each SAPOL activity during the year ended 30 June 2016 is summarised below. Financial information relating to each activity is reported in the Disaggregated Disclosures - Expenses and Income. Assets and liabilities have not been presented as they cannot be reliably determined at a disaggregated level.

Activity 1 Public safety

Provides visible and available police services, working in partnership with the community and other agencies to support the achievement of South Australia's Strategic Plan and strategic priorities. SAPOL helps make South Australia a safer place to live, visit and do business through police response and assistance, management of major events, and emergency response, management and coordination across the state.

Activity 2 Crime and Criminal Justice Services

SAPOL's crime prevention and reduction and support of the criminal justice system contribute to the achievement of South Australia's Strategic Plan and strategic priorities. To prevent crime and reduce offending, SAPOL works in partnership with the community and other agencies for an accessible and effective criminal justice system.

Activity 3 Road safety

Policing for safer roads and road use across the state supports the achievement of South Australia's strategic priorities. SAPOL road safety services include the regulation of road use, education and vehicle collision prevention. Police work in partnership with the community and other agencies to achieve better road safety outcomes for all South Australians and those visiting the state.

South Australia Police
Notes to and forming part of the financial statements

Note 5: Employee benefits

	2016	2015
	\$'000	\$'000
Salaries and wages	478 304	457 634
Annual leave	60 611	58 497
Long service leave (1)	22 189	27 074
Police Service Leave	268	8 135
Skills and experience retention leave	265	95
Employment on-costs - superannuation	60 804	67 232
Employment on-costs - other	30 963	30 777
Targeted voluntary separation packages	-	174
Other employment related expenses	780	789
Workers compensation (2)	8 854	7 936
Total employee benefits	663 038	658 343

(1) 2016 expenditure includes \$13 m increase in long service leave liability as a result of annual actuarial assessment (see also note 24).

(2) 2016 expenditure reflects the movement in the workers compensation liability which includes \$8.7 million increase resulting from the annual actuarial assessment. (see also note 25).

Targeted voluntary separation packages (TVSPs)

	2016	2015
	\$'000	\$'000
Amounts paid during the reporting period to separated employees:		
TVSPs	-	174
Leave paid to those employees	-	29
Amount paid by SAPOL	-	203

There were no employees who received a TVSP during the reporting period. (1 employee in 2014-15).

South Australia Police
Notes to and forming part of the financial statements

Note 5: Employee benefits (continued)

Excluding the first bandwidth, the total number of employees for 2015 is 385. The increase of 78 employees mainly relates to the increase in sworn salaries.

Remuneration of employees

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

	2016 Number	2015 Number
\$141,500 - \$145,000 *	N/A	86
\$145,001 - \$155,000	250	200
\$155,001 - \$165,000	70	52
\$165,001 - \$175,000	32	36
\$175,001 - \$185,000	48	37
\$185,001 - \$195,000	10	31
\$195,001 - \$205,000	32	9
\$205,001 - \$215,000	7	5
\$215,001 - \$225,000	1	2
\$225,001 - \$235,000	-	2
\$235,001 - \$245,000	2	1
\$265,001 - \$275,000	3	2
\$275,001 - \$285,000	1	2
\$285,001 - \$295,000	4	1
\$295,001 - \$305,000	-	1
\$305,001 - \$315,000	-	1
\$335,001 - \$345,000	1	1
\$345,001 - \$355,000	1	1
\$355,001 - \$365,000	1	-
\$435 001 - \$445 000	-	1
Total	463	471

*This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2015-16.

Remuneration of employees by category

Executive	12	11
Non-executive	451	460
Total	463	471
Police	453	460
Public Servant	10	11
Total	463	471

The table above includes, all employees who received remuneration equal to or greater than the base executive remuneration level during the year. The table does not include administered employees. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$76.3 million (\$76.7 million).

South Australia Police
Notes to and forming part of the financial statements

Note 6: Supplies and services

	2016	2015
	\$'000	\$'000
Accommodation and property related	31 896	30 755
Administration	16 129	15 952
Collection costs	912	825
Communication and computing	25 738	26 229
Consultants	99	129
Employee programs & housing subsidies	10 429	10 506
Helicopter costs	3 236	554
Insurance	1 496	1 341
Legal	1 683	2 247
Minor equipment	5 807	2 662
Motor vehicle related	23 128	23 122
Shared Services SA	3 085	3 095
Uniforms	2 110	1 713
Utilities	4 102	4 696
Other	6 700	5 945
Total supplies and services	136 550	129 771

Pursuant to the contract arrangements with Plenary, the PPP partner, SAPOL pays lease charges to Plenary for sites occupied by both SAPOL and the CAA. SAPOL on-charges the CAA for lease costs associated with CAA sites. The income and expenditure associated with the sites occupied by CAA are recognised as administration items. The resulting revenue is not off-set against expenditure.

Consultants

The number and dollar amount of consultancies paid/payable (included in Consultants expense shown above) fell within the following bands:	2016	2016	2015	2015
	\$'000	Number	\$'000	Number
Below \$10 000	30	18	46	16
Above \$10 000	69	3	83	3
Total paid/payable to consultants engaged	99	21	129	19

External auditor's remuneration

External auditor's remuneration represents amounts 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. Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of 'Administration' (refer note 6).

	2016	2015
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the Financial Statements (GST exclusive)	339	329
Total external auditor's remuneration	339	329

Notes to and forming part of the financial statements

Note 7: Depreciation and amortisation

	2016	2015
	\$'000	\$'000
Depreciation		
Buildings and improvements	6 265	6 345
Computing and communications equipment	4 229	4 256
Vehicles and transport vessels	1 548	1 658
Aircraft	1 158	1 151
Other	4 472	4 437
Total depreciation	17 672	17 847
Amortisation		
Leasehold improvements	3 371	3 440
Internally generated computer software	2 183	2 495
Other computer software	2 289	2 077
Total amortisation	7 843	8 012
Total depreciation and amortisation	25 515	25 859

Note 8: Fees and charges

	2016	2015
	\$'000	\$'000
Escorts - wide load/other	2 156	2 366
Firearms licence and registration fees	5 210	4 971
Hoon legislation recoveries	3 430	3 396
Police information requests	2 765	2 798
Police security services	9 948	9 472
Prosecution and other court fees	2 089	2 061
Other fees	863	1 006
Total fees and charges	26 461	26 070

Note 9: Interest

	2016	2015
	\$'000	\$'000
Interest on deposit accounts	4	5
Total interest	4	5

South Australia Police
Notes to and forming part of the financial statements

Note 10: Commonwealth revenues

	2016	2015
	\$'000	\$'000
Commonwealth revenues	1 313	1 164
Total commonwealth revenues	1 313	1 164

During 2015-16 SAPOL recovered costs associated with resources provided at the request of the Commonwealth Government in relation to:

- Crim-Trac - Jurisdictional criminal history referrals
- Home and Community Care

Note 11: Net gain/(loss) from the disposal of non-current assets

	2016	2015
	\$'000	\$'000
Land and buildings		
Proceeds from disposal	-	36
Net book value of assets disposed	-	(409)
Net gain/(loss) from disposal of land and buildings	-	(373)
Plant and equipment		
Proceeds from disposal	388	522
Net book value of assets disposed	(87)	(387)
Net gain/(loss) from disposal of plant and equipment	301	135
Total Assets		
Proceeds from disposal	388	558
Net book value of assets disposed	(87)	(796)
Total net gain (loss) from disposal of total assets	301	(238)

South Australia Police
Notes to and forming part of the financial statements

Note 12: Other income

	2016	2015
	\$'000	\$'000
Contributed (donated) asset revenue	2 313	1 587
Employee benefits recoveries	1 719	2 124
Goods and services recoveries	1 635	1 325
Intra-Government transfers	784	764
Rent revenue	346	320
Sundry receipts	783	587
Other sundry revenues	646	546
Gain on foreign exchange	203	66
Total other income	8 429	7 319

During 2015-16 SAPOL recognised contributed assets related to road safety (fixed red light/speed cameras) of \$1.622 million (2015: \$1.400 million) received from Department of Planning, Transport and Infrastructure (DPTI) and \$0.691 million for equipment from Commonwealth Government.

In 2015-16 the intra-government transfer comprises:

- \$530 000 for a traffic training and promotion program from the Motor Accident Commission (2015: \$515 000)
- \$16 000 for Home & Community Care from the Department for Communities and Social Inclusion (2015: \$15 000)
- \$173 000 for the Rural Highways Saturation Program from DPTI (2015: \$169 000)
- \$65 000 for the National Motor Vehicle Theft Reduction Program from DPTI & Infrastructure & Attorney-General's Department (2015: \$65 000)

Note 13: Revenues from (payments to) SA Government:

	2016	2015
	\$'000	\$'000
Revenues from SA Government		
Appropriations from Consolidated Account Pursuant to the <i>Appropriation Act</i>	757 567	732 750
Transfers from contingencies	9 325	3 136
Contributions from the Community Emergency Services Fund	21 267	20 748
Contributions from the Community Road Safety Fund	39 275	38 317
Total revenues from SA Government	827 434	794 951
Payments to SA Government		
Other payments to the Consolidated Account *	(29 821)	-
Total payments to SA Government	(29 821)	-
Net revenues from SA Government	797 613	794 951

*During 2015-16 SAPOL returned \$29.821 million (2015: nil) to the Consolidated Account in accordance with the cash alignment policy.

South Australia Police
Notes to and forming part of the financial statements

Note 14: Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Deposits with the Treasurer	114 807	120 327
Cash held in imprest accounts and petty cash	289	289
Foreign exchange - SAFA	-	800
Total cash and cash equivalents	115 096	121 416

Deposits with the Treasurer

Includes deposits at call and Accrual Appropriation Excess Funds Account.

Interest Rate Risk

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

Foreign exchange

Funds held with SAFA during 2015-16 financial year were paid to purchase a bomb robot which has been delivered and capitalised during 2015-16.

Note 15: Receivables

	2016	2015
	\$'000	\$'000
Current receivables		
Receivables	23 091	5 166
Less: Allowance for doubtful debts	(34)	-
Accrued revenue	156	75
Prepayments	3 997	2 127
GST input tax recoverable	3 302	2 610
Workers compensation recoveries	501	255
Total current receivables	31 013	10 233
Non-current receivables		
Workers compensation recoveries	1 239	1 024
Total non-current receivables	1 239	1 024
Allowance for doubtful debts		
Carrying amount at 1 July	-	-
Increase in allowance	34	-
Carrying amount at 30 June	34	-

The increase in receivables from 2014-15 to 2015-16 mainly relates to one invoice for \$21.267m raised to Emergency Services Commission for the community Emergency Services Fund.

Notes to and forming part of the financial statements

Note 15: Receivables (continued)

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.

Ageing analysis of receivables – refer note 33.

Note 16: Non-current assets held for sale

	2016 \$'000	2015 \$'000
Buildings and improvements	43	43
Land	9 850	9 850
Total non-current assets held for sale	9 893	9 893

Reconciliation of non-current assets held for sale movement

Carrying amount at 1 July	9 893	10 217
Disposals	-	(324)
Total non-current assets held for sale	9 893	9 893

Note 17: Capital works in progress

	2016 \$'000	2015 \$'000
Property, plant and equipment in progress at cost (deemed fair value)	18 716	10 023
Total capital works in progress	18 716	10 023

South Australia Police
Notes to and forming part of the financial statements

Note 18: Property, plant and equipment

	2016 \$'000	2015 \$'000
Land ⁽¹⁾		
Land at fair value	62 544	59 623
Total land	62 544	59 623
Buildings and improvements ⁽¹⁾		
Buildings at fair value	205 731	211 752
Accumulated depreciation	(15)	(6 427)
Total buildings and improvements	205 716	205 325
Leasehold improvements ⁽¹⁾		
Leasehold improvements at fair value	39 559	44 887
Accumulated depreciation	-	(3 405)
Total leasehold improvements	39 559	41 482
Computing and communications equipment		
Computing and communications equipment - at cost (deemed fair value) ⁽²⁾	47 099	54 981
Accumulated depreciation	(34 508)	(41 240)
Total computing and communications equipment	12 591	13 741
Vehicles and transport vessels		
Vehicles and transport vessels - at cost (deemed fair value)	8 984	9 869
Accumulated depreciation	(4 440)	(5 326)
Total vehicle and transport vessels	4 544	4 543
Other		
Other - at cost (deemed fair value)	46 394	42 921
Accumulated depreciation	(27 286)	(24 758)
Total other	19 108	18 163
Aircraft		
Aircraft at fair value	2 530	2 385
Accumulated depreciation	(5)	(1 160)
Total aircraft	2 525	1 225
Total property, plant and equipment	346 587	344 102

(1) Land, buildings and improvements, leasehold improvements, vessels and aircraft were revalued as at 30 June 2016 by Liquid Pacific.

(2) Intangible assets - computer software has been separately identified. (refer note 19).

Notes to and forming part of the financial statements

Note 18: Property, plant and equipment (continued)

Movement reconciliation of non-current assets:

2016	Land	Buildings & improvements	Leasehold improvements	Computing & communications equipment	Vehicles & transport vessels	Other
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	59 623	205 325	41 482	13 741	4 543	18 163
Error corrections *	-	-	-	16	-	158
Additions	-	-	-	-	-	12
Transfers to/(from) capital works in progress	-	599	802	3 222	882	3 030
Depreciation and amortisation expense	-	(6 265)	(3 371)	(4 229)	(1 548)	(4 472)
Net revaluation increment/(decrement)	3 205	6 135	712	-	754	-
Donated assets	-	-	-	-	-	2 312
Disposals	-	-	-	-	(87)	-
Assets written off	(284)	(78)	(66)	(159)	-	(95)
Carrying amount at 30 June	62 544	205 716	39 559	12 591	4 544	19 108

Movement reconciliation of non-current assets:

2016	Aircraft	Total property plant and equipment	Capital works in progress	Intangible assets (internally generated)	Intangible assets (other computer software)	2016 Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	1 225	344 102	10 023	7 131	11 386	372 642
Error corrections *	-	174	-	-	-	174
Additions	-	12	18 981	-	20	19 013
Transfers to/(from) capital works in progress	199	8 734	(10 288)	709	845	-
Depreciation and amortisation expense	(1 158)	(21 043)	-	(2 183)	(2 289)	(25 515)
Net revaluation increment/(decrement)	2 259	13 065	-	-	-	13 065
Donated assets	-	2 312	-	-	-	2 312
Disposals	-	(87)	-	-	-	(87)
Assets written off	-	(682)	-	-	(36)	(718)
Carrying amount at 30 June	2 525	346 587	18 716	5 657	9 926	380 886

* A prior period adjustment has been recognised to reflect assets identified during stocktake and valuation and not previously recorded. These assets were either donated or expensed in prior years.

South Australia Police
Notes to and forming part of the financial statements

Note 18: Property, plant and equipment (continued)

Movement reconciliation of non-current assets:

2015	Land	Buildings & improvements	Leasehold improvements	Computing & communications equipment	Vehicles & transport vessels	Other
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	60 010	212 330	45 105	14 246	5 284	18 461
Prior period adjustments *	(387)	(552)	-	121	(67)	148
Transfers to/(from) capital works in progress	-	124	-	4 089	1 241	2 812
Depreciation and amortisation expense	-	(6 345)	(3 440)	(4 256)	(1 658)	(4 437)
Donated assets	-	-	-	187	-	1 400
Transfer between classes	-	(232)	-	(582)	-	202
Disposals	-	-	(85)	-	(257)	-
Assets written off	-	-	(98)	(64)	-	(423)
Carrying amount at 30 June	59 623	205 325	41 482	13 741	4 543	18 163

Movement reconciliation of non-current assets:

2015	Aircraft	Total property plant and equipment	Capital works in progress	Intangible assets (internally generated)	Intangible assets (other computer software)	2015 Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	2 376	357 812	12 748	9 751	3 185	383 496
Prior period adjustments*	-	(737)	-	(184)	55	(866)
Revaluation Additions	-	-	15 421	-	-	15 421
Transfers to/(from) capital works in progress	-	8 266	(18 097)	7 361	2 470	-
Depreciation and amortisation expense	(1 151)	(21 287)	-	(2 495)	(2 077)	(25 859)
Donated assets	-	1 587	-	-	-	1 587
Transfer between classes	-	(612)	-	(7 284)	7 896	-
Disposals	-	(342)	-	-	(130)	(472)
Assets written off	-	(585)	-	(18)	(13)	(616)
Other	-	-	(49)	-	-	(49)
Carrying amount at 30 June	1 225	344 102	10 023	7 131	11 386	372 642

* A prior period adjustment has been recognised to reflect assets identified during stocktake and valuation and not previously recorded. These assets were either donated or expensed in prior years.

South Australia Police
Notes to and forming part of the financial statements

Note 19: Intangible Assets

	2016 \$'000	2015 \$'000
Computer software		
Internally developed computer software - at cost (deemed fair value)	24 592	26 190
Accumulated amortisation	(18 935)	(19 059)
Total internally generated computer software	5 657	7 131
Other computer software		
Other computer software	20 790	20 506
Accumulated amortisation	(10 864)	(9 120)
Total other computer software	9 926	11 386
Total intangible assets	15 583	18 517

Note 20: Investment properties

	2016 \$'000	2015 \$'000
Investment building	690	759
Investment land	500	500
Total investment properties	1 190	1 259
Movement reconciliation of investment properties		
Carrying amount at 1 July	1,259	1,259
Revaluation increment/(decrement)	(69)	-
Carrying amount at 30 June	1 190	1 259

Investment properties are measured at fair value being the amounts for which the properties could be exchanged between willing parties in arm's length transaction, based on current prices in an active market for similar properties.

South Australia Police
Notes to and forming part of the financial statements

Note 21: Fair value measurement

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. SAPOL 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.

Fair value measurements at 30 June 2016

	Level 2	Level 3	2016
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land	62 544	-	62 544
Buildings & improvements	-	205 716	205 716
Leasehold improvements	-	39 559	39 559
Computing & communications equipment	-	12 591	12 591
Vehicles & transport vessels	1 955	2 589	4 544
Other	-	19 108	19 108
Aircraft	2 525	-	2 525
Investment properties	1 190	-	1 190
Total recurring fair value measurements	68 214	279 563	347 777
Non- recurring fair value measurements			
Land held for sale	9 850	-	9 850
Buildings held for sale	-	43	43
Total non-recurring fair value measurements	9 850	43	9 893
Total	78 064	279 606	357 670

Fair value measurements at 30 June 2015

	Level 2	Level 3	2015
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land	59 623	-	59 623
Buildings & improvements	-	205 325	205 325
Leasehold improvements	-	41 482	41 482
Computing & communications equipment	-	13 741	13 741
Vehicles & transport vessels	1 632	2 911	4 543
Other	-	18 163	18 163
Aircraft	1 225	-	1 225
Investment properties	1 259	-	1 259
Total recurring fair value measurements	63 739	281 622	345 361
Non- recurring fair value measurements			
Land held for sale	9 850	-	9 850
Buildings held for sale	-	43	43
Total non-recurring fair value measurements	9 850	43	9 893
Total	73 589	281 665	355 254

There were no transfers of assets between levels 1 and 2 fair value hierarchy levels in 2016. SAPOL's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

SAPOL had no valuations categorised into level 1.

Note 21: Fair value measurement (continued)**Valuation techniques and inputs**

Valuation techniques used to derive levels 2 and 3 fair values are at Note 18. Level 2 assets are valued with reference to market transactions. There were no changes in valuation techniques during 2016.

Description	Valuation Approach	Valuation Technique	Unobservable Inputs	Range (weighted avg)
Buildings & improvements	Cost Approach	Depreciated Replacement Cost	Cost (per Sq metre) Effective Life (yrs)	\$1 - \$ 10 500 20 - 60 years
Leasehold improvements	Cost Approach	Depreciated Replacement Cost	Cost (per Sq metre) Effective Life (yrs)	\$500 - \$1 200 Term of Lease - 25 years
Computing and communications equipment*	Cost Approach	Depreciated Replacement Cost		
Vehicles & transport vessels*	Cost Approach	Depreciated Replacement Cost		
Other*	Cost Approach	Depreciated Replacement Cost		

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

South Australia Police
Notes to and forming part of the financial statements

Note 21: Fair value measurement (continued)

Reconciliation of recurring fair value measurements – Level 3

	Buildings and improvements	Leasehold improvements	Computing & communications equipment	Vehicles & transport vessels	Other
2016	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	205 325	41 482	13 741	2 911	18 163
Prior year adjustments	-	-	16	-	158
Additions	-	-	-	-	12
Revaluation increment	6 135	712	-	-	-
Transfers from capital work in progress	599	802	3 222	882	3 030
Donated assets	-	-	-	-	2 312
Disposals/written off	(78)	(66)	(159)	(87)	(95)
Subtotal	211 981	42 930	16 820	3 706	23 580
Gains/(losses) for the period recognised in net result:					
Depreciation	(6 265)	(3 371)	(4 229)	(1 117)	(4 472)
Subtotal	(6 265)	(3 371)	(4 229)	(1 117)	(4 472)
Carrying amount at 30 June	205 716	39 559	12 591	2 589	19 108

	Buildings and improvements	Leasehold improvements	Computing & communications equipment	Vehicles & transport vessels	Other
2015	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	212 330	45 105	14 246	2 841	18 461
Prior year adjustments	(552)	-	121	32	148
Transfers from capital work in progress	124	-	4 089	1 241	2 812
Donated Assets	-	-	187	-	1 400
Transfer between classes	(232)	-	(582)	71	202
Disposals/written off	-	(183)	(64)	(75)	(423)
Subtotal	211 670	44 922	17 997	4 110	22 600
Gains/(losses) for the period recognised in net result:					
Depreciation	(6 345)	(3 440)	(4 256)	(1 199)	(4 437)
Subtotal	(6 345)	(3 440)	(4 256)	(1 199)	(4 437)
Carrying amount at 30 June	205 325	41 482	13 741	2 911	18 163

Other items such as motor vehicles, weapons and other plant and equipment have not been revalued as they do not meet the revaluation criteria in APF III *Asset Accounting Framework* (ie fair value at the time of acquisition is less than \$1m). The carrying amount of these assets is deemed to be fair value.

South Australia Police
Notes to and forming part of the financial statements

Note 22: Payables

	2016 \$'000	2015 \$'000
Current payables		
Employment on-costs	10 974	10 577
Creditors and accrued expenses	13 904	16 776
Paid Parental Leave Scheme payable	76	87
Total current payables	24 954	27 440
Non-current payables		
Employment on-costs	22 310	27 071
Total non-current payables	22 310	27 071

As a result of analysing historical data, the average proportion of long service leave taken as leave has increased to 62.65% (2015: 61.92%) for police and increased to 76.30% (2015: 74.87%) for non-police. The rates used are based on historical trends and are used to calculate employment on-costs. The net financial impact of these changes as immaterial.

Interest rate and credit risk

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

Note 23: Other liabilities

	2016 \$'000	2015 \$'000
Current other liabilities		
Lease incentive	499	499
Total current other liabilities	499	499
Non-current other liabilities		
Lease incentive	4 577	5 076
Total non-current other liabilities	4 577	5 076

In 2011-12, SAPOL received two lease incentives (\$5 million in leasehold improvements and 3 months' rent free) as a part of leasing the new police headquarters on Angas Street. The aggregate benefits of these lease incentives received have been recorded as a reduction of rental expense over the lease term of 15 years, on a straight line basis. As at 30 June 2016 the remaining life of the lease term is 10 years.

South Australia Police
Notes to and forming part of the financial statements

Note 24: Employee benefits

	2016 \$'000	2015 \$'000
Current employee benefits		
Accrued salaries and wages	22 607	13 691
Annual leave	33 691	31 785
Long service leave	14 139	13 642
Skills and experience retention leave	491	438
Police services leave	2 204	5 018
Total current employee benefits	73 132	64 574
Non-current employee benefits		
Annual leave	811	1 164
Long service leave	183 312	175 519
Police services leave	3 963	3 086
Total non-current employee benefits	188 086	179 769
Total employee benefits	261 218	244 343

AASB 119 *Employee Benefits* contains the calculation methodology for LSL. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of LSL.

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

The net financial effect of the changes in the current financial year is an increase in long service leave liability and employee benefit expenses of \$13 million. The impact on future periods is impracticable to estimate as the LSL liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate at 4% for LSL liability and the salary inflation rate 3% in 2016 same as last year for annual leave, SERL liability and Police Service Leave.

The net financial effect of the changes in the current financial year is nil in the annual leave, SERL liability, police services leave and employee benefit expense.

South Australia Police
Notes to and forming part of the financial statements

Note 25: Provisions

	2016 \$'000	2015 \$'000
Current provisions		
Workers compensation	17 831	15 023
Death in course of employment	55	-
Civil actions against police	230	220
Total current provisions	18 116	15 243
Non-current provisions		
Workers compensation	58 817	69 400
Total non-current provisions	58 817	69 400
Workers compensation:		
Carrying amount at 1 July	84 423	93 276
Increase/(decrease) resulting from re-measurement	8 747	9 123
Reduction due to payments	(16 513)	(17 976)
Carrying amount at 30 June	76 657	84 423
Death in course of employment		
Carrying amount at 1 July	-	950
Increase/(decrease) in the provision due to revision of estimates	55	(950)
Carrying amount at 30 June	55	-
Civil actions against police:		
Carrying amount at 1 July	220	374
Increase in the provision due to revision of estimates	215	243
Reduction due to payments	(205)	(397)
Carrying amount at 30 June	230	220

Note 26: Equity

	2016 \$'000	2015 \$'000
Contributed capital	85 220	85 220
Revaluation surplus	141 831	129 064
Retained earnings	(77 918)	(86 613)
Total equity	149 133	127 671

The retained earnings represent the residual interest in SAPOL's net assets. The SA Government holds the accumulated deficit interest in SAPOL on behalf of the community.

South Australia Police
Notes to and forming part of the financial statements

Note 27: Cash flow reconciliation

	2016 \$'000	2015 \$'000
Reconciliation of cash and cash equivalents		
Cash at year end as per:		
Cash and cash equivalents disclosed in the Statement of Financial Position	115 096	121 416
Cash and cash equivalents disclosed in the Statement of Cash Flows	115 096	121 416
Reconciliation of net cash provided by operating activities to net cost of providing services:		
Net cash provided by operating activities	10 876	74 617
Revenues from SA Government	(766 892)	(735 886)
Contribution from the Community Emergency Services Fund	(21 267)	(20 748)
Contribution from Community Road Safety Fund	(39 275)	(38 317)
Payments to SA Government	29 821	-
Non-cash Items:		
Depreciation and amortisation	(25 515)	(25 859)
Donated assets	2 312	1 587
Net gain/(loss) from disposal of non-current assets	301	(238)
Write off of non-current assets	(718)	(616)
Capital work-in-progress expensed	(20)	(288)
Impairment loss	(69)	-
Capital accruals	1 449	1 731
Movements in assets and liabilities:		
Increase/(decrease) in receivables	21 003	(17 795)
Increase/(decrease) in inventories	31	11
(Increase)/decrease in payables	7 247	(5 641)
(Increase)/decrease in other liabilities	499	500
(Increase)/decrease in employee benefits	(16 875)	(23 284)
(Increase)/decrease in provisions	7 710	9 957
Net cost of providing services	(789 382)	(780 269)

South Australia Police
Notes to and forming part of the financial statements

Note 28: Transactions with SA Government

		SA Government		Non-SA Government		Total	
		2016	2015	2016	2015	2016	2015
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES							
Employee benefits expenses	5	30 963	30 777	632 075	627 566	663 038	658 343
Supplies and services	6						
Accommodation and property related		25 285	24 864	6 611	5 891	31 896	30 755
Administration		1 008	1 157	15 121	14 795	16 129	15 952
Collection costs		440	468	472	357	912	825
Communication and computing		10 244	9 531	15 494	16 698	25 738	26 229
Consultants		1	1	98	128	99	129
Employee programs & housing subsidies		8 224	7 667	2 205	2 839	10 429	10 506
Helicopter costs		3 236	554	-	-	3 236	554
Insurance		1 455	1 341	41	-	1 496	1 341
Legal		1 299	1 842	384	405	1 683	2 247
Minor equipment		42	98	5 765	2 564	5 807	2 662
Motor vehicle related		207	345	22 921	22 777	23 128	23 122
Shared Services SA		3 085	3 095	-	-	3 085	3 095
Uniforms		-	-	2 110	1 713	2 110	1 713
Utilities		1 524	1 930	2 578	2 766	4 102	4 696
Other		1 272	672	5 428	5 273	6 700	5 945
Depreciation and amortisation	7	-	-	25 515	25 859	25 515	25 859
Write down of non-current assets		-	-	718	616	718	616
Net loss from the disposal of non-current assets	11	-	-	-	238	-	238
Impairment loss	20	-	-	69	-	69	-
Payments to SA Government	13	29 821	-	-	-	29 821	-
TOTAL EXPENSES		118 106	84 342	737 605	730 485	855 711	814 827
INCOME							
Fees and charges	8						
Escorts - wide load/other		-	22	2 156	2 344	2 156	2 366
Firearms licence and registration fees		-	-	5 210	4 971	5 210	4 971
Hoon legislation recoveries		-	-	3 430	3 396	3 430	3 396
Police information requests		202	127	2 563	2 671	2 765	2 798
Police security services		9 947	9 397	1	75	9 948	9 472
Prosecution and other court fees		-	-	2 089	2 061	2 089	2 061
Other fees		3	13	860	993	863	1 006
Interest	9	-	-	4	5	4	5
Commonwealth revenues	10	-	-	1 313	1 164	1 313	1 164
Net gain from the disposal of non-current assets	11	-	-	301	-	301	-

South Australia Police
Notes to and forming part of the financial statements

Note 28: Transactions with SA Government (continued)

		SA Government		Non-SA Government		Total	
		2016	2015	2016	2015	2016	2015
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other income	12						
Contributed (donated) asset revenue		1 622	1 400	691	187	2 313	1 587
Employee benefits recoveries		1 528	1 166	191	958	1 719	2 124
Goods and services recoveries		86	166	1 549	1 159	1 635	1 325
Gain on foreign exchange		-	-	203	66	203	66
Intra-Government transfers		784	764	-	-	784	764
Rent revenue		165	141	181	179	346	320
Sundry receipts		114	39	669	548	783	587
Other sundry revenues		229	39	417	507	646	546
Revenues from SA Government	13	827 434	794 951	-	-	827 434	794 951
TOTAL INCOME		842 114	808 225	21 828	21 284	863 942	829 509
FINANCIAL ASSETS							
Receivables	15						
Receivables		22 212	4 169	845	997	23 057	5 166
Accrued revenue		156	75	-	-	156	75
Prepayments		28	-	3 969	2 127	3 997	2 127
GST input tax recoverable		-	-	3 302	2 610	3 302	2 610
Workers compensation recoveries		1 740	1 279	-	-	1 740	1 279
TOTAL FINANCIAL ASSETS		24 136	5 523	8 116	5 734	32 252	11 257
FINANCIAL LIABILITIES							
Payables	22						
Employment on-costs		13 768	13 294	19 516	24 354	33 284	37 648
Creditors and accrued expenses		8 185	10 374	5 719	6 402	13 904	16 776
Paid Parental Leave Scheme payable		-	-	76	87	76	87
Other liabilities	23	5 076	5 575	-	-	5 076	5 575
TOTAL FINANCIAL LIABILITIES		27 029	29 243	25 311	30 843	52 340	60 086

Notes to and forming part of the financial statements**Note 29: 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 variances exceeds the greater of 10% of the original budgeted amount and 5% of the original budgeted total expenses.

		Original budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000
Statement of Comprehensive Income				
Expenses				
Employee benefits	1	663 895	663 038	(857)
Supplies and services	2	159 199	136 550	(22 649)
Depreciation and amortisation		26 601	25 515	(1 086)
Write down of non-current assets		-	718	718
Impairment loss		-	69	69
Total expenses		849 695	825 890	(23 805)
Income				
Fees and charges		27 759	26 461	(1 298)
Interest		-	4	4
Commonwealth revenues		-	1 313	1 313
Net gain from the disposal of non-current and other assets		-	301	301
Other income	3	4 768	8 429	3 661
Total income		32 527	36 508	3 981
Net cost of providing services		817 168	789 382	(27 786)
Revenues from (payments to) SA government				
Revenues from SA government	4	757 567	766 892	9 325
Contributions from the Community Emergency Services Fund		21 267	21 267	-
Contributions from the Community Road Safety Fund		39 275	39 275	-
Payments to SA government	5	-	(29 821)	(29 821)
Net revenues from SA Government		818 109	797 613	(20 496)
Net result		941	8 231	7 290

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.

South Australia Police
Notes to and forming part of the financial statements

Note 29: Budgetary reporting and explanations of major variances (continued)

		Original budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000
Investing expenditure summary	Note			
Total major project	6	11 915	8 251	(3,664)
Total annual program	7	9 113	10 746	1,633
Total investing expenditure		21,028	18,997	(2,031)

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.

Notes

1. *Employee benefits* – variance mainly relates to police enterprise agreement, net movement in employee liabilities based on actuarial calculations (eg long service leave and workers compensation) and timing of filling of vacancies
2. *Supplies and services* – variance mainly relates to savings being achieved in advance of targets and provisions for cost pressures not required, redirection of budget for minor equipment to fund investing expenditure and lower corporate costs
3. *Other income* – variance mainly relates to contributed (donated) asset revenue not included in the original budget
4. *Revenue from SA government* – variance mainly reflects additional funding for the police enterprise agreement
5. *Payments to SA government* – the \$29.821 million payment is in accordance with the cash alignment policy
6. *Major projects* - include the Henley Beach Police Station and Police Records Management Stages 2-4.
The 2015-16 original budget was adjusted during the year to take account of approved adjustments, including re-phasing of budget to 2016-17. The approved revised budget was \$8.997 million compared to actual expenditure of \$8.251 million. SAPOL intends to seek carryover of committed under expenditure balances with the Department of Treasury and Finance as part of the carryover process.
7. *Annual provisions* - the 2015-16 original budget was adjusted during the year to take account of approved adjustments, including reclassification of \$1.1 million from supplies and services. SAPOL actual spend was slightly above approved revised budget of \$10.240 million and funded within the existing budget.

South Australia Police
Notes to and forming part of the financial statements

Note 30: Unrecognised contractual commitments

Capital commitments

The total value, net of GST of capital commitments not provided for as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.

	2016 \$'000	2015 \$'000
No later than one year	3 377	1 704
Later than one year but not later than five years	477	-
Total capital commitments	3 854	1 704
GST on capital commitments	385	170

Major capital commitments for 2015-16 include Project Shield, Rimage Replacement, RADARS IT Replacement Program, NUIX Replacement, Firearms Training Simulator and General Duty Police Motorcycle. (2014-15 include Project Shield, Firearms Training Simulator, Body Armour, Rimage Replacement and Protective Clothing)

Other commitments

The total value, net of GST of other commitments not provided for as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.

	2016 \$'000	2015 \$'000
No later than one year	3 144	2 545
Later than one year but not later than five years	885	101
Total other commitments	4 029	2 646
GST on other commitments	403	265

Major other expenditure commitments for 2015-16 include Australian Institute of Forensic Psychology (AIFP) Recruitment Model, DNA sampling of SAPOL recruits, Contract Cleaning (Zippy) and SAPOL Livescan Support. (2014-15 include Cleaning and Drug Screening Kits)

Operating lease commitments

The total value, net of GST, of future non-cancellable operating lease commitments not provided for as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.

	2016 \$'000	2015 \$'000
No later than one year	30 724	29 179
Later than one year but not later than five years	97 144	86 045
Later than five years	142 608	152 056
Total operating lease commitments	270 476	267 280
GST on operating lease commitments	27 048	26 728

South Australia Police
Notes to and forming part of the financial statements

Note 30: Unrecognised contractual commitments (continued)

The property leases are non-cancellable with rental payable in advance. Contingent rental provisions within the lease agreements require minimum lease payments to be increased periodically and generally in line with CPI movements and market conditions. Options exist to renew property leases at the end of the term of the leases. Operating lease commitments include commitments for PPP leases related to SAPOL occupancies only. From 2012 commitments also include the lease for the new police headquarters on Angas Street.

Note 31: Contingent liabilities

Rewards

As at 30 June 2016 the value of outstanding rewards for unsolved murders was \$33.8 million (2015: \$33.8 million). No provision has been made in the financial statements for this amount as considerable doubt exists as to the amount and timing of rewards that will actually be paid. The amount is not recognised in the Statement of Financial Position.

Note 32: Remuneration of tribunal and committee members

Members of the tribunal and committee during the 2015-16 financial year were:

Firearms Review Committee:

R Hamdorf	Presiding member	Reappointed	1/7/2015	Revoked	28/4/2016
J Langmead	Presiding member	Appointed	28/4/2016		
O Bevan	Deputy member	Reappointed	1/07/2015		
G Katsaras	Member	Reappointed	1/07/2015		
T Rymill	Deputy member	Appointed	1/07/2015		
H Dodd	Member	Reappointed	1/07/2015		
R Maine	Deputy member	Reappointed	1/07/2015		
G Hyde	Member	Reappointed	1/07/2015		
I Wangel	Deputy member	Reappointed	1/07/2015		
R Warwick	Member	Reappointed	1/07/2015		
J Manley	Deputy member	Reappointed	1/07/2015		
Y Hill	Member	Reappointed	1/07/2015		
E Kosmala	Deputy member	Reappointed	1/07/2015		

Police Review Tribunal:

D Swain	Presiding Officer
D Gurry	Deputy Presiding Officer

All members of the Firearms Review Committee were appointed until 30 June 2016.

	2016 \$'000	2015 \$'000
The number of members whose remuneration received or receivable falls within the following bands:		
\$0 - \$9 999	15	13
\$10 000 - \$19 999	-	1
Total number of members	15	14

Note 32: Remuneration of tribunal and committee members (continued)

Remuneration of members reflects all costs of performing tribunal/committee member duties including sitting fees, superannuation contributions, FBT and salary sacrifice arrangements. The total remuneration received or receivable by members was \$26 000 (2015: \$32 000).

Amounts paid to a superannuation plan for Tribunal/Committee members were \$1 500 (2015: \$2 000).

Unless otherwise disclosed, transactions between members and SAPOL 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.

For the purposes of this table, travel allowances and other out-of-pocket expenses paid to members have not been included as remuneration as it is considered to be reimbursement of direct out-of-pocket expenses incurred by relevant members.

* In accordance with Premier and Cabinet Circular 16 *Remuneration for Government Appointed Part-time Boards and Committees*, government employees did not receive any remuneration for Tribunal/Committee duties during the financial year.

Note 33: Financial risk management/financial instruments

Financial risk management

Risk management is managed by SAPOL's Financial Management Services Branch (FMSB) and SAPOL'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.

SAPOL 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.

South Australia Police
Notes to and forming part of the financial statements

Note 33: Financial risk management/financial instruments (continued)

Categorisation of financial instruments

For 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 refer to note 2.

	Note	2016			2015		
		Classification in fair value hierarchy			Classification in fair value hierarchy		
		Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial assets							
Cash and cash equivalents							
Cash and cash equivalents	14	-	115 096	115 096	-	121 416	121 416
Loans and receivables							
Receivables ⁽¹⁾⁽²⁾	15	-	22 954	22 954	-	5 016	5 016
Financial liabilities							
Financial liabilities at cost							
Payables ⁽¹⁾	22	-	10 938	10 938	-	8 860	8 860

- (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 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 15 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.

Liquidity risk

Liquidity risk arises from the possibility that SAPOL is unable to meet its financial obligations as they are due to be settled. SAPOL is funded principally from appropriations by the SA Government. SAPOL works with DTF to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. SAPOL 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. SAPOL's exposure 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 SAPOL's debtors defaulting on their contractual obligations resulting in financial loss to SAPOL. SAPOL measures credit risk on a fair value basis and monitors risk on a regular basis.

SAPOL has minimal credit risk. SAPOL has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. SAPOL 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 credit rating. Currently SAPOL does not hold any collateral as security for any of its financial assets. There is no evidence to indicate that financial assets are impaired.

Notes to and forming part of the financial statements**Note 33: Financial risk management/financial instruments (continued)****Ageing analysis of financial assets**

The following table discloses the ageing of financial assets and the ageing of impaired assets:

	Current (not overdue) \$'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	22 621	-	166	167	22 954
Impaired:					
Receivables	-	-	-	(34)	(34)
2015					
Not impaired:					
Receivables	4 663	277	36	40	5 016

Maturity analysis of financial assets and liabilities

SAPOL has assessed the maturity of its financial assets and liabilities as being less than one year. Receivables and payables with a contractual obligation are settled within 30 days.

Sensitivity analysis disclosure

A sensitivity analysis of SAPOL's interest rate risk has not been undertaken as it has been determined that the possible impact on net result, total comprehensive result and equity from fluctuations in interest rates is immaterial.

Note 34: Events after balance date**Additional work-related injury insurance arrangements for police officers**

Following the commencement of the Return to Work Act 2014 (RTW Act) on 1 July 2015, the Police Association of South Australia (PASA) campaigned for additional insurance arrangements for police officers. As a result, the PASA and the SA Government entered into a Heads of Agreement which provides for the inclusion of an Injury and Income Protection Policy as part of the South Australia Police Enterprise Agreement 2016 (Enterprise Agreement) for police officers who suffer a work-related injury.

The Enterprise Agreement included a Reserved Matter clause where the PASA and the SA Government agreed to take all reasonable steps towards reaching a finalised outcome by 1 July 2016. However, not all components of the Heads of Agreement were finalised by 1 July 2016. This matter remains unresolved as at the date these financial statements are authorised for issue.

SAPOL
Statement of Administered Comprehensive Income
for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Expenses			
Employee benefits	A3	1 084	502
Supplies and services	A4	2 336	2 389
Intra-government transfers		12 417	13 498
Total expenses		15 837	16 389
Income			
Fees, fines and charges	A5	84 276	89 760
Total Income		84 276	89 760
Revenues from (payments to) SA Government			
Revenues from SA Government	A6	1 261	675
Payments to SA Government	A6	(69 630)	(74 054)
Net (payments to) SA Government		(68 369)	(73 379)
Net result		70	(8)
Total comprehensive result		70	(8)

SAPOL
Statement of Administered Financial Position
as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	A7	10 780	14 036
Receivables	A8	210	235
Total current assets		10 990	14 271
Total assets		10 990	14 271
LIABILITIES			
Current liabilities			
Other liabilities	A9	10 386	13 737
Total current liabilities		10 386	13 737
Total liabilities		10 386	13 737
Net assets		604	534
EQUITY			
Equity		604	534
Total equity		604	534

SAPOL
Statement of Administered Changes in Equity
for the year ended 30 June 2016

	Retained Earnings \$'000
Balance at 30 June 2014	511
Prior period adjustment	31
Adjusted balance at 30 June 2014	542
Net result for 2014-2015	(8)
Total comprehensive results for 2014-15	(8)
Balance at 30 June 2015	534
Net result for 2015-16	70
Total comprehensive result for 2015-16	70
Balance at 30 June 2016	604

SAPOL
Statement of Administered Cash Flows
for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Cash outflows			
Employee benefits		(1 084)	(468)
Supplies and services		(2 322)	(2 354)
Intra-government transfers		(12 417)	(13 447)
Cash (used in) operations		(15 823)	(16 269)
Cash inflows			
Fees, fines and charges		84 276	89 756
Exhibit monies		(595)	406
Unclaimed property		(202)	254
Cash generated from operations		83 479	90 416
Cash flows from SA Government			
Receipts from SA Government		1 286	633
Payments to SA Government		(72 198)	(73 620)
Net Cash (paid to) SA Government		(70 912)	(72 987)
Net cash from/(used by) operating activities	A10	(3 256)	1 160
Net increase/(decrease) in cash and cash equivalents		(3 256)	1 160
Cash and cash equivalents at the beginning of the financial year		14 036	12 876
Cash and cash equivalents at the end of the financial year	A7	10 780	14 036

South Australia Police
Schedule of Expenses and Income attributable to Administered Items
as at 30 June 2016

	Expiation Fees (1)		Victims of Crime Levy (2)		Special Acts (3)		Public Private Partnership (PPP) (4)	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses								
Employee benefits	-	-	-	-	1 084	502	-	-
Supplies and services	-	-	-	-	-	-	2 287	2 257
Intra-government transfers	-	-	12 225	13 303	-	-	-	-
Total expenses	-	-	12 225	13 303	1 084	502	2 287	2 257
Income								
Fees, fines and charges	69 632	74 052	12 225	13 303	-	-	2 287	2 257
Total income	69 632	74 052	12 225	13 303	-	-	2 287	2 257
Revenue from (payments to) SA Government								
Revenues from SA Government	-	-	-	-	1 084	502	-	-
Payments to SA Government	(69 630)	(74 054)	-	-	-	-	-	-
Net revenues from (payments to) SA Government	(69 630)	(74 054)	-	-	1 084	502	-	-
Net result	2	(2)	-	-	-	-	-	-

South Australia Police
Schedule of Expenses and Income attributable to Administered Items
as at 30 June 2016

	Firearms Safety Training Levy (5)		Other (6)		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses						
Employee benefits	-	-	-	-	1 084	502
Supplies and services	-	-	49	132	2 336	2 389
Intra-government transfers	132	136	60	59	12 417	13 498
Total expenses	132	136	109	191	15 837	16 389
Income						
Fees, fines and charges	132	136	-	12	84 276	89 760
Total income	132	136	-	12	84 276	89 760
Revenue from (payments to) SA Government						
Revenues from SA Government	-	-	177	173	1 261	675
Payments to SA Government	-	-	-	-	(69 630)	(74 054)
Net revenues from (payments to) SA Government	-	-	177	173	(68 369)	(73 379)
Net result	-	-	68	(6)	70	(8)

South Australia Police
Schedule of Assets and Liabilities attributable to Administered Items
as at 30 June 2016

	Unclaimed Property (1)		Exhibit Monies (2)		Expiation Fees (3)		Victims of Crime Levy (4)		Special Acts (5)	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current assets										
Cash and cash equivalents	167	369	6 699	7 294	2 240	4 765	1 026	1 059	11	(26)
Receivables	-	-	-	-	-	-	-	-	-	26
Total current assets	167	369	6 699	7 294	2 240	4 765	1 026	1 059	11	-
Current liabilities										
Other liabilities	167	369	6 699	7 294	2 240	4 765	1 026	1 059	11	-
Total current liabilities	167	369	6 699	7 294	2 240	4 765	1 026	1 059	11	-
Total liabilities	167	369	6 699	7 294	2 240	4 765	1 026	1 059	11	-
Net assets	-	-	-	-	-	-	-	-	-	-

South Australia Police
Schedule of Assets and Liabilities attributable to Administered Items
as at 30 June 2016

	Public Private Partnership (6)		Firearms Safety Training Levy (7)		Other (8)		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current assets								
Cash and cash equivalents	2	-	31	41	604	534	10 780	14 036
Receivables	210	209	-	-	-	-	210	235
Total current assets	212	209	31	41	604	534	10 990	14 271
Current liabilities								
Other liabilities	212	209	31	41	-	-	10 386	13 737
Total current liabilities	212	209	31	41	-	-	10 386	13 737
Total liabilities	212	209	31	41	-	-	10 386	13 737
Net assets	-	-	-	-	604	534	604	534

South Australia Police
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

- A1 Summary of significant accounting policies
- A2 Administered items
- A3 Employee benefits
- A4 Supplies and services
- A5 Fees, fines and charges
- A6 Revenues from (payments to) SA Government
- A7 Cash and cash equivalents
- A8 Receivables
- A9 Other liabilities
- A10 Cash flow reconciliation
- A11 Transactions with SA Government
- A12 Unrecognised contractual commitments
- A13 Budgetary reporting and explanations of major variances between budget and actual amounts

**Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2016**

A1 Summary of significant accounting policies

All accounting policies for South Australia Police (SAPOL) are contained in note 2. The policies outlined in note 2 apply to both SAPOL and the administered items financial statements except as noted below.

A1.1 Departures from SAPOL 'Summary of significant accounting policies'

Basis of accounting

Income from expiation fees and Victims of Crime Levy fees is recognised on a cash basis. All other elements of SAPOL's Statement of Administered Comprehensive Income, Statement of Administered Financial Position and Statement of Administered Changes in Equity have been prepared on an accrual basis.

A2 Administered items

The following financial transactions are administered by SAPOL as at 30 June 2016. They do not represent controlled transactions of SAPOL. As such they are not recognised in the financial statements of SAPOL.

A2.1 Unclaimed property

SAPOL holds unclaimed monies and proceeds from disposal of found properties. These monies are held for a period of six months and are then passed to government. SAPOL treats these items in accordance with *Police Regulations 2014*.

A2.2 Exhibit monies

SAPOL holds exhibit property being items confiscated at the time of an offence, i.e items found at a crime scene or which were part of a theft. These items are held as an exhibit which may be presented to the court as evidence at the time the offence is heard. The court may decide that the items are returned or confiscated and passed to the government.

A2.3 Expiation fees

SAPOL as a central processing agency of expiation notices collects expiation revenue arising from expiation notices issued by police officers and other authorised officers. SAPOL treats the collected expiation revenue pursuant to the requirements of the *Expiation of Offences Act 1996*. Monies collected are paid into the Consolidated Account.

A2.4 Victims of Crime Levy

SAPOL as a central processing agency of expiation notices collects Victims of Crime expiation revenue arising from the expiation of offences included on expiation notices issued by police officers and other authorised officers. SAPOL treats the collected Victims of Crime Levy revenue pursuant to the requirements of the *Victims of Crime Act 2001*. Monies collected are paid into the Victims of Crime Fund operated by the Attorney-General's Department. These are shown as intra government transfers in the Statement of Administered Comprehensive Income.

A2.5 Special Acts

SAPOL receives separate appropriation for the payment of salaries in relation to the Commissioner of Police. Funding is provided under 'Recurrent Expenditure - Special Acts'. From 2014-15 employee related expenditure in Administered items reflects cash payments only. The employee related liabilities are recorded as SAPOL Controlled items.

**Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2016**

A2.6 Public Private Partnership

In May 2005 Cabinet approved the execution of a 25 year service contract with Plenary Justice Pty Ltd (Plenary) for regional police stations for SAPOL and courts for the Courts Administration Authority (CAA).

In June 2005 the Minister of Infrastructure signed a project agreement.

The public private partnership (PPP) includes court facilities at Port Lincoln, Victor Harbor, Berri and Port Pirie.

For accounting purposes the lease is an operating lease.

Under the PPP agreement SAPOL is responsible for paying lease payments to Plenary for sites occupied by both SAPOL and CAA. SAPOL invoices CAA for the sites that they occupy.

A2.7 Firearms Safety Training Levy

SAPOL collects the Firearms Safety Training Levy as part of firearms licence fees. The Firearms Safety Training Levy is transferred to TAFE SA. The levy subsidises compulsory Firearms Safety Training, run by TAFE SA that all applicants for firearms licences must undertake before being issued with their firearms licence.

A2.8 Other

SAPOL receives appropriation with respect to grant payments to Safer Communities Australia Inc and the Australian Crime Prevention Council and a Community Service Obligation payment to South Australian Water Corporation. Activities for the Police and Emergency Services Games ceased during 2014-15.

SAPOL has no control over the use of the funds listed above.

**Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2016**

A3 Employee benefits

	2016	2015
	\$'000	\$'000
Salaries and wages	1 084	502
Total employee benefits	1 084	502

The increase in 2015-16 relates to the former Commissioner's leave paid on termination. The total salaries and wages paid was funded from revenue received from SA Government.

Remuneration of employees

	2016	2015
	Number	Number
The number of employees whose remuneration or receivable falls within the following bands		
\$505 001 - \$515 000	1	
\$515 001 - \$525 000	-	1
\$625 001 - \$635 000	1	-
Total remuneration of employees	2	1

Remuneration of employees reflects all costs of employment including salaries and wages, superannuation, FBT and any other employee related benefits.

Remuneration of employees by category

Executive	2	1
Total	2	1
Police	2	1
Total	2	1

A4 Supplies and services

	2016	2015
	\$'000	\$'000
PPP lease payments*	2 287	2 257
Other	49	132
Total supplies and services	2 336	2 389

* This relates to PPP lease payments on behalf of CAA (refer note A2.6). The expenditure is offset by cost recovery from CAA.

**Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2016**

A5 Fees, fines and charges

	2016	2015
	\$'000	\$'000
Expiation revenue	69 632	74 052
PPP cost recovery*	2 287	2 257
Victims of Crime Levy	12 225	13 303
Sundries	-	12
Firearms Safety Training Levy	132	136
Total fees, fines and charges	84 276	89 760

* This amount includes cost recovery from the CAA for PPP lease payments (refer note A2.6)

A6 Revenues from (payments to) SA Government

	2016	2015
	\$'000	\$'000
Revenues from SA Government		
Appropriations from consolidated account pursuant to the <i>Appropriation Act</i>	177	173
Appropriations from consolidated account pursuant to the <i>Police Act 1998</i>	1 084	502
Total revenues from SA Government	1 261	675
Payments to SA Government		
Other payments to the consolidated account*	(69 630)	(74 054)
Total payments to SA Government	(69 630)	(74 054)
Net (payments to) SA Government	(68 369)	(73 379)

* This amount does not include a dividend/distribution to the SA Government as owner.

A7 Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Deposits with the Treasurer	10 780	14 036
Total cash and cash equivalents	10 780	14 036

**Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2016**

A8 Receivables

	2016	2015
	\$'000	\$'000
Receivables		
Receivables	210	235
Total receivables	210	235

A9 Other liabilities

	2016	2015
	\$'000	\$'000
Current other liabilities		
Funds payable to SA Government	3 297	5 865
Exhibit monies held	6 699	7 294
Unclaimed property held for SA Government	167	369
Other payable to non-SA government	223	209
Total other liabilities	10 386	13 737

All payable amounts disclosed above are expected to be paid within 12 months after reporting date

A10 Cash flow reconciliation

	2016	2015
	\$'000	\$'000
Reconciliation of cash and cash equivalents		
Cash at year end as per:		
Cash and cash equivalents disclosed in the Statement of Administered Financial Position	10 780	14 036
Cash and cash equivalents disclosed in the Statement of Administered Cash Flows	10 780	14 036
Reconciliation of net cash (used in) operating activities to net result		
Net cash (used in) operating activities	(3 256)	1 160
Add/less non-cash items		
Movements in assets and liabilities:		
Increase/(decrease) in receivables	(25)	-
(Increase)/decrease in other liabilities	3 351	(1 168)
Net Result	70	(8)

**Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2016**

A11 Transactions with SA Government

		SA Government		Non-SA Government		Total	
		2016	2015	2016	2015	2016	2015
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES							
Employee benefits expense	A3	-	-	1 084	502	1 084	502
Supplies and services	A4						
PPP lease payments		-	-	2 287	2 257	2 287	2 257
Other		-	-	49	132	49	132
Intra-government transfers		12 417	13 498	-	-	12 417	13 498
Payments to SA Government	A6	69 630	74 054	-	-	69 630	74 054
TOTAL EXPENSES		82 047	87 552	3 420	2 891	85 467	90 443
INCOME							
Fees fines and charges	A5						
Expiation revenue		-	-	69 632	74 052	69 632	74 052
PPP cost recovery		2 287	2 257	-	-	2 287	2 257
Victims of Crime Levy		-	-	12 225	13 303	12 225	13 303
Sundries		-	-	-	12	-	12
Firearms Safety Training Levy		-	-	132	136	132	136
Revenue from government	A6	1 261	675	-	-	1 261	675
TOTAL INCOME		3 548	2 932	81 989	87 503	85 537	90 435
FINANCIAL ASSETS							
Receivables	A8	210	235	-	-	210	235
TOTAL FINANCIAL ASSETS		210	235	-	-	210	235
FINANCIAL LIABILITIES							
Other Liabilities	A9						
Funds payable to SA Government		3 297	5 865	-	-	3 297	5 865
Exhibit monies held		6 699	7 294	-	-	6 699	7 294
Unclaimed property held for SA Government		167	369	-	-	167	369
Other payable to non-SA Government		-	-	223	209	223	209
TOTAL FINANCIAL LIABILITIES		10 163	13 528	223	209	10 386	13 737

**Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2016**

A12 Unrecognised contractual commitments

Operating lease commitments

The total value, net of GST, of future non-cancellable operating lease commitments not provided for as at the end of the reporting period are detailed below. These amounts have not been brought to account in the financial statements.

	2016	2015
	\$'000	\$'000
Not later than one year	2 335	2 290
Later than one year but not later than five years	10 126	10 004
Later than five years	25 291	28 319
Total operating lease commitments	37 752	40 613
GST on operating lease commitments	3 775	4 061

The property leases are non-cancellable with rental payable in advance. Contingent rental provisions within the lease agreements require minimum lease payments to be increased periodically and generally in line with CPI movements and market conditions.

Options exist to renew property leases at the end of the term of the leases.

Operating lease commitments include commitments for PPP leases related to CAA occupancies only.

**Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2016**

A13 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 variances exceeds the greater of 10% of the original budgeted amount and 5% of the original budgeted total expenses.

	Note	Original Budget ¹ 2016 \$'000	Actual 2016 \$'000	Variance \$'000
Statement of Comprehensive Income				
Expenses				
Employee benefits expense	1	447	1,084	637
Supplies and services		2,456	2,336	(120)
Intra-government transfers	2	15,900	12,417	(3,483)
Total expenses		18,803	15,837	(2,966)
Income				
Fees and charges	3	106,548	84,276	(22,272)
Total income		106,548	84,276	(22,272)
Net cost of providing services		87,745	68,439	(19,306)
Revenues from/payments to SA Govt				
Revenue from SA Govt	4	618	1,261	643
Payments to SA Govt	4	(88,363)	(69,630)	18,733
Net Revenues from (payments to) SA Government		(87,745)	(68,369)	19,376
Net result		-	70	70
Total comprehensive result		-	70	70

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.

Note

- 1) Employee benefits expense – the variance to budget mainly relates to the former Commissioner's leave paid on termination. This expenditure was funded from revenue received from SA Government.
- 2) Intra-government transfers – Intra-government transfers mainly relate to Victims of Crime Levy receipts transferred to the Attorney-General's Department. The variance to budget mainly reflects lower expiation volumes as a result of the timing of additional cameras coming online, cameras being non-operational and changes in driver or payment behaviour.
- 3) Fees and charges – the variance to budget mainly reflects the timing of additional cameras coming online, cameras being non-operational and changes in driver or payment behaviour.
- 4) Net revenue from SA Government – the variance to budget mainly reflects the additional funding received as a result of leave paid on termination for the former Commissioner.

SAPOL has no budget or actual investing expenditure under Administered Items.

South Australia Police Certification of the Financial Statements

We certify that the attached general purpose financial statements for the South Australia Police:

- 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 South Australia Police; and
- present a true and fair view of the financial position of the South Australia Police 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 South Australia Police for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Grant Stevens
Commissioner of Police
16/09/2016



Denis Patriarca
Director, Business Service
16/09/2016



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**To the Commissioner of Police
South Australia Police**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the South Australia Police 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 items for the year ended 30 June 2016
- a Schedule of Assets and Liabilities attributable to administered items as at 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information for administered items
- a Certificate from the Commissioner of Police and the Director, Business Service.

The Commissioner of Police's responsibility for the financial report

The Commissioner of Police 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 Commissioner of Police 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.

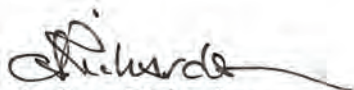
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.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

South Australian Country Fire Service

Financial report
for the year ended
30 June 2016

South Australian Country Fire Service
Statement of Comprehensive Income
for the year ended 30 June 2016

		2016	2015
	Note	\$'000	\$'000
Expenses			
Employee benefits	5	19 308	15 993
Supplies and services	6	46 955	47 342
Depreciation and amortisation	7	9 984	9 864
Grants and subsidies	8	389	389
Net loss from the disposal of non-current and other assets	9	21	393
Total expenses		76 657	73 981
Income			
Fees and charges	10	1 542	1 233
Grants and contributions	11	2 610	2 475
Interest	12	122	237
Groups/Brigades	13	135	775
Other	14	522	652
Total Income		4 931	5 372
Net cost of providing services		71 726	68 609
Revenues from SA Government:			
Revenues from SA Government	15	74 437	74 943
Total revenues from SA Government		74 437	74 943
Net result		2 711	6 334
Other comprehensive income:			
<i>Items that will not be reclassified to net result</i>			
Net expenses relating to non-current assets held for sale		-	(133)
Total other comprehensive income		-	(133)
TOTAL COMPREHENSIVE RESULT		2 711	6 201

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

South Australian Country Fire Service
Statement of Financial Position
as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	16	13 127	9 135
Receivables	17	1 900	4 789
Other financial assets	18	2 266	2 208
Non-current assets held for sale	19	742	742
Total current assets		18 035	16 874
Non-current assets			
Property, plant and equipment	20	166 085	160 245
Intangibles	21	5	7
Total non-current assets		166 090	160 252
Total assets		184 125	177 126
Current liabilities			
Payables	23	5 158	2 582
Employee benefits	24	2 081	1 779
Provisions	25	2 562	985
Total current liabilities		9 801	5 346
Non-current liabilities			
Payables	23	334	324
Employee benefits	24	3 565	3 559
Provisions	25	2 461	2 644
Total non-current liabilities		6 360	6 527
Total liabilities		16 161	11 873
Net assets		167 964	165 253
Equity			
Asset revaluation surplus	26	45 703	45 703
Retained earnings	26	122 261	119 550
Total equity		167 964	165 253

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

South Australian Country Fire Service
Statement of Changes in Equity
for the year ended 30 June 2016

	Note	Revaluation Surplus \$'000	Retained Earnings \$'000	Total equity \$'000
Balance at 30 June 2014		45 836	113 216	159,052
Net result for 2014-15		-	6,334	6,334
Net expenses relating to non-current assets held for sale		(133)	-	(133)
Total comprehensive result for 2014-15		(133)	6 334	6 201
Balance at 30 June 2015	26	45 703	119 550	165 253
Net result for 2015-16		-	2,711	2,711
Total comprehensive result for 2015-16		-	2 711	2 711
Balance at 30 June 2016	26	45 703	122 261	167 964

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

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

South Australian Country Fire Service
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		(17 499)	(14 938)
Supplies and services		(51 570)	(53 378)
Grants and subsidies payments		(389)	(389)
Payments for paid parental leave scheme		(34)	(15)
Cash used in operations		(69 492)	(68 720)
Cash inflows			
Fees and charges		4 823	1 671
Receipts from grants and contributions		2 980	1 718
Interest received		124	244
GST recovered from the ATO		5 664	4 726
Receipts for paid parental leave scheme		36	17
Other receipts		302	1 267
Cash generated from operations		13 929	9 643
Cash flows from SA government			
Contributions from Community Emergency Services Fund	15	74 389	74 279
Other receipts from SA Government	15	48	664
Cash generated from SA government		74 437	74 943
Net cash provided by operating activities	27	18 874	15 866
Cash flows from investing activities			
Cash outflows			
Purchase of investments		(58)	(361)
Purchase of property, plant and equipment		(15 104)	(16 870)
Net cash (used in) investing activities		(15 162)	(17 231)
Cash inflows			
Proceeds from sale of property, plant and equipment		280	250
Cash generated from investing activities		280	250
Net cash used in investing activities		(14 882)	(16 981)
Net increase/(decrease) in cash and cash equivalents		3 992	(1 115)
Cash and cash equivalents at the beginning of the period		9 135	10 250
Cash and cash equivalents at the end of the period	16	13 127	9 135

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

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

1 Objectives and funding

Objectives

The South Australian Country Fire Service (CFS) is established under the *Fire and Emergency Services Act 2005* (the Act) and is responsible under the Act for the following functions:

- to provide services with a view to preventing the outbreak of fires, or reducing the impact of fires, in the country
- to provide efficient and responsive services in the country for the purpose of fighting fires, dealing with other emergencies or undertaking any rescue
- to protect life, property and environmental assets from fire and other emergencies occurring in the country
- to develop and maintain plans to cope with the effects of fire or emergencies in the country
- to provide services or support to assist with recovery in the event of a fire or other emergency in the country
- to perform any other function assigned to CFS by or under this or any other Act.

Funding arrangements

Funding of CFS is primarily derived from the Community Emergency Services Fund (the Fund), in accordance with the *Emergency Services Funding Act 1998*.

Funds generated by Groups and Brigades through fund raising activities are held locally for expenditure on CFS activities in the local community. These funds are recognised in CFS's financial statements.

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*.

CFS has applied Australian Accounting Standards that are applicable to not-for-profit entities as CFS is a not-for-profit entity.

Except for AASB 2015-7 which CFS 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 CFS 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 judgment in the process of applying CFS'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, which have been included in this financial report:

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

2 (b) Basis of preparation (continued)

- (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items may be utilised. CFS has elected not to utilise this threshold; that is all revenue, expense, financial assets and liabilities relating to SA Government have been separately disclosed
- (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/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.

CFS'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.

(c) Reporting entity

Under the Act, CFS is a separate body corporate acting on behalf of the Crown and part of the consolidated emergency services sector.

The financial statements include all the controlled activities of CFS. CFS does not control any other entity and has no interests in unconsolidated structured entities.

CFS has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

(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. 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 impracticable.

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

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

2 Summary of significant accounting policies (continued)

(f) Rounding

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

(g) Taxation

CFS is not subject to income tax. CFS is liable for payroll tax, fringe benefits tax (FBT) 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 GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the 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.

(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 provide information about conditions that existed at 30 June.

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

(i) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to CFS 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 SA Government

Contributions from the Fund and other receipts from SA Government are recognised as an asset and income when CFS obtains control over the funding. Control over funding is normally obtained upon receipt.

Grants and contributions

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

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

2 (i) Income (continued)

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

- Contributions with unconditional stipulations - this will be when the agreement becomes enforceable; that is 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.

All contributions received by CFS have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Fees and charges

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

Other income

Other income consists of rent received, insurance recoveries and other minor revenues.

(j) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from CFS 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 CFS to the superannuation plan in respect of current services of current CFS staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole of government financial statements for all Government managed funds.

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.

Loss from disposal of non-current assets

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

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

2 (j) Expenses (continued)

Any loss on disposal are recognised at the date control of the asset is passed to the buyer and is determined after deducting the cost of the asset from the proceeds at that time.

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.

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

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

Class of asset	Useful life (years)
Buildings	40
Vehicles	20
Communications equipment	10
Plant and equipment	10
Computer equipment	5
Intangibles	5

Grants and subsidies

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

All contributions paid by CFS have been contributions with unconditional stipulations attached.

(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 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, CFS 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 include cash at bank and on hand and 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.

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

2 (l) Assets (continued)

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 CFS will not be able to collect the debt. Bad debts are written off when identified.

Other financial assets

CFS measures other financial assets at cost. All assets in this category are either short or medium term cash deposits.

Non-current assets held for sale

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

Non-current assets classified as held for sale are presented separately from the other assets in the Statement of Financial Position.

Non-current 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.

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. On an ongoing basis, revaluations are made in accordance with related policies whereby independent valuations are obtained every six years and carrying amounts are adjusted accordingly.

If at any time management considers that the carrying amount of an asset materially differs from its fair value, the asset is revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

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

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

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

South Australian Country Fire Service
Notes to and forming part of the financial statements
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2 (I) Assets (continued)

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 costs. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

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

Intangible assets

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

The useful lives of intangible assets are assessed to be either finite or indefinite. CFS 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 CFS has been unable to attribute this expenditure to the intangible asset rather than to CFS 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.

CFS 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 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 active market and are derived from unobservable inputs.

Non-financial assets

In determining fair value, CFS 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 (i.e. physically possible, legally permissible, financially feasible).

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

Refer note 22 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets

CFS does not recognise any financial assets at fair value.

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

2 Summary of significant accounting policies (continued)

(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, employment on-costs and Paid Parental Leave Scheme.

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 CFS.

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 CFS has received from the Commonwealth Government to forward onto eligible employees via CFS's standard payroll processes. That is, CFS 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 superannuation contributions, WorkCover levies and payroll tax in respect of outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

CFS 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 and externally managed superannuation schemes.

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

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

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by 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.

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

2 (m) Liabilities (continued)

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 the police and emergency services sector across government. 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.

(n) Provisions

Provisions are recognised when CFS 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 CFS 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.

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 CFS personnel as required under current legislation.

CFS is responsible for the payment of workers compensation claims.

(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.

3 New and revised accounting standards and policies

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

Except for AASB 2015-7 which CFS 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 CFS for the period ending 30 June 2016. CFS has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on accounting policies or the financial statements of CFS 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 in the statement of financial position to be recognised 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 CFS at the time, significant assets and liabilities could be recognised and amortised over the lease terms.

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

4 Activities of South Australian Country Fire Service

In achieving its objectives, CFS provides services within two areas of activity: frontline service delivery and frontline service delivery support. These services are classified under one program titled 'South Australian Country Fire Service'.

5 Employee benefits expenses

	2016	2015
	\$'000	\$'000
Salaries and wages	12 135	10 879
Annual leave	1 124	942
Skills and experience retention leave	63	64
Long service leave	607	643
Employment on-costs - superannuation	1 289	1 110
Payroll tax	737	682
Workers compensation	3 163	1 416
Other employment related expenses	190	257
Total employee benefits	19 308	15 993

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	N/A	1
\$145 001 – \$155 000	1	1
\$155 001 – \$165 000	2	3
\$165 001 – \$175 000	-	1
\$195 001 – \$205 000	1	1
\$235 001 – \$245 000	-	1
\$295 001 – \$305 000	1	1
\$315 001 – \$325 000	1	-
Total	6	9

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 FBT paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$1.3 million (2015: \$1.7 million).

South Australian Country Fire Service
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6 Supplies and services

	2016	2015
	\$'000	\$'000
Accommodation	136	147
Aerial firefighting	9 074	10,803
Auditor's remuneration	29	30
Communications	1 079	1,023
Computing costs	1 523	1,356
Consultancy, contractor and legal fees	2 483	2,324
Consumables	1 720	2,004
Energy	796	793
Government radio network	10 817	10,553
Insurance premiums	224	223
Minor plant and equipment	1 513	1,381
Operating lease costs	2 492	2,350
Operational costs	1 696	2,455
Repairs and maintenance	6 307	5,511
Travel and training	2 508	2,434
Uniforms and protective clothing	2 232	1,801
Other expenses	2 326	2,154
Total supplies and services	46 955	47 342

Consultants

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

	2016	2015	2016	2015
	Number	Number	\$'000	\$'000
Below \$10 000	-	1	-	5
Above \$10,000	1	-	66	-
Total paid/payable to consultants engaged	1	1	66	5

Auditor's remuneration

	2016	2015
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	29	30
Total audit fees	29	30

Other services

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

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

7 Depreciation and amortisation expense

	2016	2015
	\$'000	\$'000
Depreciation		
Buildings	2 204	2,224
Vehicles	6 435	6,522
Computers	37	26
Plant	413	212
Communications	893	878
Total depreciation	9 982	9 862
Amortisation		
Software	2	2
Total amortisation	2	2
Total depreciation and amortisation	9 984	9 864

8 Grants and subsidies

	2016	2015
	\$'000	\$'000
Grants and subsidies	389	389
Total grants and subsidies	389	389

9 Net loss from disposal of non-current assets

	2016	2015
	\$'000	\$'000
Vehicles		
Proceeds from disposal	280	250
Less net book value of assets disposed	(298)	(643)
Net loss from disposal of vehicles	(18)	(393)
Plant and equipment		
Proceeds from disposal	-	-
Less net book value of assets disposed	(3)	-
Net loss from disposal of plant and equipment	(3)	-
Total assets		
Proceeds from disposal	280	250
Less net book value of assets disposed	(301)	(643)
Total net loss from disposal of non-current assets	(21)	(393)

South Australian Country Fire Service
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10 Revenues from fees and charges

	2016	2015
	\$'000	\$'000
Fire alarm attendance fees	308	321
Fire safety fees	133	158
Fire alarm monitoring fees	230	212
Incident cost recoveries	459	98
Training and other recoveries	361	429
Other recoveries	51	15
Total fees and charges	1 542	1 233

11 Grants and contributions

	2016	2015
	\$'000	\$'000
Commonwealth Government	2 012	2 261
State Government	598	214
Total Grants and Contributions	2 610	2 475

Commonwealth revenues include contributions towards aerial firefighting costs through the National Aerial Firefighting Centre Ltd, contributions towards the cost of providing fire and emergency services to Commonwealth property in CFS areas and one-off project grants.

Contributions through the National Aerial Firefighting Centre Ltd can only be applied to aircraft leasing and positioning costs and must be matched by State Government funding on at least a dollar for dollar basis. Once-off project grants are subject to specific funding agreements.

12 Interest revenues

	2016	2015
	\$'000	\$'000
Interest on deposit accounts	122	237
Total interest revenues	122	237

13 Groups/Brigades revenues

	2016	2015
	\$'000	\$'000
Groups/Brigades fundraising	135	775
Total Groups/Brigades revenues	135	775

South Australian Country Fire Service
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14 Other income

	2016	2015
	\$'000	\$'000
Rent received	79	62
Insurance recoveries	157	274
Other	286	316
Total other income	522	652

15 Revenues from SA Government

	2016	2015
	\$'000	\$'000
Contributions from Community Emergency Services Fund	74 389	74 279
Other revenues from SA Government	48	664
Total revenues from SA Government	74 437	74 943

Revenues from SA Government consist of \$59.734m (2015: \$59.039m) for operational funding and \$14.703m (2015: \$15.904m) for capital projects.

For details on the expenditure associated with the operational funding and capital funding refer notes 5, 6, 8, 20 and 21.

16 Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Cash on hand	4	5
Deposits with the Treasurer	8 460	4 390
Cash at bank	443	416
Cash at bank - Groups/Brigades	3 473	3 617
Short-term deposits - Groups/Brigades	747	707
Total cash and cash equivalents	13 127	9 135

Short term deposits

Short-term deposits are made for varying periods of between one day and three months. The deposits are lodged with various financial institutions at their respective short-term deposit rates.

Interest rate risk

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

South Australian Country Fire Service
Notes to and forming part of the financial statements
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17 Receivables

	2016	2015
	\$'000	\$'000
Current		
Receivables	882	3 432
Less: Allowance for doubtful debts	(25)	(18)
	857	3 414
Accrued revenue	34	84
GST input tax recoverable	1 009	1 291
Total current receivables	1 900	4 789

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

An allowance for impairment loss has been recognised in 'other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movements in the allowance for doubtful debts (impairment loss)

	2016	2015
	\$'000	\$'000
Carrying amount at the beginning of the period	(18)	(12)
Amounts written off	5	4
Increase in the allowance	(12)	(10)
Carrying amount at the end of the period	(25)	(18)

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. 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 and categorisation of financial instruments and risk exposure information

Refer note 34.

18 Other financial assets

	2016	2015
	\$'000	\$'000
Medium term deposits - Groups/Brigades	2 266	2 208
Total other financial assets	2 266	2 208

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information

Refer note 34.

South Australian Country Fire Service
Notes to and forming part of the financial statements
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19 Non-current assets held for sale

	2016	2015
	\$'000	\$'000
Land	742	742
Total non-current assets held for sale	742	742

Land at Port Lincoln is surplus to requirements and continues to remain on the market for sale as at 30 June 2016.

20 Property, plant and equipment

	2016	2015
	\$'000	\$'000
Land		
At valuation	12 811	12 761
At cost (deemed fair value)	342	250
Total land	13 153	13 011

Buildings

At valuation	42 195	42 195
At cost (deemed fair value)	1 910	1 123
Less accumulated depreciation	(5 552)	(3 348)
Total buildings	38 553	39 970

Vehicles

At valuation	79 986	80 326
At cost (deemed fair value)	19 746	9 972
Less accumulated depreciation	(16 180)	(9 786)
Total vehicles	83 552	80 512

Communication (Comms.) equipment

At valuation	4 849	4 849
At cost (deemed fair value)	2 072	1 279
Less accumulated depreciation	(2 187)	(1 295)
Total communication equipment	4 734	4 833

Computer equipment

At valuation	30	30
At cost (deemed fair value)	133	80
Less accumulated depreciation	(69)	(33)
Total computer equipment	94	77

Plant and equipment

At valuation	1 156	1 164
At cost (deemed fair value)	3 471	587
Less accumulated depreciation	(719)	(310)
Total plant and equipment	3 908	1 441

Capital work in progress

At cost (deemed fair value)	22 091	20 401
Total capital work in progress	22 091	20 401

Total property, plant and equipment

166 085	160 245
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South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

20 Property, plant and equipment (continued)

Valuation of Assets

As at 30 June 2016 in accordance with South Australian Fire and Emergency Services Commission (SAFECOM) policy, a review of the valuations was undertaken by a suitability qualified officer of SAFECOM which indicated that there was no material difference between the fair value and carrying amount of the assets. Consequently it was determined no revaluation adjustment were required at this time.

At 1 January 2014 independent valuations for land, buildings, vehicles, communication, computer, plant and equipment assets were undertaken by Liquid Pacific, Mr M Burns, MRICS, AAPI (CPV). The fair value of all vehicles, communications, computer and plant and equipment items was determined by identifying a market buying price, estimated as written down modern equivalent replacement cost. The fair value of land and buildings was based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

Impairment

There were no indications of impairment for property, plant and equipment as at 30 June 2016.

Movement reconciliation of property, plant and equipment

	Land	Buildings	Vehicles	Comms. equipment	Comp equipment	Plant and equipment	Capital work in progress	Total
2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	13 011	39 970	80 512	4 833	77	1 441	20 401	160 245
Acquisitions	-	-	-	-	-	-	16 123	16 123
Transfers to/(from) capital works in progress	142	787	9 773	794	54	2 883	(14 433)	-
Depreciation	-	(2 204)	(6 435)	(893)	(37)	(413)	-	(9 982)
Disposals	-	-	(298)	-	-	(3)	-	(301)
Carrying amount at the end of the period	13 153	38 553	83 552	4 734	94	3 908	22 091	166 085

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

20 Property, plant and equipment (continued)

	Land	Buildings	Vehicles	Comms. equipment	Comp equipment	Plant and equipment	Capital work in progress	Total
<u>2015</u>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	12 649	41 512	85 423	4 432	103	1 066	8 891	154 076
Acquisitions	-	-	-	-	-	-	16 558	16 558
Transfers to/(from) capital works in progress	250	678	2 254	1 279	-	587	(5 048)	-
Depreciation	-	(2 224)	(6 522)	(878)	(26)	(212)	-	(9 862)
Disposals	-	-	(643)	-	-	-	-	(643)
Transfers from non current asset held for resale	112	4	-	-	-	-	-	116
Carrying amount at the end of the period	13 011	39 970	80 512	4 833	77	1 441	20 401	160 245

21 Intangible Assets

	2016 \$'000	2015 \$'000
Computer software	10	21
Less accumulated amortisation	(5)	(14)
Total intangible assets	5	7

Movement reconciliation of intangible assets

	2016 \$'000	2015 \$'000
Carrying amount at the beginning of the period	7	9
Amortisation expense	(2)	(2)
Carrying amount at the end of the period	5	7

Asset details and amortisation

Intangible assets detailed above relate to computer software externally acquired.

Impairment

There were no indications of impairment of intangible assets at 30 June 2016.

South Australian Country Fire Service
Notes to and forming part of the financial statements
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22 Fair value measurement

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purpose. CFS categorises non-financial assets measured at fair value into hierarchy bases 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. CFS had no valuations categorised into level 1.

Fair value measurements at 30 June 2016

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land (note 20)	6 843	6 310	13 153
Buildings (note 20)	8 353	30 200	38 553
Vehicles (note 20)	-	83 552	83 552
Communication (Comms.) equipment (note 20)	-	4 734	4 734
Computer equipment (note 20)	-	94	94
Plant and equipment (note 20)	-	3 908	3 908
Total recurring fair value measurements	15 196	128 798	143 994
Non- recurring fair value measurements			
Land held for sale (note 19)	742	-	742
Total non-recurring fair value measurements⁽¹⁾	742	-	742
Total	15 938	128 798	144 736

¹ CFS has measured land and building held for sale at fair value less costs to sell in accordance with AASB 5 because the assets' fair value less costs to sell is lower than its carrying amount.

Fair value measurements at 30 June 2015

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land (note 20)	6 751	6 260	13,011
Buildings (note 20)	8 741	31 229	39,970
Vehicles (note 20)	-	80 512	80,512
Communication (Comms.) equipment (note 20)	-	4 833	4,833
Computer equipment (note 20)	-	77	77
Plant and equipment (note 20)	-	1 441	1,441
Total recurring fair value measurements	15 492	124 352	139 844
Non- recurring fair value measurements			
Land held for sale (note 19)	742	-	742
Total non-recurring fair value measurements⁽¹⁾	742	-	742
Total	16 234	124 352	140 586

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2016. CFS's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Refer to APF III Asset Accounting Framework for guidance in determining the applicable fair value hierarchy disclosure level.

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

22 Fair value measurement (continued)

Valuation techniques and inputs

Valuation techniques and inputs used to derive level 2 and 3 fair values are at note 20. There were no changes in the valuation techniques during 2016.

Land subject to restricted use is considered within Input Level 3.

Buildings that are specialised are classified as Input Level 3.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Reconciliation of Level 3 recurring fair value measurement at 30 June 2016

	Land	Buildings	Vehicles	Comms. equipment	Computer equipment	Plant and equipment	Total
2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	6 260	31 229	80 512	4 833	77	1 441	124 352
Capitalised subsequent expenditure	50	787	9 773	794	54	2 883	14 341
Depreciation	-	(1 816)	(6 435)	(893)	(37)	(413)	(9 594)
Disposals	-	-	(298)	-	-	(3)	(301)
Closing balance at the end of the period	6 310	30 200	83 552	4 734	94	3 908	128 798
Carrying amount at 30 June	6 310	30 200	83 552	4 734	94	3 908	128 798

Reconciliation of Level 3 recurring fair value measurement at 30 June 2015

Opening balance at the beginning of the period	6 260	33 072	85 423	4 432	103	1 066	130 356
Capitalised subsequent expenditure	-	-	2 254	1 279	-	587	4 120
Depreciation	-	(1 843)	(6 522)	(878)	(26)	(212)	(9 481)
Disposals	-	-	(643)	-	-	-	(643)
Closing balance at the end of the period	6 260	31 229	80 512	4 833	77	1 441	124 352
Carrying amount at 30 June	6 260	31 229	80 512	4 833	77	1 441	124 352

23 Payables

	2016	2015
	\$'000	\$'000
Current payables		
Accrued expenses	1 429	861
Creditors	3 367	1 394
Paid Parental Leave Scheme payable	4	2
Employee on-costs	358	325
Total current payables	5 158	2 582
Non-current payables		
Creditors	4	3
Employment on-costs	330	321
Total non-current payables	334	324

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

23 Payables (continued)

Employment on-costs

The actuarial assessment performed by the Department of Treasury and Finance, has resulted in the percentage of the proportion of long service leave taken increasing from 2015 (37%) to 2016 (40%) and the average factor for the calculation of employer superannuation cost on-cost has decreased from 2015 (10.3%) to 2016 (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 \$0.009 million and employee benefit expense of \$0.009 million. The estimated impact on future periods is not expected to be materially different to the effect on the current period as shown above.

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.

Maturity analysis of payables and categorisation of financial instruments and risk exposure information

Refer note 34.

24 Employee benefits

	2016	2015
	\$'000	\$'000
Current employee benefits		
Accrued salaries and wages	220	121
Annual leave	1 595	1 460
Skills and experience retention leave	151	135
Long service leave	115	63
Total current employee benefits	2 081	1 779
Non-current employee benefits		
Long service leave	3 565	3 559
Total non-current employee benefits	3 565	3 559
Total employee benefits	5 646	5 338

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

24 Employee benefits (continued)

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.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$0.234 million and employee benefits expense of \$0.234 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.

25 Provisions

	2016	2015
	\$'000	\$'000
Current provisions		
Provision for workers compensation	2 562	985
Total current provisions	2 562	985
Non-current provisions		
Provision for workers compensation	2 461	2 644
Total non-current provisions	2 461	2 644
Total provisions	5 023	3 629
Provision movement		
Carrying amount at the beginning of the period	3 629	3 163
Additional provisions recognised	3 166	1 413
Reduction arising from payments	(1 772)	(947)
Carrying amount at the end of the period	5 023	3 629

Presumptive workers compensation coverage for firefighters for a range of cancers came into effect from 1 July 2013. The workers compensation provision as at 30 June 2016 is based on a valuation prepared by an actuary that assesses all known claims. While further firefighters may be eligible to make a claim, a reliable estimate of further liabilities cannot be presently made to satisfy the conditions for recognition of liabilities under accounting standards. A contingent liability disclosure has been made at note 29 to the financial statements. Consequently, there may be a significant increase in the workers compensation provision in future years as further claims are received and assessed.

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

26 Equity

	2016	2015
	\$'000	\$'000
Retained earnings	122 261	119 550
Asset revaluation surplus	45 703	45 703
Total equity	167 964	165 253

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.

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	13,127	9,135
Balance as per Statement of Cash Flows	13 127	9 135
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by operating activities	18,874	15,866
Less revenues from SA Government	(74,437)	(74,943)
Add/(less) non-cash Items		
Depreciation and amortisation	(9,984)	(9 864)
Net loss from disposal of non-current assets	(21)	(393)
Movements in assets and liabilities		
(Decrease) / increase in receivables	(2,889)	1 595
(Increase) / decrease in payables	(1,567)	130
(Increase) / decrease in employee benefits	(308)	(535)
(Increase) / decrease in provisions	(1,394)	(466)
Net cost of providing services	(71 726)	(68 610)

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

28 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	2015
	\$'000	\$'000
Within one year	1 746	1 778
Later than one year but not later than five years	1 431	2 587
Total operating lease commitments	3 177	4 365

The above-mentioned operating lease payments are not recognised in the financial statements as liabilities. These non-cancellable leases relate to vehicle and property leases, with rental payable monthly.

Capital commitments

Capital expenditure 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	3 870	8 006
Later than one year but not later than five years	-	1 585
Total capital commitments	3 870	9 591

These capital commitments are for building, vehicle and equipment projects.

Expenditure commitments

Expenditure contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:

	2016	2015
	\$'000	\$'000
No later than one year	6 554	6 226
Later than one year but not later than five years	6 197	12 186
Total expenditure commitments	12 751	18 412

Contractual commitments relate to information technology, aerial firefighting and equipment maintenance contracts.

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

29 Contingent assets and liabilities

Contingent assets

CFS is not aware of any contingent assets.

CFS has previously reported that in 2009-10, prepayments were made for capital works projects of \$855 800 for works that did not materialise and that recovery of the prepayments had been sought. Recovery of the amount is now no longer possible.

Contingent liabilities

Presumptive workers compensation coverage to CFS for firefighters for a range of cancers came into effect from 1 July 2013. The workers compensation provision as at 30 June 2016 recognises a liability for all known claims based on a valuation prepared by an actuary. Further firefighters may be eligible to make a claim, however, a reliable estimate of the liability relating to those potential claims cannot be presently made.

CFS has several other contingent liabilities in the form of unresolved litigation. However, the outcome cannot be reliably determined at this stage. In each case the financial exposure to CFS is limited to a \$10 000 excess under insurance arrangements.

CFS is not aware of any other contingent liabilities.

30 Remuneration of board and committee members

Members of boards and committees during 2016 were:

State Bushfire Coordination Committee

Ann De Piaz *	Joseph Keynes
Bruce Hull	Justin Cook *
Bryan Fahy *	Katherine Stanley-Murray
Chris Zafiropoulos * (Appointed 1 July 2015)	Kylie Egan
Donald Gilberston	Maurice Roche
Fiona Dunstan *	Mark Langham * (Appointed 1 July 2015)
Franco Crisci *	Mark Sutton *
Glenn Benham *	Naomi Rea (Appointed 1 July 2015)
Graham Gates	Peter White
Grant Pelton *	Scott Thompson *
Gregory Nettleton *	Stephen Pascale *
Gregory Saunder *	Suzanne Mickan
Jacqueline Frizenchaf * (Appointed 1 July 2015)	Timothy Kelly (Appointed 1 July 2015)
James Crocker *	Wayne Thorley
Jayne Bates	William McIntosh
Jeffrey Wiseman *	Will Zacharin * (Appointed 1 July 2015)
John Nairn	

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

30 Remuneration of board and committee members (continued)

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

	2016	2015
	\$'000	\$'000
\$nil	30	24
\$1 - \$9 999	3	4
Total number of members	33	28

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 \$618 (2015: \$3 127).

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

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

For the purposes of this table, travel allowances and other out-of-pocket expenses paid to members have not been included as remuneration as it is considered to be reimbursement of direct expenses incurred by relevant members.

31 Events after the reporting period

There were no events after the reporting period affecting the financial statements.

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

32 Transactions with SA Government

	Note	SA Government		Non-SA Government		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses							
Employee benefits expenses	5	4 124	2 355	15,184	13,638	19 308	15 993
Supplies and services	6						
Accommodation		92	86	44	61	136	147
Aerial firefighting		28	18	9,046	10,785	9 074	10 803
Auditor's remuneration		29	30	-	-	29	30
Communications		27	28	1,052	995	1 079	1 023
Computing costs		336	308	1,187	1,048	1 523	1 356
Consultancy, contractor and legal fees		125	192	2,358	2,132	2 483	2 324
Consumables		198	236	1,522	1,768	1 720	2 004
Energy		11	8	785	785	796	793
Government radio network		10 817	10 553	-	-	10 817	10 553
Insurance premiums		178	177	46	46	224	223
Minor plant and equipment		5	-	1,508	1,381	1 513	1 381
Operating lease costs		1 667	1 459	825	891	2 492	2 350
Operational costs		66	79	1,630	2,376	1 696	2 455
Repairs and maintenance		224	99	6,083	5,412	6 307	5 511
Travel and training		75	23	2,433	2,411	2 508	2 434
Uniforms and protective clothing		-	-	2,232	1,801	2 232	1 801
Other expenses		254	259	2,072	1,895	2 326	2 154
Depreciation and amortisation	7	-	-	9,984	9,864	9 984	9 864
Grants and subsidies	8	-	-	389	389	389	389
Net loss from disposal of non-current assets	9	-	-	21	393	21	393
Total expenses		18 256	15 910	58 401	58 071	76 657	73 981

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

32 Transactions with SA Government (continued)

	Note	SA Government		Non-SA Government		Total	
		2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income							
Revenues from fees and charges	10						
Fire alarm attendance fees		94	97	214	224	308	321
Fire safety fees		5	5	128	153	133	158
Fire alarm monitoring fees		57	51	173	161	230	212
Incident cost recoveries		-	15	459	83	459	98
Training and other recoveries		242	146	119	283	361	429
Other recoveries		9	-	42	15	51	15
Grants and contributions	11						
Commonwealth Government		-	-	2,012	2,261	2 012	2,261
State Government		598	214	-	-	598	214
Interest revenues	12	122	237	-	-	122	237
Groups/Brigades revenues	13	-	-	135	775	135	775
Other income	14						
Rent received		-	-	79	62	79	62
Insurance recoveries		111	268	46	6	157	274
Other		192	226	94	90	286	316
Revenues from SA Government	15	74 437	74 943	-	-	74 437	74,943
Total income		75 867	76 202	3 501	4 113	79 368	80 315

	Note	SA Government		Non-SA Government		Total	
		2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Receivables	17						
Receivables		121	759	736	2 655	857	3 414
Accrued revenue		16	18	18	66	34	84
GST input tax recoverable		-	-	1 009	1 291	1 009	1 291
Other financial assets	18	-	-	2 266	2 208	2 266	2 208
Total financial assets		137	777	4 029	6 220	4 166	6 997

Financial liabilities

Payables	23						
Accrued expenses		1 204	120	225	741	1 429	861
Creditors		547	77	2 824	1 320	3 371	1 397
Paid Parental Leave Scheme payable		-	-	4	2	4	2
Employee on-costs		340	335	348	311	688	646
Total financial liabilities		2 091	532	3 401	2 374	5 492	2 906

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

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 budget amount and 5% of original budgeted total expenses.

		Original Budget ¹ 2016 \$'000	Actual 2016 \$'000	Variance \$'000
Statement of Comprehensive Income	Note			
Expenses				
Employee benefits	(a)	14 416	19 308	4,892
Supplies and services	(b)	41 362	46 955	5,593
Depreciation and amortisation		12 285	9 984	(2,301)
Grants and subsidies		412	389	(23)
Net loss from the disposal of non-current and other assets		19	21	2
Total expenses		68 494	76 657	8 163
Income				
Fees and charges		1 193	1 542	349
Grants and contributions		1 875	2 610	735
Interest		-	122	122
Groups/Brigades		-	135	135
Other		1 207	522	(685)
Total income		4 275	4 931	656
Net cost of providing services		64 219	71 726	7 507
Revenues from (payments to) SA government				
Revenues from SA Government		76 638	74 437	(2,201)
Net revenues from SA Government		76 638	74 437	(2 201)
Net result		12 419	2 711	(9 708)

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budget financial statements in respect of the reporting period (2015-16 Budget Paper 4). These original budget 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.

- (a) Actual employee benefits were higher than the original budget primarily due to workers compensation expenses and nine new training positions announced in the 2015-16 Budget but initially funded under SAFECOM (the funding was transferred to CFS during the year).
- (b) While actual supplies and services exceeded the original budget, the actual is in line with approved budget increases during the year to reflect the transfer of new initiative funding for support to volunteers initially funded under SAFECOM and additional response costs incurred during the 2015-16 bushfire season, in particular for the Pinery fire.

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

33 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 existing projects		-	689	689
Total annual programs		15 179	15 179	-
Total investing expenditure		15 179	15 868	689

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budget financial statements in respect of the reporting period (2015-16 Budget Paper 4). These amounts have not been adjusted to reflect revised budgets.

There were no variances where the variance exceeds the greater of 10% of the original budget amount and 5% of original budgeted total investing expenditure.

34 Financial risk management/financial instruments

34.1 Financial risk management

Risk management is managed by CFS 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*.

CFS 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.

34.2 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 34.3 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.

CFS 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, 17, 23).
- Held-to-maturity investments are initially recognised at fair value, then subsequently held at amortised cost. This is the most representative of fair value in the circumstances (refer notes 2 and 18).

34.3 Liquidity risk

Liquidity risk arises from the possibility that CFS is unable to meet its financial obligations as they fall due. CFS is funded principally from the Fund. CFS works with the Fund to determine the cash flows associated with its government approved program of work to ensure funding meets the expected cash flows.

CFS 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.

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

The carrying amounts recorded in table 34.3 represent CFS's maximum exposure.

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

34 Financial risk management/financial instruments (continued)

The following table discloses the carrying amount of each category of financial instrument held by CFS including the contractual maturity analysis for financial assets and liabilities (i.e. 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.

Table 34.3 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 \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents	16	13 127	13 127	-	-	-
Receivables ⁽¹⁾⁽²⁾	17	877	877	-	-	-
Other financial assets	18	2 266	2 266	-	-	-
Total financial assets		16,270	16,270	-	-	-
Financial liabilities						
Payables ⁽¹⁾	23	4 464	4 460	-	-	4
Total financial liabilities		4,464	4,460	-	-	4

Category of financial asset and financial liability	Notes	2015 Carrying amount/fair value \$'000	2015 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents	16	9 135	9 135	-	-	-
Receivables ⁽¹⁾⁽²⁾	17	3 511	3 511	-	-	-
Other financial assets	18	2 208	2 208	-	-	-
Total financial assets		14,854	14,854	-	-	-
Financial liabilities						
Payables ⁽¹⁾	23	2 230	2 227	-	-	3
Total financial liabilities		2,230	2,227	-	-	3

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.

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.

South Australian Country Fire Service
Notes to and forming part of the financial statements
For the year ended 30 June 2016

34 Financial risk management/financial instruments (continued)

34.4 Credit risk

Credit risk arises when there is the possibility of CFS's debtors defaulting on their contractual obligations resulting in financial loss to the department. CFS measures credit risk on a fair value basis and monitors risk on a regular basis.

CFS has minimal concentration of credit risk. CFS has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. CFS 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 CFS.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 17 for information on the allowance for impairment in relation to receivables.

The carrying amount of financial assets as detailed in note 34.3 represents CFS's maximum exposure to credit risk.

Table 34.4 Ageing analysis of financial assets

The following table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets.

	Current (not overdue) \$'000	Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	Total \$'000
2016					
Not impaired					
Receivables ⁽¹⁾	96	591	8	157	852
Other financial assets	2 266	-	-	-	2 266
Impaired					
Receivables	-	-	-	25	25
2015					
Not impaired					
Receivables ⁽¹⁾	3 324	55	13	101	3 493
Other financial assets	2 208	-	-	-	2 208
Impaired					
Receivables	-	-	-	18	18

¹ The receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing from Government taxes). They are carried at cost.

34.5 Market risk

CFS has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). CFS's exposure to market risk and cash flow interest risk is minimal. There is minimal exposure to foreign currency or other price risks.

CFS does not trade in foreign currency, enter into transactions for speculative purposes, nor for hedging. CFS 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 CFS as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

South Australian Country Fire Service
Certification of Financial Statements
for the year ended 30 June 2016

We certify that the attached general purpose financial statements for the South Australian Country Fire Service:

- comply with relevant Treasurer's Instructions issued under Section 41 of the *Public Finance and Audit Act 1987*, and any relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the South Australian Country Fire Service; and
- present a true and fair view of the financial position of the South Australian Country Fire Service 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 South Australian Country Fire Service for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Greg Nettleton
Chief Officer
South Australian Country Fire Service
16 September 2016



Joel Schirmer
Business Manager
South Australian Country Fire Service
16 September 2016



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**To the Chief Officer
South Australian Country Fire Service**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and subsection 100(2) of the *Fire and Emergency Services Act 2005*, I have audited the accompanying financial report of the South Australian Country Fire Service 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 Chief Officer and the Business Manager.

The Chief Officer's responsibility for the financial report

The Chief Officer 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 Officer 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.

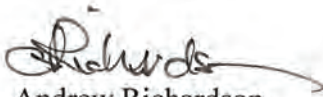
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.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

Andrew Richardson

Auditor-General

19 September 2016

South Australian
Fire and Emergency
Services Commission

Financial report
for the year ended
30 June 2016

South Australian Fire and Emergency Services Commission
Statement of Comprehensive Income
for the year ended 30 June 2016

	Note	Consolidated		SAFECOM Entity	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
Expenses					
Employee benefits	5	163 609	144 192	8 009	7 940
Supplies and services	6	74 979	73 727	6 829	6 395
Depreciation and amortisation	7	20 350	19 255	841	715
Grants and subsidies	8	3 219	2 961	3 029	2 418
Net loss from disposal of non-current assets	9	183	482	-	-
Total expenses		262 340	240 617	18 708	17 468
Income					
Fees and charges	10	6 508	6 166	708	636
Grants and contributions	11	5 455	5 764	2 088	1 514
Interest	12	288	667	53	190
Resources received free of charge	13	20	-	-	-
Other	14	1 542	2 809	43	81
Total income		13 813	15 406	2 892	2 421
Net cost of providing services		248 527	225 211	15 816	15 047
Revenues from SA Government					
Revenues from SA Government	15	240 084	226 333	12 897	11 514
Total revenues from SA Government		240 084	226 333	12 897	11 514
Net result		(8 443)	1 122	(2 919)	(3 533)
Other comprehensive income					
<i>Items that will not be reclassified to net result</i>					
Net income or expenses relating to non-current assets held for sale		-	(133)	-	-
Total other comprehensive income		-	(133)	-	-
Total comprehensive result		(8 443)	989	(2 919)	(3 533)

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

South Australian Fire and Emergency Services Commission
Statement of Financial Position
as at 30 June 2016

	Note	Consolidated		SAFECOM Entity	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
Current assets					
Cash and cash equivalents	16	22 705	25 058	4 492	7 453
Receivables	17	3 686	6 695	439	629
Other financial assets	18	2 657	2 548	-	-
Non-current assets classified as held for sale	19	996	782	-	-
Total current assets		30 044	35 083	4 931	8 082
Non-current assets					
Property, plant and equipment	20	345 935	337 662	296	382
Intangible assets	21	1 951	2 391	1 852	2 266
Total non-current assets		347 886	340 053	2 148	2 648
Total assets		377 930	375 136	7 079	10 730
Current liabilities					
Payables	23	13 529	11 607	1 256	2 012
Employee benefits	24	15 772	17 509	987	824
Provisions	25	8 746	3 706	31	30
Total current liabilities		38 047	32 822	2 274	2 866
Non-current liabilities					
Payables	23	2 485	2 254	167	172
Employee benefits	24	26 638	24 931	1 806	1 917
Provisions	25	14 069	9 995	40	64
Total non-current liabilities		43 192	37 180	2 013	2 153
Total liabilities		81 239	70 002	4 287	5 019
Net assets		296 691	305 134	2 792	5 711
Equity					
Retained earnings	26	231 845	240 288	2 792	5 711
Revaluation surplus	26	64 846	64 846	-	-
Total equity		296 691	305 134	2 792	5 711

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

South Australian Fire and Emergency Services Commission
Statement of Changes in Equity
for the year ended 30 June 2016

Consolidated				
	Note	Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2014		64 979	239 166	304 145
Net result for 2014-15		-	1 122	1 122
Net income or expenses relating to non-current assets held for sale		(133)	-	(133)
Total comprehensive result for 2014-15		(133)	1 122	989
Balance at 30 June 2015	26	64 846	240 288	305 134
Net result for 2015-16		-	(8 443)	(8 443)
Total comprehensive result for 2015-16		-	(8 443)	(8 443)
Balance at 30 June 2016	26	64 846	231 845	296 691

SAFECOM Entity				
	Note	Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2014		-	9 244	9 244
Net result for 2014-15		-	(3 533)	(3 533)
Total comprehensive result for 2014-15		-	(3 533)	(3 533)
Balance at 30 June 2015	26	-	5 711	5 711
Net result for 2015-16		-	(2 919)	(2 919)
Total comprehensive result for 2015-16		-	(2 919)	(2 919)
Balance at 30 June 2016	26	-	2 792	2 792

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

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

South Australian Fire and Emergency Services Commission
Statement of Cash Flows
for the year ended 30 June 2016

		Consolidated		SAFECOM Entity	
		2016	2015	2016	2015
	Note	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Cash outflows					
Employee benefit payments		(153 343)	(140 635)	(7 950)	(7 698)
Payments for supplies and services		(83 806)	(84 084)	(9 863)	(7 756)
Payments of grants and subsidies		(2 975)	(2 961)	(2 785)	(2 418)
Payments for paid parental leave scheme		(88)	(55)	-	-
Cash used in operations		(240 212)	(227 735)	(20 598)	(17 872)
Cash inflows					
Receipts from fees and charges		8 569	7 264	865	1 028
Receipts from grants and contributions		5 695	5 007	2 088	1 514
Interest received		273	687	60	196
GST recovered from the ATO		10 424	9 318	2 166	2 218
Receipts for paid parental leave scheme		85	60	-	-
Other receipts		1 506	3 325	44	125
Cash generated from operations		26 552	25 661	5 223	5 081
Cash flows from SA Government					
Contributions from Community Emergency Services Fund		237 917	224 405	10 795	11 487
Other receipts from SA Government		2 167	1 928	2 102	27
Cash generated from SA Government		240 084	226 333	12 897	11 514
Net cash provided by operating activities	27	26 424	24 259	(2 478)	(1 277)
Cash flows from investing activities					
Cash outflows					
Purchase of property, plant and equipment		(29 049)	(31 307)	(483)	(926)
Purchase of investments		(109)	(368)	-	-
Payments for the disposal of property		(33)	-	-	-
Cash used in investing activities		(29 191)	(31 675)	(483)	(926)
Cash inflows					
Proceeds from the sale of property, plant and equipment		414	289	-	-
Cash generated from investing activities		414	289	-	-
Net cash used in investing activities		(28 777)	(31 386)	(483)	(926)
Net increase / (decrease) in cash and cash equivalents		(2 353)	(7 127)	(2 961)	(2 203)
Cash and cash equivalents at the beginning of the period		25 058	32 185	7 453	9 656
Cash and cash equivalents at the end of the period	16	22 705	25 058	4 492	7 453

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

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1 Establishment, objectives and funding arrangements

Establishment

The South Australian Fire and Emergency Services Commission (SAFECOM) is established under the *Fire and Emergency Services Act 2005* (the Act).

The Act also defines the emergency services sector as consisting of the:

- South Australian Fire and Emergency Services Commission
- South Australian State Emergency Service (SASES)
- South Australian Country Fire Service (SACFS)
- South Australian Metropolitan Fire Service (SAMFS).

The Act requires consolidated statements of accounts be prepared for the emergency services sector.

Objectives

SAFECOM has the following objectives:

- to develop and maintain a strategic and policy framework as well as sound corporate governance across the emergency services sector
- to provide adequate support services to the emergency services organisations and to ensure the effective allocation of resources within the emergency services sector
- to ensure relevant statutory compliance by the emergency services organisations
- to build a safer community through integrated emergency service delivery
- to undertake a leadership role in the emergency management
- to report regularly to the Minister about relevant issues.

Funding arrangements

Funding of SAFECOM is primarily derived from the Community Emergency Services Fund (the Fund), in accordance with the *Emergency Services Funding Act 1998*.

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*.

SAFECOM has applied Australian Accounting Standards that are applicable to not-for-profit entities as SAFECOM is a not-for-profit entity.

Except for AASB 2015-7 which SAFECOM 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 SAFECOM for the reporting period ending 30 June 2016 (refer note 3).

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2 Summary of significant accounting policies (continued)

(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 SAFECOM'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, 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 may be utilised. SAFECOM has elected not to utilise this threshold; that is all revenue, expense, financial assets and liabilities relating to SA Government have been separately disclosed
 - (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/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.

SAFECOM'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.

(c) Principles of consolidation

The financial statements incorporate the assets and liabilities of all entities controlled by SAFECOM and forming the emergency services sector as at 30 June 2016 and the results of all controlled entities for the year then ended. The effects of all transactions between entities in the consolidated entity are eliminated in full.

(d) Reporting entity

SAFECOM is an administrative unit of the Crown, established under the Act.

SAFECOM does not control any other entity and has no interest in unconsolidated structured entities. In forming this view, SAFECOM considered its involvement with CFS Foundation and various volunteer marine rescue organisations and determined that it does not control these entities.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2 (d) Reporting entity (continued)

In making this assessment, SAFECOM considered its power over the entities, its exposure or rights (e.g. protective and substantive rights) to variable returns from involvement with the entities and the ability to use its power to affect returns amounts (e.g. ability to direct relevant major activities).

SAFECOM has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

The financial statements and accompanying notes include all the controlled activities of SAFECOM. Transactions and balances relating to administered resources are not recognised as departmental income, expenses, assets and liabilities. As administered, the Community Emergency Services Fund items is significant in relation to SAFECOM's overall financial performance and position and therefore are disclosed in the administered financial statements (schedule of administered items) at the back of the controlled general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for SAFECOM items.

The South Australian State Emergency Service administers, but does not control, certain activities on behalf of the Australian Council of State and Territory Emergency Services. It is accountable for transactions relating to those trust activities but does not have the discretion, for example, to deploy the resources for the achievement of the agency's own objectives.

Transaction and balances relating to the trust assets are not recognised as the agency's income, expense, assets and liabilities, but are disclosed in note 35 as 'Trust Funds'.

(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). 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. 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.

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

SAFECOM is not subject to income tax. SAFECOM is liable for payroll tax, fringe benefits tax (FBT) 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 GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2 (h) Taxation (continued)

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.

GST receivables/payables associated with administered items transactions are included in SAFECOM statements.

(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 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 SAFECOM 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 SA Government

Contributions from the Fund and other receipts from SA Government are recognised as an asset and income when SAFECOM obtains control over the funding. Control over funding is normally obtained upon receipt.

Grants and contributions

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

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

- Contributions with unconditional stipulations - this will be when the agreement becomes enforceable; that is 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.

All contributions received by SAFECOM have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Resources free of charge

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

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2 (j) Income (continued)

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.

Other income

Other income consists of donations received, fundraising revenue and other minor revenues.

(k) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from SAFECOM 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 SAFECOM to the superannuation plan in respect of current services of current SAFECOM staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole of government financial statements for all Government managed funds.

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.

Loss from disposal of non-current assets

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

Any loss on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deducting the cost of the asset from the proceeds at that time.

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.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2 (k) Expenses (continued)

Land and assets held for sale 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	Consolidated Useful life (years)	SAFECOM Entity Useful life (years)
Buildings	40-50	40
Vehicles	15-20	15
Communications equipment	10	10
Plant and equipment	10	10
Computer equipment	5	5
Intangibles	5	5

Grants and Subsidies

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

All contributions paid by SAFECOM have been contributions with unconditional stipulations attached.

(l) 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 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, SAFECOM 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 and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Receivables

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

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

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2 (m) Assets (continued)

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

Other financial assets

SAFECOM measures other financial assets at cost. All assets in this category are either short or medium term cash deposits.

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.

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. On an ongoing basis, revaluations are made in accordance with related policies whereby independent valuations are obtained every six years and carrying amounts are adjusted accordingly.

If at any time management considers that the carrying amount of an asset materially differs from its fair value, the asset is revalued regardless of when the last valuation took place.

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

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

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

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

Impairment

All non-current tangible and intangible assets are 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 costs. 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.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2 (m) Assets (continued)

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. SAFECOM 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 SAFECOM has been unable to attribute this expenditure to the intangible asset rather than to SAFECOM 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.

SAFECOM 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 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 active market and are derived from unobservable inputs.

Non-financial assets

In determining fair value, SAFECOM 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 (e.g. physically possible, legally permissible, financially feasible).

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

Refer note 22 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets

SAFECOM does not recognise any financial assets at fair value.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2 Summary of significant accounting policies (continued)

(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, Paid Parental Leave Scheme 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 SAFECOM.

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 SAFECOM has received from the Commonwealth Government to forward onto eligible employees via SAFECOM's standard payroll processes. That is, SAFECOM 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 superannuation contributions, WorkCover levies and payroll tax in respect of outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

SAFECOM 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 and externally managed superannuation schemes.

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

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

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by 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.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2 (n) Liabilities (continued)

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 the police and emergency services sector across government.

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.

(o) Provisions

Provisions are recognised when SAFECOM 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 SAFECOM 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.

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.

SAFECOM is responsible for the payment of workers compensation claims.

(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.

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.

South Australian Fire and Emergency Services Commission
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3 New and revised accounting standards and policies

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

Except for AASB 2015-7 which SAFECOM 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 SAFECOM for the period ending 30 June 2016. SAFECOM has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on accounting policies or the financial statements of SAFECOM 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 in the statement of financial position to be recognised 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 SAFECOM at the time, significant assets and liabilities could be recognised and amortised over the lease terms.

4 Activities of South Australian Fire and Emergency Services Commission

In achieving its objectives, SAFECOM provides strategic and corporate support services to the SACFS, SAMFS and SASES. These services are classified under one program titled "Fire and Emergency Services Strategic and Business Support".

South Australian Fire and Emergency Services Commission
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5 Employee benefits expenses

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Salaries and wages	103 305	98 420	5 811	5 863
Annual leave	12 525	11 757	564	553
Skills and experience retention leave	918	867	38	39
Long service leave	5 511	5 109	239	432
Employment on-costs - superannuation	14 725	13 679	1 006	740
Payroll tax	6 697	6 367	349	352
Workers compensation	19 244	7 217	(21)	(70)
Other employment related expenses	684	776	23	31
Total employee benefits expenses	163 609	144 192	8 009	7 940

Remuneration of employees

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

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	Number	Number	Number	Number
\$141 500 – \$145 000	N/A	10	N/A	1
\$145 001 – \$155 000	14	23	-	-
\$155 001 – \$165 000	16	16	-	-
\$165 001 – \$175 000	8	2	-	-
\$175 001 – \$185 000	3	5	-	-
\$185 001 – \$195 000	6	-	-	-
\$195 001 – \$205 000	1	5	-	-
\$205 001 – \$215 000	1	1	-	-
\$235 001 – \$245 000	-	1	-	-
\$245 001 – \$255 000	2	2	-	-
\$255 001 – \$265 000	1	-	-	-
\$265 001 – \$275 000	1	-	-	-
\$295 001 – \$305 000	1	2	-	1
\$305 001 – \$315 000	1	-	-	-
\$315 001 – \$325 000	1	-	-	-
\$375 001 – \$385 000	1	-	1	-
\$565 001 – \$575 000 [^]	-	1	-	-
Total number of executives / employees	57	68	1	2

[^] This band includes an early termination payment year 2015

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 SAFECOM entity \$0.4 million (2015: \$0.4million) and SAFECOM Consolidated \$10.4 million (2015: \$11.8 million).

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6 Supplies and services

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Accommodation	424	410	-	1
Aerial support costs	9 074	10 803	-	-
Auditor's remuneration	202	189	117	102
Communications	3 854	2 892	1 941	1 049
Computing costs	3 644	3 273	820	622
Consultancy, contractor and legal fees	4 547	4 502	855	1 020
Consumables	2 978	3 327	48	50
Energy	1 598	1 588	9	8
Government radio network	14 649	14 292	-	-
Insurance premiums	725	642	9	7
Minor plant and equipment	2 968	2 343	1	2
Operating lease costs	4 178	4 202	416	552
Operational costs	2 040	2 844	14	13
Repairs and maintenance	10 581	9 324	90	232
Shared Services SA payments	1 597	1 547	1 597	1 546
Travel and training	3 813	3 861	139	209
Uniforms and protective clothing	3 893	3 298	-	-
Other expenses	4 214	4 390	773	982
Total supplies and services	74 979	73 727	6 829	6 395

Consultancy fees

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

	Consolidated		SAFECOM Entity		Consolidated		SAFECOM Entity	
	2016	2015	2016	2015	2016	2015	2016	2015
	No.	No.	No.	No.	\$'000	\$'000	\$'000	\$'000
Below \$10 000	6	3	-	-	34	14	-	-
Above \$10 000	3	3	1	2	159	124	75	86
Total paid/payable to consultants engaged	9	6	1	2	193	138	75	86

Auditor's remuneration

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	202	189	117	102
Total audit fees	202	189	117	102

Other services

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

South Australian Fire and Emergency Services Commission
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7 Depreciation and amortisation

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Depreciation				
Buildings	5 436	5 283	3	3
Vehicles	11 636	11 400	-	-
Computers	370	74	55	36
Plant and equipment	838	585	47	46
Communications	1 308	1 281	-	-
Total depreciation	19 588	18 623	105	85
Amortisation				
Computer software	762	632	736	630
Total amortisation	762	632	736	630
Total depreciation and amortisation	20 350	19 255	841	715

8 Grants and subsidies

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Grants and subsidies	3 219	2 961	3 029	2 418
Total grants and subsidies	3 219	2 961	3 029	2 418

South Australian Fire and Emergency Services Commission
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9 Net loss from disposal of non-current assets

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Land and buildings				
Less costs of disposal	(33)	(1)	-	-
Net loss from disposal of land and buildings	(33)	(1)	-	-
Vehicles				
Proceeds from disposal	414	289	-	-
Less net book value of assets disposed	(560)	(692)	-	-
Net loss from disposal of vehicles	(146)	(403)	-	-
Communication equipment				
Less net book value of assets disposed	-	(78)	-	-
Net loss from disposal of communication equipment	-	(78)	-	-
Plant and equipment				
Less net book value of assets disposed	(4)	-	-	-
Net loss from disposal of plant and equipment	(4)	-	-	-
Total assets				
Total proceeds from disposal	414	289	-	-
Less net book value of assets disposed	(564)	(770)	-	-
Less costs of disposal	(33)	(1)	-	-
Total net loss from disposal of non-current assets	(183)	(482)	-	-

10 Revenues from fees and charges

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Fire alarm attendance fees	2 306	2 395	-	-
Fire safety fees	453	482	-	-
Fire alarm monitoring fees	2 305	2 205	-	-
Incident cost recoveries	510	98	29	-
Training and other recoveries	181	326	-	-
Salary recovery prior year	737	646	679	636
Other recoveries	16	14	-	-
Total revenues from fees and charges	6 508	6 166	708	636

South Australian Fire and Emergency Services Commission
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11 Grants and contributions

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Commonwealth Government	5 198	4 829	2 088	1 514
State Government	244	924	-	-
Private industry and local government	13	11	-	-
Total grants and contributions	5 455	5 764	2 088	1 514

Commonwealth grant funding for SAFECOM relates to the Natural Disaster Resilience Program.

Contributions which have conditions of expenditure still to be met as at reporting date were \$3.494 million (2015: \$4.432 million). These contributions relate to Natural Disaster Resilience Program, National Emergency Management Projects.

Commonwealth grant funding for Consolidated mainly relates to the provision of fire and emergency services to Commonwealth properties, contributions towards aerial firefighting costs, Natural Disaster Resilience Program funding for emergency management projects and Australian Apprenticeships Incentive Program.

Restrictions attached to these contributions include completion of progress reports and final project acquittal.

12 Interest revenues

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Interest on deposit accounts	288	667	53	190
Total interest revenues	288	667	53	190

13 Resources received free of charge

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Asset received free of charge	20	-	-	-
Total resources received free of charge	20	-	-	-

14 Other income

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Donations	1	1	-	-
Groups/Brigades/Units fundraising	221	775	-	-
Rent received	467	1 108	-	-
Insurance recoveries	179	274	-	-
Other	674	651	43	81
Total other income	1 542	2 809	43	81

South Australian Fire and Emergency Services Commission
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15 Revenues from SA Government

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Revenues from SA Government				
Contributions from Community Emergency Services Fund	237 917	224 405	10 795	11 487
Other revenues from SA Government	2 167	1 928	2 102	27
Total revenues from SA Government	240 084	226 333	12 897	11 514

Revenues from SA Government for SAFECOM entity consist of \$12.686 million (2015: \$11.264 million) for operational funding and \$0.211 million (2015: \$0.250 million) for capital projects.

Revenues from SA Government for SAFECOM consolidated consist of \$213.327 million (2015: \$199.755 million) for operational funding and \$26.757 million (2015: \$26.578 million) for capital projects.

For details on the expenditure associated with the operational funding and capital funding refer notes 5, 6, 8, 20 and 21.

16 Cash and cash equivalents

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash on hand	12	13	-	-
Deposits with the Treasurer	17 104	19 415	4 492	7 453
Cash at bank	584	556	-	-
Cash at bank - Groups/Brigades/Units	4 162	4 299	-	-
Short-term deposits - Groups/Brigades/Units	796	727	-	-
Short-term deposits	47	48	-	-
Total cash and cash equivalents	22 705	25 058	4 492	7 453

Short term deposits

Short-term deposits are made for varying periods of between one day and three months. The deposits are lodged with various financial institutions at their respective short-term deposit rates.

Interest rate risk

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

South Australian Fire and Emergency Services Commission
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17 Receivables

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Receivables	1 561	4 198	29	181
Less: Allowance for doubtful debts	(102)	(50)	-	-
	<u>1 459</u>	<u>4 148</u>	<u>29</u>	<u>181</u>
Accrued revenues	56	122	5	13
GST input tax recoverable	2 171	2 425	405	435
Total receivables	<u>3 686</u>	<u>6 695</u>	<u>439</u>	<u>629</u>

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (i.e. 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.

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Movement in the allowance for doubtful debts (impairment loss)				
Carrying amount at beginning of the period	(50)	(61)	-	-
Increase in the allowance	(58)	(24)	-	-
Amounts written off	6	35	-	-
Carrying amount at the end of the period	(102)	(50)	-	-

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 and categorisation of financial instruments and risk exposure information

Refer note 34.

18 Other financial assets

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Medium Term Deposits - Groups/Brigades/Units	2 657	2 548	-	-
Total current other financial assets	<u>2 657</u>	<u>2 548</u>	<u>-</u>	<u>-</u>

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information

Refer note 34.

South Australian Fire and Emergency Services Commission
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19 Non-current assets classified as held for sale

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Land	982	782	-	-
Buildings	14	-	-	-
Total non-current assets classified as held for sale	996	782	-	-

Due to the opening of a new SAMFS Salisbury fire station the ex-Salisbury fire station site is surplus to requirements at balance date.

The SAMFS Burra site has been withdrawn from held for sale and will transition to SASES during 2016-17.

A tender to sell surplus SACFS land at Port Lincoln during 2011 failed to be realised, and as at 30 June 2016 the property continues to remain on the market for sale.

South Australian Fire and Emergency Services Commission
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20 Property, plant and equipment

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Land				
At valuation	63 040	63 189	-	-
At cost (deemed fair value)	342	250	-	-
Total land	63 382	63 439	-	-
Buildings				
At valuation	113 849	113 454	29	29
At cost (deemed fair value)	13 811	4 241	-	-
Less accumulated depreciation	(13 374)	(7 938)	(8)	(5)
Total buildings	114 286	109 757	21	24
Vehicles				
At valuation	123 371	121 864	-	-
At cost (deemed fair value)	27 996	15 044	-	-
Less accumulated depreciation	(28 864)	(17 308)	-	-
Total vehicles	122 503	119 600	-	-
Communication (Comms.) equipment				
At valuation	6 741	6 742	-	-
At cost (deemed fair value)	3 391	2 397	-	-
Less accumulated depreciation	(3 154)	(1 846)	-	-
Total communication equipment	6 978	7 293	-	-
Computer equipment				
At valuation	268	49	18	18
At cost (deemed fair value)	1 811	1 655	240	240
Less accumulated depreciation	(457)	(87)	(96)	(41)
Total computer equipment	1 622	1 617	162	217
Plant and equipment				
At valuation	2 936	2 950	209	209
At cost (deemed fair value)	5 497	1 629	19	-
Less accumulated depreciation	(1 702)	(872)	(115)	(68)
Total plant and equipment	6 731	3 707	113	141
Capital work in progress				
Capital work in progress	30 433	32 249	-	-
Total capital work in progress	30 433	32 249	-	-
Total property, plant and equipment	345 935	337 662	296	382

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
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20 Property, plant and equipment (continued)

Valuation of assets

As at 30 June 2016 in accordance with South Australian Fire and Emergency Services Commission (SAFECOM) policy, a review of the valuations were undertaken by a suitability qualified officer of SAFECOM which indicated that there was no material difference between the fair value and carrying amount of the assets. Consequently it was determined no revaluation adjustment were required at this time.

At 1 January 2014 independent valuations for land, buildings, vehicles, communication, computer, plant and equipment assets were undertaken by Liquid Pacific, Mr M Burns, MRICS, AAPI (CPV). The fair value of all vehicles, communications, computer and plant and equipment items was determined by identifying a market buying price, estimated as written down modern equivalent replacement cost. The fair value of land and buildings was based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

Impairment

There were no indications of impairment for property, plant and equipment as at 30 June 2016.

Movement reconciliation of property, plant and equipment

	Land \$'000	Buildings \$'000	Vehicles \$'000	Comms. equip \$'000	Computer equip \$'000	Plant & equip \$'000	Capital work in progress \$'000	Total \$'000
2016: Consolidated								
Carrying amount at the beginning of the period	63 439	109 757	119 600	7 293	1 617	3 707	32 249	337 662
Additions	-	-	-	-	-	-	28 943	28 943
Disposals	-	-	(560)	-	-	(4)	-	(564)
Assets reclassified (to) / from assets held for sale	(200)	(14)	-	-	-	-	-	(214)
Transfers (to) / from capital WIP	143	9 979	15 079	993	375	3 866	(30 437)	(2)
Assets received free of charge	-	-	20	-	-	-	-	20
Depreciation	-	(5 436)	(11 636)	(1 308)	(370)	(838)	-	(19 588)
Transfer to/(from) intangibles	-	-	-	-	-	-	(322)	(322)
Carrying amount at the end of the period	63 382	114 286	122 503	6 978	1 622	6 731	30 433	345 935

	Land \$'000	Buildings \$'000	Vehicles \$'000	Comms. equip \$'000	Computer equip \$'000	Plant & equip \$'000	Capital work in progress \$'000	Total \$'000
2015: Consolidated								
Carrying amount at the beginning of the period	63 077	111 320	126 397	6 857	268	2 866	15 710	326 495
Additions	-	-	59	-	-	-	31 400	31 459
Disposals	-	-	(692)	(78)	-	-	-	(770)
Assets reclassified (to) / from assets held for sale	112	4	-	-	-	-	-	116
Transfers (to) / from capital WIP	250	3 715	5 236	1 796	1 423	1 426	(13 847)	(1)
Depreciation	-	(5 282)	(11 400)	(1 282)	(74)	(585)	-	(18 623)
Transfer to/(from) intangibles	-	-	-	-	-	-	(1 014)	(1 014)
Carrying amount at the end of the period	63 439	109 757	119 600	7 293	1 617	3 707	32 249	337 662

South Australian Fire and Emergency Services Commission
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20 Property, plant and equipment (continued)

	Land \$'000	Buildings \$'000	Vehicles \$'000	Comms. equip \$'000	Computer equip \$'000	Plant & equip \$'000	Capital work in progress \$'000	Total \$'000
2016: SAFECOM Entity								
Carrying amount at the beginning of the period	-	24	-	-	217	141	-	382
Acquisitions	-	-	-	-	-	-	341	341
Transfers (to) / from Capital WIP	-	-	-	-	-	19	(19)	-
Transfer to/(from) Intangibles	-	-	-	-	-	-	(322)	(322)
Depreciation	-	(3)	-	-	(55)	(47)	-	(105)
Carrying amount at the end of the period	-	21	-	-	162	113	-	296

	Land \$'000	Buildings \$'000	Vehicles \$'000	Comms. equip \$'000	Computer equip \$'000	Plant & equip \$'000	Capital work in progress \$'000	Total \$'000
2015: SAFECOM Entity								
Carrying amount at the beginning of the period	-	27	-	-	161	187	-	375
Acquisitions	-	-	-	-	-	-	987	987
Transfers (to)/from Capital WIP	-	-	-	-	92	-	(92)	-
Transfer (to)/from Intangibles	-	-	-	-	-	-	(895)	(895)
Depreciation	-	(3)	-	-	(36)	(46)	-	(85)
Carrying amount at the end of the period	-	24	-	-	217	141	-	382

21 Intangible Assets

	Consolidated		SAFECOM Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Computer software				
At cost	4 784	4 473	4 003	3 681
Less accumulated amortisation	(2 833)	(2 082)	(2 151)	(1 415)
Total computer software	1 951	2 391	1 852	2 266
Total intangible assets	1 951	2 391	1 852	2 266

South Australian Fire and Emergency Services Commission
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21 Intangibles (continued)

Movement reconciliation of intangible assets

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	2 391	2 010	2 266	2 001
Transfers from capital WIP	322	1 013	322	895
Amortisation	(762)	(632)	(736)	(630)
Carrying amount at the end of the period	1 951	2 391	1 852	2 266

Asset details and amortisation

Intangible assets detailed above relate to computer software externally acquired.

Impairment

There were no indications of impairment of intangible assets at 30 June 2016.

22 Fair value measurement

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purpose. SAFECOM categorises non-financial assets measured at fair value into hierarchy bases 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.

SAFECOM had no valuations categorized into level 1.

Fair value measurements at 30 June 2016

	Consolidated			SAFECOM Entity		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements						
Land (note 20)	13 443	49 939	63 382	-	-	-
Buildings (note 20)	13 859	100 427	114 286	-	21	21
Vehicles (note 20)	-	122 503	122 503	-	-	-
Communication (Comms.) equipment (note 20)	-	6 978	6 978	-	-	-
Computer equipment (note 20)	-	1 622	1 622	-	162	162
Plant and equipment (note 20)	-	6 731	6 731	-	113	113
Total recurring fair value measurements	27 302	288 200	315 502	-	296	296
Non-recurring fair value measurements						
Land held for sale (note 19)	982	-	982	-	-	-
Building held for sale (note 19)	14	-	14	-	-	-
Total non-recurring fair value measurements	996	-	996	-	-	-
Total fair value measurements	28 298	288 200	316 498	-	296	296

South Australian Fire and Emergency Services Commission
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22 Fair value measurement (continued)

Fair value measurements at 30 June 2015	Consolidated			SAFECOM Entity		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements						
Land (note 20)	13 313	50 126	63 439	-	-	-
Buildings (note 20)	14 426	95 331	109 757	-	24	24
Vehicles (note 20)	-	119 600	119 600	-	-	-
Communication (Comms.) equipment (note 20)	-	7 293	7 293	-	-	-
Computer equipment (note 20)	-	1 617	1 617	-	217	217
Plant and equipment (note 20)	-	3 707	3 707	-	141	141
Total recurring fair value measurements	27 739	277 674	305 413	-	382	382
Non-recurring fair value measurements						
Land held for sale (note 19)	782	-	782	-	-	-
Total non-recurring fair value measurements	782	-	782	-	-	-
Total fair value measurements	28 521	277 674	306 195	-	382	382

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2016. SAFECOM's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Refer to APF III Asset Accounting Framework for guidance in determining the applicable fair value hierarchy disclosure level.

Valuation techniques and inputs

Valuation techniques and inputs used to derive level 2 and 3 fair values are at note 20. There were no changes in the valuation techniques during 2016.

Land subject to restricted use is considered within Input Level 3.

Buildings that are specialised are classified as Input Level 3.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

2016: Consolidated

Reconciliation of Level 3 recurring fair value measurement at 30 June 2016

	Land	Buildings	Vehicles	Comms. equip	Computer equip	Plant & equip	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	50 126	95 331	119 600	7 293	1 617	3 707	277 674
Capitalised subsequent expenditure	53	9 979	15 079	993	375	3 866	30 345
Assets reclassified to assets held for sale	(240)	(14)	-	-	-	-	(254)
Assets received free of charge	-	-	20	-	-	-	20
Depreciation	-	(4 869)	(11 636)	(1 308)	(370)	(838)	(19 021)
Disposals	-	-	(560)	-	-	(4)	(564)
Total gains / (losses) recognised in net result	(187)	5 096	2 903	(315)	5	3 024	10 526
Closing balance at the end of the period	49 939	100 427	122 503	6 978	1 622	6 731	288 200

South Australian Fire and Emergency Services Commission
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22 Fair value measurement (continued)

2016: SAFECOM Entity

Reconciliation of Level 3 recurring fair value measurement at 30 June 2016

	Land \$'000	Buildings \$'000	Vehicles \$'000	Comms. equip \$'000	Computer equip \$'000	Plant & equip \$'000	Total \$'000
Opening balance at the beginning of the period	-	24	-	-	217	141	382
Capitalised subsequent expenditure	-	-	-	-	-	19	19
Depreciation	-	(3)	-	-	(55)	(47)	(105)
Total gains / (losses) recognised in net result	-	(3)	-	-	(55)	(28)	(86)
Closing balance at the end of the period	-	21	-	-	162	113	296

2015: Consolidated

Reconciliation of Level 3 recurring fair value measurement at 30 June 2015

	Land \$'000	Buildings \$'000	Vehicles \$'000	Comms. equip \$'000	Computer equip \$'000	Plant & equip \$'000	Total \$'000
Opening balance at the beginning of the period	50 126	100 105	126 395	6 858	268	2 866	286 618
Acquisitions	-	-	60	-	-	-	60
Capitalised subsequent expenditure	-	-	5 237	1 795	1 423	1 426	9 881
Depreciation	-	(4 774)	(11 400)	(1 282)	(74)	(585)	(18 115)
Disposals	-	-	(692)	(78)	-	-	(770)
Total gains / (losses) recognised in net result	-	(4 774)	(6 795)	435	1 349	841	(8 944)
Closing balance at the end of the period	50 126	95 331	119 600	7 293	1 617	3 707	277 674

2015: SAFECOM Entity

Reconciliation of Level 3 recurring fair value measurement at 30 June 2015

	Land \$'000	Buildings \$'000	Vehicles \$'000	Comms. equip \$'000	Computer equip \$'000	Plant & equip \$'000	Total \$'000
Opening balance at the beginning of the period	-	27	-	-	161	187	375
Capitalised subsequent expenditure	-	-	-	-	92	-	92
Depreciation	-	(3)	-	-	(36)	(46)	(85)
Total gains / (losses) recognised in net result	-	(3)	-	-	56	(46)	7
Closing balance at the end of the period	-	24	-	-	217	141	382

South Australian Fire and Emergency Services Commission
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23 Payables

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Creditors	6 902	4 345	595	973
Accrued expenses	2 858	4 089	483	891
Paid parental leave scheme payable	3	6	-	-
Employment on-costs	3 766	3 167	178	148
Total current payables	13 529	11 607	1 256	2 012
Non-current				
Creditors	6	5	-	-
Employment on-costs	2 479	2 249	167	172
Total non-current payables	2 485	2 254	167	172
Total payables	16 014	13 861	1 423	2 184

Employment on-costs

The actuarial assessment performed by the Department of Treasury and Finance, has resulted in the percentage of the proportion of long service leave taken increasing from 2015 (37%) to 2016 (40%), and the average factor for the calculation of employer superannuation cost on-cost has decreased from 2015 (10.3%) to 2016(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 SAFECOM \$0.005 million, Consolidated \$0.070 million and employee benefit expense of SAFECOM \$0.005 million, Consolidated \$0.070 million. The estimated impact on future periods is not expected to be materially different to the effect on the current period as shown above.

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.

Maturity analysis of payables and categorisation of financial instruments and risk exposure information

Refer note 34.

South Australian Fire and Emergency Services Commission
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24 Employee benefits

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Accrued salaries and wages	876	3 630	98	52
Annual leave	11 335	10 608	661	615
Skills and experience retention leave	1 288	1 159	61	55
Long service leave	2 273	2 112	167	102
Total current employee benefits	15 772	17 509	987	824
Non-current				
Long service leave	26 638	24 931	1 806	1 917
Total non-current employee benefits	26 638	24 931	1 806	1 917
Total employee benefits	42 410	42 440	2 793	2 741

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.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of SAFECOM \$0.128 million, Consolidated \$1.974 million and employee benefits expense of SAFECOM \$0.128 million, Consolidated \$1.974 million.

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.

South Australian Fire and Emergency Services Commission
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25 Provisions

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Provision for workers compensation	8 746	3 706	31	30
Total current provisions	8 746	3 706	31	30
Non-current				
Provision for workers compensation	14 069	9 995	40	64
Total non-current provisions	14 069	9 995	40	64
Total provisions	22 815	13 701	71	94

Provision movement

Carrying amount at the beginning of the period	13 701	13 929	94	166
Additional provision recognised	19 241	5 186	(22)	(69)
Reductions arising from payments	(10 127)	(5 414)	(1)	(3)
Carrying amount at the end of the period	22 815	13 701	71	94

SAFECOM has reported a liability to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Office of the Public Sector (a division of the Department of the Premier and Cabinet).

Presumptive workers compensation coverage for firefighters for a range of cancers came into effect from 1 July 2013. The workers compensation provision as at 30 June 2016 is based on a valuation prepared by an actuary that assesses all known claims. While further firefighters may be eligible to make a claim, a reliable estimate of further liabilities cannot be presently made to satisfy the conditions for recognition of liabilities under accounting standards. A contingent liability disclosure has been made at note 29 to the financial statements. Consequently, there may be a significant increase in the workers compensation provision in future years as further claims are received and assessed.

26 Equity

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Retained earnings	231 845	240 288	2 792	5 711
Asset revaluation surplus	64 846	64 846	-	-
Total equity	296 691	305 134	2 792	5 711

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.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
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27 Cash flow reconciliation

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'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	22 705	25 058	4 492	7 453
Balance as per Statement of Cash Flows	22 705	25 058	4 492	7 453
Reconciliation of net cash provided by / (used in) operating activities to net cost of providing services				
Net cash provided by / (used in) operating activities	26 424	24 259	(2 478)	(1 277)
Less revenues from SA Government	(240 084)	(226 333)	(12 897)	(11 514)
Add / less non-cash items				
Depreciation and amortisation	(20 350)	(19 255)	(841)	(715)
Assets received free of charge	20	-	-	-
Net gain / (loss) from disposal of non-current assets	(183)	(482)	-	-
Movements in assets and liabilities				
(Decrease) / increase in receivables	(1 223)	852	(190)	(569)
(Increase) / decrease in payables	(3 697)	(1 390)	619	(765)
(Increase) / decrease in employee benefits	(320)	(3 090)	(52)	(279)
(Increase) / decrease in provisions	(9 114)	228	23	72
Net cost of providing services	(248 527)	(225 211)	(15 816)	(15 047)

28 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:

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Within one year	3 216	3 184	429	411
Later than one year but not later than five years	3 416	5 312	191	545
Later than five years	528	1 071	-	-
Total operating lease commitments	7 160	9 567	620	956

These non-cancellable leases relate to vehicle and property leases, with rental payable monthly. Contingent rental provisions within the lease agreements require the minimum lease payments to be increased annually based on consumer price index movement.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
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28 Unrecognised contractual commitments (continued)

Capital commitments

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

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Within one year	7 025	8 274	-	125
Later than one year but not later than five years	-	1 585	-	-
Total capital commitments	7 025	9 859	-	125

These capital commitments are for property and vehicles.

Expenditure commitments

Expenditure contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Within one year	8 290	7 523	1 327	1 030
Later than one year but not later than five years	8 687	13 278	2 471	658
Total expenditure commitments	16 977	20 801	3 798	1 688

Expenditure commitments relate to a range of general goods and services used in operational areas. These goods and services are contracted for at reporting date but not included as liabilities in the financial report.

29 Contingent assets and liabilities

Contingent assets

SAFECOM entity is not aware of any contingent assets.

SAFECOM consolidated

SACFS and SASES has previously reported that in 2009-10, prepayments were made for capital works projects of \$1 million for works that did not materialise and that recovery of the prepayments had been sought. Recovery of the amount is now no longer possible.

Contingent liabilities

SAFECOM entity is not aware of any contingent liabilities.

SAFECOM consolidated

Presumptive workers compensation coverage for firefighters for a range of cancers came into effect from 1 July 2013. The workers compensation provision as at 30 June 2016 recognises a liability for all known claims based on a valuation prepared by an actuary. Further firefighters may be eligible to make a claim, however, a reliable estimate of the liability relating to those potential claims cannot be presently made.

SAFECOM consolidated has several other contingent liabilities for SACFS in the form of unresolved litigation. However, the outcome cannot be reliably determined at this stage. In each case the financial exposure is limited to a \$10 000 excess under insurance arrangements.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
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30 Remuneration of board and committee members

Members of boards and committees during 2016 were:

**South Australian Fire and Emergency Services
Commission Board**

Andy Wood

Ann De Piaz *

Christopher Beattie *

David Place * (retired 17 July 2015)

Denise Keenan

Dermot Barry *

Greg Crossman *

Gregory Nettleton *

Greg Northcott

Helen Chalmers

Malcolm Jackman * (appointed 6 July 2015)

Max Adlam

Michael Morgan *

Roger Flavell

Susan Caracoussis

Virginia Hickey

Warren Hicks

State Bushfire Coordination Committee

Ann De Piaz *

Bruce Hull

Bryan Fahy *

Chris Zarfiropoulos * (appointed 1 July 2015)

Donald Gilberston

Fiona Dunstan *

Franco Crisci *

Glenn Benham *

Graham Gates

Grant Pelton *

Gregory Nettleton *

Gregory Saunder *

Jacqueline Frizenchaf * (appointed 1 July 2015)

James Crocker *

Jayne Bates

Jeffrey Wiseman *

John Nairn *

Joseph Keynes

Justin Cook *

Katherine Stanley-Murray

Kylie Egan

Maurice Roche

Mark Langham * (appointed 1 July 2015)

Mark Sutton *

Naomi Rea (appointed 1 July 2015)

Peter White

Scott Thompson *

Stephen Pascale *

Suzanne Mickan

Timothy Kelly (appointed 1 July 2015)

Wayne Thorley

William McIntosh

William Zacharin * (appointed 1 July 2015)

**South Australian Fire and Emergency Services
Commission**

Audit and Risk Committee

Aaron Chia *

Andrew Lawson * (retired 11 September 2015)

Ann De Piaz * (retired 24 February 2016)

David Carman * (retired 24 February 2016)

Dermot Barry * (retired 24 February 2016)

Helen Chalmers

Roy Thompson * (retired 24 February 2016)

Virginia Hickey

**South Australian Metropolitan Fire Service
Disciplinary Committee**

Brendan West *

Charles Bailes

Christopher Smith *

Michael Vander-Jeugd *

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
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30 Remuneration of board and committee members (continued)

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

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
\$nil	46	43	15	26
\$1 - \$9 999	5	7	1	2
\$10 000 - \$19 999	-	1	-	1
\$20 000 - \$29 999	3	3	3	3
\$30 000 - \$39 999	2	1	2	1
Total	56	55	21	33

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 SAFECOM Consolidated \$153 100 (2015: \$143 400) and SAFECOM \$147 100 (2015: \$135 300).

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

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

For the purposes of this table, travel allowances and other expenses paid to members have not been included as remuneration as it is considered to be reimbursement of direct out-of-pocket expenses incurred by relevant members.

31 Events after the reporting period

There were no events after the reporting period affecting the financial statements.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
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32 Transactions with SA Government – Consolidated

	Note	SA Government		Non-SA Government		Total	
		2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses							
Employee benefits expense	5	26 809	14 378	136 800	129 814	163 609	144 192
Supplies and services	6						
Accommodation		350	320	74	90	424	410
Aerial support costs		29	18	9 045	10 785	9 074	10 803
Auditor's remuneration		202	189	-	-	202	189
Communications		105	106	3 749	2 786	3 854	2 892
Computing costs		991	889	2 653	2 384	3 644	3 273
Consultancy, contractor and legal fees		560	651	3 987	3 851	4 547	4 502
Consumables		213	255	2 765	3 072	2 978	3 327
Energy		50	50	1 548	1 538	1 598	1 588
Government radio network		14 649	14 292	-	-	14 649	14 292
Insurance premiums		659	577	66	65	725	642
Minor plant and equipment		5	1	2 963	2 342	2 968	2 343
Operating lease costs		3 187	3 016	991	1 186	4 178	4 202
Operational costs		68	88	1 972	2 756	2 040	2 844
Repairs and maintenance		2 151	1 657	8 430	7 667	10 581	9 324
Shared Services SA payments		1 597	1 547	-	-	1 597	1 547
Travel and training		88	88	3 725	3 773	3 813	3 861
Uniforms and protective clothing		1	1	3 892	3 297	3 893	3 298
Other expenses		617	586	3 597	3 804	4 214	4 390
Depreciation and amortisation expense	7	-	-	20 350	19 255	20 350	19 255
Grants and subsidies	8	294	490	2 925	2 471	3 219	2 961
Net loss from disposal of non-current assets	9	29	-	154	482	183	482
Total expenses		52 654	39 199	209 686	201 418	262 340	240 617
Income							
Revenues from fees and charges	10						
Fire alarm attendance fees		479	505	1 827	1 890	2 306	2 395
Fire safety fees		18	17	435	465	453	482
Fire alarm monitoring fees		271	246	2 034	1 959	2 305	2 205
Incident cost recoveries		51	15	459	83	510	98
Training and other recoveries		63	43	118	283	181	326
Salary recovery prior year		692	635	45	11	737	646
Other recoveries		9	1	7	13	16	14
Grants and contributions	11						
Commonwealth Government		-	-	5 198	4 829	5 198	4 829
Private industry and local government		-	-	13	11	13	11
State Government		244	924	-	-	244	924
Interest revenues	12	288	667	-	-	288	667
Resources received free of charge	13	-	-	20	-	20	-
Other income	14						
Donations		-	-	1	1	1	1
Groups/Brigades/Units fundraising		-	-	221	775	221	775
Rent received		-	500	467	608	467	1 108
Insurance recoveries		116	268	63	6	179	274
Other		193	95	481	556	674	651
Revenues from SA Government	15						
Revenues from SA Government		240 084	226 333	-	-	240 084	226 333
Total income		242 508	230 249	11 389	11 490	253 897	241 739
Net result		189 854	191 050	(198 297)	(189 928)	(8 443)	1 122

South Australian Fire and Emergency Services Commission
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32 Transactions with SA Government - Consolidated (continued)

		SA Government		Non-SA Government		Total	
	Note	2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Receivables	17						
Receivables		194	952	1 367	3 246	1 561	4 198
Less: Allowance for doubtful debts		-	-	(102)	(50)	(102)	(50)
Accrued revenues		31	44	25	78	56	122
GST input tax recoverable		-	-	2 171	2 425	2 171	2 425
Other financial assets	18	-	-	2 657	2 548	2 657	2 548
Total financial assets		225	996	6 118	8 247	6 343	9 243
Financial liabilities							
Payables	23						
Creditors		1 289	912	5 619	3 438	6 908	4 350
Accrued expenses		2 165	1 558	693	2 531	2 858	4 089
Paid parental leave scheme payable		-	-	3	6	3	6
Employment on-costs		2 955	2 750	3 290	2 666	6 245	5 416
Total financial liabilities		6 409	5 220	9 605	8 641	16 014	13 861

Transactions with SA Government - SAFECOM

		SA Government		Non-SA Government		Total	
	Note	2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses							
Employee benefits expense	5	392	313	7 617	7 627	8 009	7 940
Supplies and services	6						
Accommodation		-	1	-	-	-	1
Auditor's remuneration		117	102	-	-	117	102
Communications		37	40	1 904	1 009	1 941	1 049
Computing costs		169	179	651	443	820	622
Consultancy, contractor and legal fees		291	361	564	659	855	1 020
Consumables		12	13	36	37	48	50
Energy		9	6	-	2	9	8
Insurance premiums		9	7	-	-	9	7
Minor plant and equipment		-	-	1	2	1	2
Operating lease costs		411	481	5	71	416	552
Operational costs		-	1	14	12	14	13
Repairs and maintenance		79	90	11	142	90	232
Shared Services SA payments		1 597	1 546	-	-	1 597	1 546
Travel and training		5	1	134	208	139	209
Other expenses		8	5	765	977	773	982
Depreciation and amortisation expense	7	-	-	841	715	841	715
Grants and subsidies	8	920	779	2 109	1 639	3 029	2 418
Total expenses		4 056	3 925	14 652	13 543	18 708	17 468

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32 Transactions with SA Government – SAFECOM (continued)

		SA Government		Non-SA Government		Total	
	Note	2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income							
Revenues from fees and charges	10						
Salary recovery prior year		679	635	-	1	679	636
Other recoveries		29	-	-	-	29	-
Grants and contributions	11						
Commonwealth Government		-	-	2 088	1 514	2 088	1 514
Interest revenues	12	53	190	-	-	53	190
Other income	14						
Other		-	61	43	20	43	81
Revenues from SA Government	15						
Revenues from SA Government		12 897	11 514	-	-	12 897	11 514
Total income		13 658	12 400	2 131	1 535	15 789	13 935
Net result		9 602	8 475	(12 521)	(12 008)	(2 919)	(3 533)
Financial assets							
Receivables	17						
Receivables		29	59	-	122	29	181
Accrued revenues		5	12	-	1	5	13
GST input tax recoverable		-	-	405	435	405	435
Total financial assets		34	71	405	558	439	629
Financial liabilities							
Payables	23						
Creditors		63	369	532	604	595	973
Accrued expenses		275	587	208	304	483	891
Employment on-costs		172	167	173	153	345	320
Total financial liabilities		510	1 123	913	1 061	1 423	2 184

South Australian Fire and Emergency Services Commission
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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 the original budgeted total expenses.

		SAFECOM		
		Original Budget ¹ 2016 \$'000	Entity Actual 2016 \$'000	Variance 2016 \$'000
Statement of Comprehensive Income				
Expenses				
Employee benefits	(a)	6 605	8 009	1 404
Supplies and services	(b)	11 800	6 829	(4 971)
Depreciation and amortisation		867	841	(26)
Grants and subsidies		3 190	3 029	(161)
Total Expenses		22 462	18 708	(3 754)
Income				
Fees and charges		604	708	104
Grants and contributions	(c)	4 176	2 088	(2 088)
Interest		24	53	29
Other		134	43	(91)
Total Income		4 938	2 892	(2 046)
Net cost of providing services		17 524	15 816	(1 708)
Revenues from / (payments to) SA Government				
Revenues from SA Government	(d)	14 399	12 897	(1 502)
Net Revenues from / (payments to) SA Government		14 399	12 897	(1 502)
Net result		(3 125)	(2 919)	206
Total comprehensive result		(3 125)	(2 919)	206

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budget financial statements in respect of the reporting period (2015-16 Budget Paper 4). These original budget 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.

- (a) Employee benefits was higher than the original budget primarily due to contract and grant funded positions.
- (b) The original supplies and services budget included budget initiatives relating to the Emergency Services Organisations which were subsequently transferred to the respective agencies during the financial year.
- (c) The original budget for grants and contributions income was subsequently updated for the actual funding under the 2013-15 National Partnership Agreement on Natural Disaster Resilience.
- (d) Revenues from SA Government were lower than the original budget mainly due to the transfer of budget initiative funding to the Emergency Services Organisations. This was partly offset by an unbudgeted cash injection from the Department of Treasury and Finance.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2016

33 Budgetary reporting and explanations of major variances between budget and actual amounts (continued)

		Original Budget ¹ 2016 \$'000	Actual 2016 \$'000	Variance 2016 \$'000
	Note			
Investing Expenditure Summary				
Total existing projects		-	279	279
Total annual programs		-	62	62
Total investing expenditure		-	341	341

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budget financial statements in respect of the reporting period (2015-16 Budget Paper 4). These amounts have not been adjusted to reflect revised budgets.

34 Financial risk management/financial instruments

34.1 Financial risk management

Risk management is managed by SAFECOM 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*.

SAFECOM 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.

34.2 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 34.3 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.

SAFECOM 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, 17 and 23).
- Held-to-maturity investments are initially recognised at fair value, then subsequently held at amortised cost. This is the most representative of fair value in the circumstances (refer notes 2 and 18).

34.3 Liquidity risk

Liquidity risk arises from the possibility that SAFECOM is unable to meet its financial obligations as they fall due. SAFECOM is funded principally from the Fund. SAFECOM works with the Fund to determine the cash flows associated with its government approved program of work to ensure funding meets the expected cash flows.

SAFECOM 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.

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

The carrying amount recorded in table 34.3 represent SAFECOM's maximum exposure.

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2016

34 Financial risk management/financial instruments (continued)

The following table discloses the carrying amount of each category of financial instrument held by SAFECOM including the contractual maturity analysis for financial assets and liabilities (i.e. 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.

Table 34.3 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 Consolidated		2016 Carrying amount / fair value \$'000	2016 Contractual Maturities SAFECOM Entity	
			Current \$'000	More than 5 years \$'000		< 1 year \$'000	More than 5 years \$'000
Financial assets							
Cash and cash equivalents	16	22 705	22 705	-	4 492	4 492	-
Receivables ⁽¹⁾⁽²⁾	17	1 486	1 486	-	34	34	-
Other financial assets	18	2 657	2 657	-	-	-	-
Total financial assets		26 848	26 848	-	4 526	4 526	-
Financial liabilities							
Payables ⁽¹⁾	23	9 132	9 126	6	955	955	-
Total financial liabilities		9 132	9 126	6	955	955	-

Category of financial asset and financial liability	Notes	2015 Carrying amount / fair value \$'000	2015 Contractual Maturities Consolidated		2015 Carrying amount / fair value \$'000	2015 Contractual Maturities SAFECOM Entity	
			Current \$'000	More than 5 years \$'000		< 1 year \$'000	More than 5 years \$'000
Financial assets							
Cash and cash equivalents	16	25 058	25 058	-	7 453	7 453	-
Receivables ⁽¹⁾⁽²⁾	17	4 291	4 291	-	191	191	-
Other financial assets	18	2 548	2 548	-	-	-	-
Total financial assets		31 897	31 897	-	7 644	7 644	-
Financial liabilities							
Payables ⁽¹⁾	23	8 254	8 249	5	1 761	1 761	-
Total financial liabilities		8 254	8 249	5	1 761	1 761	-

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2016

34 Financial risk management/financial instruments (continued)

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.

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.

34.4 Credit risk

Credit risk arises when there is the possibility of SAFECOM's debtors defaulting on their contractual obligations resulting in financial loss to the department. SAFECOM measures credit risk on a fair value basis and monitors risk on a regular basis.

SAFECOM has minimal concentration of credit risk. SAFECOM has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. SAFECOM 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 SAFECOM.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 17 for information on the allowance for impairment in relation to receivables.

The carrying amount of financial assets as detailed in note 34.3 represents SAFECOM's maximum exposure to credit risk.

Table 34.4 Ageing analysis of financial assets

The following table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets past due.

	Consolidated					SAFECOM Entity				
	Current Not overdue	Overdue for < 30 days	Overdue for 30-60 days	Overdue for > 60 days	Total	Current Not overdue	Overdue for < 30 days	Overdue for 30-60 days	Overdue for > 60 days	Total
2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Not impaired										
Receivables ⁽¹⁾	479	637	35	233	1 384	34	-	-	-	34
Other financial assets	2 657	-	-	-	2 657	-	-	-	-	-
Impaired										
Receivables ⁽¹⁾	-	-	-	102	102	-	-	-	-	-
2015										
Not impaired										
Receivables ⁽¹⁾	3 950	118	34	139	4 241	191	-	-	-	191
Other financial assets	2 548	-	-	-	2 548	-	-	-	-	-
Impaired										
Receivables ⁽¹⁾	-	-	-	50	50	-	-	-	-	-

South Australian Fire and Emergency Services Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2016

34 Financial risk management/financial instruments (continued)

¹ The receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing from Government taxes). They are carried at cost.

34.5 Market risk

SAFECOM has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). SAFECOM's exposure to market risk and cash flow interest risk is minimal. There is minimal exposure to foreign currency or other price risks.

SAFECOM does not trade in foreign currency, enter into transactions for speculative purposes, nor for hedging. SAFECOM 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 SAFECOM as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

35 Trust funds

	Consolidated		SAFECOM Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash at bank	350	337	-	-
Total trust funds	350	337	-	-

The trust funds represent funds held by the Australian Council of State Emergency Services. The funds will be utilised to meet expenses incurred by each of the State Emergency Services Headquarters in Australia. SASES will administer these funds until they are fully expended. In 2015-16, total income earned by the Council was \$0.058m and expenses incurred totalled \$0.030m.

Community Emergency Services Fund
Statement of Administered Comprehensive Income
for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Administered expenses			
Contributions to SA Government administrative units	A 3	264 477	250 407
Grants and subsidies	A 4	2 674	2 237
Other	A 5	9 258	8 769
Total administered expenses		276 409	261 413
Administered income			
Levy sources	A 6	277 975	263 342
Fees and charges	A 7	442	438
Interest	A 8	1 308	1 594
Total administered income		279 725	265 374
Net result		3 316	3 961
Total comprehensive result		3 316	3 961

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

Community Emergency Services Fund
Statement of Administered Financial Position
as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Administered current assets			
Cash and cash equivalents	A 9	34 518	6 571
Receivables	A 10	1 625	2 260
Total current assets		36 143	8 831
Administered current liabilities			
Payables	A 11	25 278	1 282
Total current liabilities		25 278	1 282
Net assets		10 865	7 549
Administered equity			
Retained earnings	A 12	10 865	7 549
Total equity		10 865	7 549

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

Unrecognised contractual commitments	A 14
Contingent assets and liabilities	A 15

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

Community Emergency Services Fund
Statement of Administered Changes in Equity
for the year ended 30 June 2016

	Note	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2014		3 588	3 588
Net result for 2014-15		3 961	3 961
Total comprehensive result for 2014-15		3 961	3 961
Balance at 30 June 2015	A 12	7 549	7 549
Net result for 2015-16		3 316	3 316
Total comprehensive result for 2015-16		3 316	3 316
Balance at 30 June 2016	A 12	10 865	10 865

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

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

Community Emergency Services Fund
Statement of Administered Cash Flows
for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Cash outflows			
Payments to SA Government administrative units		(240 519)	(274 552)
Payments of grants and subsidies		(2 712)	(2 383)
Other payments		(9 182)	(8 908)
Cash used in operations		(252 413)	(285 843)
Cash inflows			
Receipts from levy sources		278 622	264 955
Fees and charges		444	435
Interest received		1 294	1 601
Cash generated from operations		280 360	266 991
Net cash provided by / (used in) operating activities	A 13	27 947	(18 852)
Net increase / (decrease) in cash and cash equivalents		27 947	(18 852)
Cash and cash equivalents at the beginning of the reporting period		6 571	25 423
Cash and cash equivalents at the end of the reporting period	A 9	34 518	6 571

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

Community Emergency Services Fund
Notes to and forming part of the administered statements
For the year ended 30 June 2016

A 1 Establishment, objectives and funding arrangements

Establishment

The Community Emergency Services Fund (CESF) is established pursuant to the *Emergency Services Funding Act 1988* (the Act).

Objectives

CESF is the primary source of funding for the State Government's key emergency services agencies: the SA Metropolitan Fire Service, SA Country Fire Service, SA State Emergency Service and SA Fire and Emergency Services Commission. CESF also provides funding to other State Government agencies and Non-Government Organisations for the provision of emergency services and its related activities, and collection and administration costs, as allowed under section 28(4) the Act.

Funding arrangements

Under section 28(3) the Act, funds collected through the Emergency Services Levy (fixed and mobile property) for both private and Government property owners, Government contributions for concessions and remissions to property owners and interest earned on cash balances are paid into CESF. The administration, collection and policy-setting of the Emergency Service Levy falls within the portfolio responsibilities of the Treasurer.

A 2 Summary of significant accounting policies

In general, CESF adopts the accounting policies of SAFECOM, as detailed in Note 2 of SAFECOM's Financial Statements. Deviations from these policies are as follows:

Payments to SA Government administrative units:

All payments to SA Government administrative units are only recognised upon certainty of payment. Recognition of accrual payments, based upon budgeted claims or requested payments are not recognised until approved and payment is certain.

A 3 Contributions to SA Government administrative units

	2016	2015
	\$'000	\$'000
South Australian Fire and Emergency Services Commission	10 795	11 487
South Australian State Emergency Service	16 290	14 794
South Australian Country Fire Service	74 389	74 279
South Australian Metropolitan Fire Service	136 443	123 845
South Australian Police	20 563	20 061
South Australian Police - Government radio network	704	687
Attorney-General's Department - State Rescue Helicopter Service	654	638
South Australian Ambulance Service	1 104	1 077
South Australian Ambulance Service - Government radio network	214	209
Department of Environment, Water and Natural Resources	3 321	3 330
Total contributions to SA Government administrative units	264 477	250 407

Community Emergency Services Fund
Notes to and forming part of the administered statements
For the year ended 30 June 2016

A 4 Grants and subsidies

	2016	2015
	\$'000	\$'000
Surf Life Saving South Australia	1 202	983
Volunteer Marine Rescue	1 158	886
Shark Beach Patrol	314	368
Total grants and subsidies	2 674	2 237

A 5 Other expenses

	2016	2015
	\$'000	\$'000
Revenue SA - collection costs	6 342	6 187
Department of Planning, Transport and Infrastructure - collection costs	1 023	995
Fixed property refunds	1 287	995
Administration costs	606	592
Total other expenses	9 258	8 769

A 6 Revenues from levy sources

	2016	2015
	\$'000	\$'000
Fixed property collections	199 281	191 494
Fixed property remissions	26 484	19 955
Mobile collections	42 639	41 467
Mobile remissions	3 123	3 868
Government concessions	6 448	6 558
Total revenues from levy sources	277 975	263 342

A 7 Revenues from fees and charges

	2016	2015
	\$'000	\$'000
Certificate sales and from other entities within the SA Government	442	438
Total revenue from fees and charges	442	438

A 8 Interest revenues

	2016	2015
	\$'000	\$'000
Interest on deposit accounts - from entities within the SA Government	1 308	1 594
Total interest revenues	1 308	1 594

Community Emergency Services Fund
Notes to and forming part of the administered statements
For the year ended 30 June 2016

A 9 Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Deposits with the Treasurer	34 518	6 571
Total cash and cash equivalents	34 518	6 571

Interest Rate Risk

Deposits with the Treasurer earn a floating point interest rate based on daily bank deposit rates. The carrying amount of cash and cash equivalents approximates fair value.

A 10 Receivables

	2016	2015
	\$'000	\$'000
Current		
Receivables from entities within the SA Government	1 625	2 260
Total cash and cash equivalents	1 625	2 260

All receivable amounts disclosed above are expected to be recovered within 12 months after reporting date.

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 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 and categorisation of financial instruments and risk exposure information

Refer to Note A18

A 11 Payables

	2016	2015
	\$'000	\$'000
Current		
Accrued expenses	21 267	652
Creditors	4 011	630
Total current payables	25 278	1 282

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. All payables are non-interest bearing. The carrying amount of payables represents fair value due to amounts being payable on demand.

Maturity analysis of receivables and categorisation of financial statements and risk exposure information

Refer to Note A18

Community Emergency Services Fund
Notes to and forming part of the administered statements
For the year ended 30 June 2016

A 12 Administered Equity

	2016	2015
	\$'000	\$'000
Accumulated surplus	10 865	7 549
Total equity	10 865	7 549

A 13 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 Administered Financial Position	34 518	6 571
Balance as per the Statement of Administered Cash Flows	34 518	6 571
Reconciliation of net cash provided by / (used in) operating activities to net cost of providing services		
Net cash provided by/(used in) operating activities	27 947	(18 852)
Movements in assets and liabilities		
(Decrease) in receivables	(635)	(1 617)
(Increase) / decrease in payables	(23 996)	24 430
Net cost of providing services	3 316	3 961

A 14 Unrecognised contractual commitments

CESF has no unrecognised contractual commitments at reporting date.

A 15 Contingent assets and liabilities

CESF is not aware of any contingent assets or contingent liabilities.

A 16 Events after the reporting period

There were no events after the reporting period affecting the financial statements.

Community Emergency Services Fund
Notes to and forming part of the administered statements
For the year ended 30 June 2016

A 17 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 variance exceeds the greater of 10% of the original budgeted amount and 5% of the original budgeted total expenses.

		Original Budget ¹ 2016 \$'000	Actual 2016 \$'000	Variance \$'000
Statement of Comprehensive Income	Note			
Expenses				
Contributions to SA Government administrative units		263 826	264 477	651
Grants and subsidies		5 817	2 674	(3 143)
Other		8 571	9 258	687
Total administered expenses		278 214	276 409	(1,805)
Income				
Levy sources		283 816	277 975	(5 841)
Fees and charges		421	442	21
Interest		1 500	1 308	(192)
Total administered income		285 737	279 725	(6,012)
Net result		7 523	3 316	(4 207)
Total comprehensive result		7 523	3 316	(4 207)

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budget financial statements in respect of the reporting period (2015-16 Budget Paper 4). These original budget 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.

There were no variances where the variance exceeds the greater of 10% of the original budget amount and 5% of original budgeted total expenses.

A 18 Financial risk management/financial instruments

A 18.1 Financial risk management

Risk management is managed by SAFECOM 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*.

CESF 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 18.2 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 A 2.

Community Emergency Services Fund
Notes to and forming part of the administered statements
For the year ended 30 June 2016

A 18.2 Categorisation of financial instruments (continued)

Refer note 18.3 for the carrying amounts of each of the following categories of financial assets and liabilities: receivables and payables held at cost.

CESF 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 carry 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 A 2, A 10 and A 11).

A 18.3 Liquidity risk

CESF is funded principally from Emergency Services Levy contributions, government concessions and remissions, and interest. The payments from CESF are approved by the Economic and Finance Committee, pursuant to the Act, and endorsed by the Minister for Emergency Services. CESF is an Administered item and cash flows associated with its approved payments and budgeted receipts, as set by the Department of Treasury and Finance, are done to ensure funding is provided through the SA Government budgetary processes to meet the expected cash flows.

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

The carrying amount recorded in table A 18.3 represents CESF's maximum exposure. The table discloses the carrying amount of each category of financial instrument held by CESF including the contractual maturity analysis for financial assets and liabilities (i.e. 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 presents in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Table 18.3 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 \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents	A 9	34 518	34 518	-	-	-
Receivables ⁽¹⁾⁽²⁾	A 10	1 625	1 625	-	-	-
Total financial assets		36 143	36 143	-	-	-
Financial liabilities						
Payables ⁽¹⁾	A 11	25 278	25 278	-	-	-
Total financial liabilities		25 278	25 278	-	-	-
Category of financial asset and financial liability	Notes	2015 Carrying amount/fair value \$'000	2015 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents	A 9	6 571	6 571	-	-	-
Receivables ⁽¹⁾⁽²⁾	A 10	2 260	2 260	-	-	-
Total financial assets		8 831	8 831	-	-	-
Financial liabilities						
Payables ⁽¹⁾	A 11	1 282	1 282	-	-	-
Total financial liabilities		1 282	1 282	-	-	-

⁽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).

Community Emergency Services Fund
Notes to and forming part of the administered statements
For the year ended 30 June 2016

A 18.3 Liquidity risk (continued)

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 A 10 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.

A 18.4 Credit risk

Credit risk arises when there is the possibility of CESF's debtors defaulting on their contractual obligations resulting in financial loss to CESF. CESF measures credit risk on a fair value basis and monitors risk on a regular basis.

CESF has minimal concentration of credit risk. CESF has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. CESF 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 CESF.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. At reporting date, there is no evidence to indicate that any of the financial assets are impaired.

The carrying amount of financial assets as detailed in Note A 18.3 represents CESF's maximum exposure to credit risk.

Table A 18.4 Ageing analysis of 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 but not impaired			Impaired financial assets \$'000
		Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	
2016					
Receivables ⁽¹⁾	1 625	-	-	-	-
2015					
Receivables ⁽¹⁾	2 260	-	-	-	-

⁽¹⁾ Receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing to government). They are carried at cost.

A 18.5 Market Risk

CESF has non-interest bearing assets (receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). CESF's exposure to market risk and cash flow interest risk is minimal. There is minimal exposure to foreign currency or other price risks.

CESF does not trade in foreign currency, enter into transactions for speculative purposes, nor for hedging. CESF 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 CESF as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

Community Emergency Services Fund
Notes to and forming part of the administered statements
For the year ended 30 June 2016

A 19 Remuneration of board and committee members

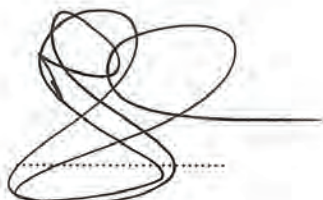
CESF does not have any board or committee members.

South Australian Fire and Emergency Services Commission Certification of the Financial Statements

We certify that the attached general purpose financial statements for the South Australian Fire and Emergency Services Commission:

- 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 South Australian Fire and Emergency Services Commission; and
- present a true and fair view of the financial position of the South Australian Fire and Emergency Services Commission 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 South Australian Fire and Emergency Services Commission for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Malcolm Jackman

Presiding Officer

South Australian Fire and Emergency Services Commission Board

16 September 2016



Malcolm Jackman

Chief Executive

South Australian Fire and Emergency Services Commission

16 September 2016



Iolanda Calabrese

Manager Financial Services

South Australian Fire and Emergency Services Commission

16 September 2016

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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To the Presiding Officer South Australian Fire and Emergency Services Commission Board

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and subsection 21(2) of the *Fire and Emergency Services Act 2005*, I have audited the accompanying financial report of the South Australian Fire and Emergency Services Commission and the consolidated entity comprising the South Australian Fire and Emergency Services Commission and its controlled entities 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 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 Presiding Officer, the Chief Executive and the Manager Financial Services.

The financial report comprises the South Australian Fire and Emergency Services Commission and the entities it controlled at the year's end or from time to time during the financial year.

The members of the South Australian Fire and Emergency Services Commission Board's responsibility for the financial report

The members of the South Australian Fire and Emergency Services Commission 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 South Australian Fire and Emergency Services Commission Board determine is necessary to enable the preparation of 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.

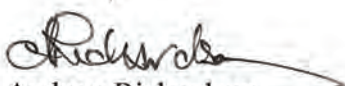
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. 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 South Australian Fire and Emergency Services Commission 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 South Australian Fire and Emergency Services Commission'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 South Australian Fire and Emergency Services Commission and its controlled entities as at 30 June 2016, their financial performance and their cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson

Auditor-General

19 September 2016

South Australian Forestry Corporation

Financial report
for the year ended
30 June 2016

SOUTH AUSTRALIAN FORESTRY CORPORATION
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
Income			
Sales - timber products		18,742	18,436
Wood sales - back to back		30,447	42,157
Sales - management services		3,276	13,089
Revenues from SA Government	5(i)	6,539	7,554
Interest	5(ii)	563	626
Other income	5(iii)	1,588	538
Net gain from the disposal of non-current assets	5(iv)	282	144
Total income		61,437	82,544
Expenses			
Employee benefits	7	5,300	11,274
Contractors		12,607	13,286
Wood purchases - back to back		30,447	42,157
Depreciation and amortisation	14, 16	1,714	1,987
Materials		742	946
Equipment and vehicle costs		1,225	1,840
Council rates		283	291
Impairment of assets		563	-
Other expenditure	5(v)	8,556	10,763
Total expenses		61,437	82,544
Trading loss before revaluation of standing timber		-	-
Net change in value of standing timber	13	(1,969)	13,285
Profit/(loss) before income tax equivalent		(1,969)	13,285
Income tax equivalent expense	6	-	-
Profit/(loss) after income tax equivalent	9(ii)	(1,969)	13,285
Other comprehensive income			
Land revaluation recorded in asset revaluation surplus	14	-	7,345
Impairment of property, plant and equipment prior to restructure	14	(724)	-
Property, plant and equipment recorded in asset revaluation surplus	14	(354)	-
Total other comprehensive income		(1,078)	7,345
Total comprehensive result		(3,047)	20,630

The profit/(loss) after income tax equivalents and total comprehensive result are attributable to the SA Government as owner.

SOUTH AUSTRALIAN FORESTRY CORPORATION
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	9	19,759	18,376
Receivables	10	6,513	7,614
Inventories	11	591	759
Standing timber	13	4,208	3,145
Assets classified as held for sale	12	276	-
Total current assets		<u>31,347</u>	<u>29,894</u>
Non-current assets			
Standing timber	13	41,780	44,812
Property, plant and equipment	14	54,460	61,642
Intangible assets	16	1,159	1,484
Total non-current assets		<u>97,399</u>	<u>107,938</u>
Total assets		<u>128,746</u>	<u>137,832</u>
Current liabilities			
Payables	17	2,390	6,437
Employee benefits	18	571	1,269
Deferred income	19	351	304
Other provisions	20	265	227
Total current liabilities		<u>3,577</u>	<u>8,237</u>
Non-current liabilities			
Payables	17	109	296
Employee benefits	18	704	1,744
Deferred income	19	971	848
Other provisions	20	576	851
Total non-current liabilities		<u>2,360</u>	<u>3,739</u>
Total liabilities		<u>5,937</u>	<u>11,976</u>
Net assets		<u>122,809</u>	<u>125,856</u>
Equity			
Other reserves		80,177	83,300
Retained earnings		42,632	42,556
Total equity		<u>122,809</u>	<u>125,856</u>
Commitments and contingencies			
Unrecognised contractual commitments	23		
Contingent liabilities and assets	23		

SOUTH AUSTRALIAN FORESTRY CORPORATION
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			
Receipts from customers		57,537	76,779
Payments to suppliers and employees		(65,095)	(92,717)
Interest received		563	648
Receipts from SA Government		4,353	8,358
GST remitted to Australian Taxation Office		(133)	(756)
Net cash flows from operating activities	9 (ii)	(2,775)	(7,688)
Cash flows from investing activities			
Purchase of property, plant & equipment		(342)	(350)
Purchase of intangible assets		(313)	(1,352)
Proceeds from sale of assets		4,813	383
Net cash flows from investing activities		4,158	(1,319)
Net increase/(decrease) in cash held		1,383	(9,007)
Cash and cash equivalents at the beginning of the period		18,376	27,383
Cash and cash equivalents at the end of the period	9 (i)	19,759	18,376

SOUTH AUSTRALIAN FORESTRY CORPORATION
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Asset revaluation surplus \$'000	Standing timber reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2014	32,975	29,695	42,556	105,226
Gain/(loss) on revaluation of property, plant and equipment	7,345	-	-	7,345
Net income/expense recognised directly in equity	7,345	-	-	7,345
Profit/(loss) for the period	-	-	13,285	13,285
Total comprehensive result for 2014-15	7,345	-	13,285	20,630
Transfers to/(from) equity	-	13,285	(13,285)	-
Total change for the period	7,345	13,285	-	20,630
Balance at 30 June 2015	40,320	42,980	42,556	125,856
Impairment of property, plant and equipment prior to restructure	(724)	-	-	(724)
Gain/(loss) on revaluation	(354)	-	-	(354)
Net income/expense recognised directly in equity	(1,078)	-	-	(1,078)
Profit/(loss) for the period	-	-	(1,969)	(1,969)
Total comprehensive result for 2015-16	(1,078)	-	(1,969)	(3,047)
Transfers to/(from) equity	(76)	(1,969)	2,045	-
Total change for the period	(1,154)	(1,969)	76	(3,047)
Balance at 30 June 2016	39,166	41,011	42,632	122,809

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

NOTES TO THE FINANCIAL STATEMENTS

South Australian Forestry Corporation for the year ended 30 June 2016

1 CORPORATE INFORMATION

Role and function of the South Australian Forestry Corporation

The South Australian Forestry Corporation (ForestrySA) was established under the *South Australian Forestry Corporation Act 2000* on 1 January 2001. ForestrySA is subject to the provisions of the *Public Corporations Act 1993*.

Key responsibilities of ForestrySA are to:

- Manage plantation forests for commercial production in line with best practice standards for forestry operations and environmental management;
- Provide high quality management services to its customers;
- Undertake and where appropriate commercialise forestry related research for the benefit of ForestrySA and the State;
- Maximise the value of ForestrySA;
- Encourage and facilitate regionally based economic activities based on forestry and other industries;
- Support regional forest resource protection initiatives and programs;
- Support the concept of environmental sustainability which assists in the protection of natural assets and market accessibility; and
- Support research activities within the forestry industry.

In addition to subsidies of its business operations, ForestrySA receives funding from the South Australian (SA) Government for the provision of certain community service obligations (CSOs). These are:

- Community protection (including fire protection)
- Community use of forests; and
- Native forest management.

Green Triangle agency arrangement

Up to 30 September 2015 ForestrySA managed the forest plantations for OneFortyOne Plantations Pty Ltd (OFO). OFO engaged the SA Treasurer to manage the plantations under a Plantation Management Agreement (PMA) in return for a management fee. Under a Memorandum of Administrative Arrangements, ForestrySA was required to perform the obligations of the Treasurer in accordance with the PMA.

- Under the PMA, ForestrySA managed silviculture operations for OFO in return for a fee comprising two components:
 - I. Direct charges. While some silviculture expenses were paid directly by OFO, other expenses were incurred and paid by ForestrySA on behalf of OFO. These are recognised as expenses of ForestrySA in the Statement of Comprehensive Income.
 - II. General Overhead Charges (GOC) were paid by OFO to ForestrySA.

Recoveries of expenses and GOC from OFO under the PMA are disclosed in the Statement of Comprehensive Income as sales - management services.

- The operations deed between the Treasurer and OFO requires the performance, among other things, of specified fire management functions. ForestrySA provided these functions to OFO under the PMA.
- ForestrySA has required funding from the SA Government in order to continue its Community Service Obligations activities (particularly fire response) and the performance of its obligations under the PMA as negotiated by the Treasurer as part of the forward sale. The arrangement for the provision of this funding resulted in a trading result of nil in 2015-16 before the revaluation of standing timber.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

South Australian Forestry Corporation for the year ended 30 June 2016

ForestrySA arrangements with OneFortyOne Plantations Pty Ltd (OFO) from 1 October 2015

On 22 July 2015 changes to ForestrySA's agency arrangement were announced and a Restructure Deed was entered into by ForestrySA and OFO. From 1 October 2015 OFO took over plantation management from ForestrySA.

ForestrySA's operations in the Mid North and Mount Lofty Ranges were not affected by this change. There was also no impact on fire management. OFO has provided the same level of fire protection and management within its forest estates, and ForestrySA has continued to provide fire protection and management outside the estates.

The State Government retains ownership of the forest land, water, and carbon rights, and ForestrySA maintains a staff presence in the South East.

During 2015-16 a number of employees were transferred to OFO following employment offers made to ForestrySA employees in the South East who were predominantly involved in providing plantation management. The transferred employees' accrued entitlements to annual leave, leave loading, personal/carer's leave, retention leave and long service leave (less those entitlements already taken or paid) were assumed by and recognised in their employment with OFO. Out of the 62 employment offers made ForestrySA employees by OFO, 54 were accepted.

A number of assets owned by ForestrySA and ForestrySA's IT system license were purchased by OFO during 2015-16. Assets were purchased by OFO at their written down book value.

A number of lease agreements have been entered into between ForestrySA and OFO including leasing of corporate offices, depots and seed orchards from ForestrySA. The terms of the leases varies from 5 to 67 years with right of renewal.

As part of the Restructure Deed OFO agreed to honour commercial contracts which were in place but did not expire prior to the completion date of the restructure.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

ForestrySA 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, prepared in accordance with applicable Australian Accounting Standards and Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

ForestrySA has applied Australian Accounting Standards that are applicable to for-profit entities, as ForestrySA is a for-profit entity. Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by ForestrySA for the reporting period ended 30 June 2016. These are outlined in Note 2(f).

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and management to exercise its judgement in the process of applying ForestrySA'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 these financial statements:
 - i. revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100,000 for separate identification of these items applies. Refer to Note 27.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

South Australian Forestry Corporation for the year ended 30 June 2016

- ii. expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income);
- iii. employee targeted voluntary separation package information; and
- iv. 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.

ForestrySA'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 applicable valuation policy.

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

The financial report has 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 financial report covers ForestrySA as an individual reporting entity. It is a statutory authority of the State of South Australia, established pursuant to the *South Australian Forestry Corporation Act 2000*.

ForestrySA does not control any investees, has no joint arrangements and no interests in unconsolidated structured entities.

(d) Comparative information

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

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

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

(e) Rounding

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

(f) New and revised accounting standards

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 ending 30 June 2016. ForestrySA has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or its financial statements.

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

(g) Taxation

ForestrySA is liable for income tax equivalent payments, payroll tax, fringe benefits tax and goods and services taxes, as well as the emergency services levy, land tax and local government rates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

South Australian Forestry Corporation for the year ended 30 June 2016

i. Income tax equivalent

ForestrySA is an income tax exempt body. As ForestrySA engages in trading activities in competition with private sector enterprises, a payment in lieu of income tax is paid to the South Australian Government Consolidated Account. The tax calculation method is prescribed by Treasurer's Instruction 22 and the tax equivalent payment is calculated on the accounting profits model.

Under the accounting profits model, no future tax assets or future tax liabilities are recognised except for tax assets or tax liabilities in relation to timing differences in the payment of tax equivalent payments.

ii. Goods and Services Tax (GST)

Income, expenses, liabilities and assets are recognised net of the amount of GST, except where the amount of GST incurred by ForestrySA 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.

Receivables and payables are stated with the amount of GST included.

The net GST receivable or payable to the Australian Taxation Office has been recognised as a receivable/payable 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.

(h) Income

Income is recognised in ForestrySA's Statement of Comprehensive Income when and only when the flow of economic benefits has occurred and can be reliably measured.

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

Revenues from SA Government comprise funding for the:

- operation of the Government radio network and provision of Community Service Obligation activities, including community forestry, community fire protection and forestry industry development. This funding is recognised where there is reasonable assurance that the funding will be received and ForestrySA will comply with all attached conditions;
- purchase of CSO assets. This funding is recognised as a deferred income liability and progressively recognised as income in the Statement of Comprehensive Income on a straight line basis over the expected lives of the related assets;
- accounting losses incurred prior to taking into account the revaluation of standing timber. This funding arrangement was implemented by the SA Government to enable ForestrySA to undertake its operations after the forward sale of ForestrySA's harvesting rights. The arrangement resulted in a trading result of nil for 2015-16 before the revaluation of standing timber. Funding received in excess of the accounting losses is recognised as a payable back to the SA Government.

Revenue from the sale of timber is recognised when there has been a transfer of risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods has been determined and the price is fixed.

Interest revenue is recorded on an accrual basis, with interest calculated on the average daily balance of the account.

The gain or loss on disposal of assets, including revalued assets, is determined as the difference between the book value of the asset at the time of disposal and the proceeds of disposal and is included in the results in the year of disposal.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

South Australian Forestry Corporation for the year ended 30 June 2016

When revalued assets are sold, the revaluation increments are transferred to retained earnings in accordance with Accounting Policy Framework III *Asset Accounting Framework* APS 3.19.

(i) Expenses

Expenses are recognised in ForestrySA's Statement of Comprehensive Income when and only when the flow of economic benefit has occurred and can be reliably measured.

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

Finance costs are recognised as an expense on an accrual basis.

ForestrySA and the SA Superannuation Board entered into an arrangement at the time of incorporation to allow existing officers and employees of ForestrySA, who were immediately before incorporation of ForestrySA, contributors to the State Superannuation Scheme, to remain contributors under the *Superannuation Act 1988*. The amount charged to the Statement of Comprehensive Income represents the contributions made by ForestrySA to the superannuation plan in respect of current ForestrySA staff, as well as additional contributions to the SA Superannuation Board in relation to the defined benefit funding deficit. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole-of-government financial statements. Note 23 provides further detail.

(j) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. ForestrySA has a regular operating cycle of 12 months. Standing timber that is expected to be harvested within 12 months after the reporting date has been classified as a current asset, while standing timber expected to be harvested more than 12 months after the reporting date, has been classified as a non-current asset. Other 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 or are held primarily for the purpose of being traded - 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, ForestrySA has separately disclosed the amounts expected to be recovered or settled after more than twelve months.

(k) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less that are readily convertible to cash and subject to insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank and deposits at call that are readily convertible to cash and used in the cash management function on a day-to-day basis.

Cash is measured at nominal value.

(l) Receivables

Receivables include trade receivables, GST input tax credits recoverable, prepayments and other revenue accruals. Receivables are recorded at amounts due to ForestrySA, less a provision for doubtful debts.

Trade receivables arise in the normal course of selling goods and services. Trade receivables are due within one month after the issue of an invoice, or if the goods or services have been provided under contractual arrangements. Other debtors arise outside the normal course of selling goods and services to the public.

If payment has not been received within the terms and conditions of the contractual arrangement, ForestrySA is able to charge interest at commercial rates as specified until the whole amount of the debt has been paid.

ForestrySA determines the provision for doubtful debts based on a review of balances within trade receivables that are unlikely to be collected.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

South Australian Forestry Corporation for the year ended 30 June 2016

(m) 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.

ForestrySA 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.

For the 30 June 2016 valuation ForestrySA engaged Indufor Asia Pacific Ltd to establish the valuation for its plantation estate in the Mt Lofty Ranges. Indufor is a New Zealand based company providing forest and forest industry valuation services internationally. ForestrySA determined the value of its other plantation estates internally.

The valuation processes and fair value changes are reviewed by the Board at each reporting date.

Non-financial assets

In determining fair value, ForestrySA has taken into account the characteristics 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 and financially feasible.

ForestrySA's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. For the biological assets ForestrySA did not identify any factors to suggest an alternative use and therefore fair value measurement was based on current use. For the land assets the Valuer General adjusted the highest and best use, corrected for legal and constructive restrictions over the use of the land.

The carrying amounts 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 Notes 13, 14, and 15 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

(n) Inventories

Inventories are valued at the lower of cost and net realisable value in accordance with AASB 102 *Inventories*.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and those necessary to make the sale.

Inventories of export log are valued on initial recognition at their fair value less costs to sell at point of harvest.

(o) Biological Assets

Biological Assets (Standing timber) are valued under the Net Present Value (NPV) income approach. This policy is in accordance with the requirements of AASB 141 *Agriculture* and all amounts are calculated in pre-tax dollars. The income or NPV approach is considered appropriate for the valuation of standing timber and is consistent with industry best practice for standing timber valuation. ForestrySA has assessed the highest and best use for the standing timber as the current use which is the sale of saw log and the associated lower value products that are produced as a by-product to this process.

The methodology was approved by the Acting Treasurer in 2013-14 consistent with APF III *Asset Accounting Framework* APS 3.9.

Under the NPV methodology, valuation changes mainly arise from:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

South Australian Forestry Corporation for the year ended 30 June 2016

- Changes in timber volume associated with growth and also changes to the overall estate as a result of annual planting and harvesting activity;
- Changes in timber prices;
- Changes in silvicultural costs; and
- Changes in the discount rate used in the discounted cash flow calculation.

Assumptions underpinning the NPV calculation are:

- Forest valuations are based on the expected volumes of merchantable timber that will be realised from existing stands, given current management strategies and timber recovery rates;
- Only the current crop is valued. The cash flow analysis is based on the anticipated timing of the harvest of existing stands, which has been developed in the context of sustained yield management;
- Volume increments/decrements are determined both by periodic re-measurement of forest samples and by modelling growth from the date of the most recent measurement to date of harvest;
- Prices used in the NPV calculation are reflective of estimated future prices, based on current understanding of the market forces impacting historical prices.

The NPV approach takes the real cashflows from the sale of standing timber over a single rotation, 35 years. The existing market price for the sales of timber is assumed less reasonable costs to sell the standing timber into the market. ForestrySA has allowed an appropriate amount for the overheads (including fire protection) which has also been included in the cash flows of the valuation.

The replanting expenses have not been included under the guidance of the accounting standards and the value of land is considered separately. The NPV approach used to value the standing timber does not include a terminal value.

The discount rate used is 8.5% (2015: 8.5%) (pre-tax real) which incorporates ForestrySA's assessment of the risk free rate and the risk weighting of forestry. The use of a 'real' discount rate effectively allows for all prices and costs to be expressed in current dollar terms.

The difference between the fair value of the standing timber held at the reporting date and the fair value at the previous reporting date, after allowing for standing timber acquired and purchased standing timber harvested, is recognised in the Statement of Comprehensive Income as the net change in value of standing timber. All forest expenditure is recognised as an expense in the year it is incurred. The change in valuation is disclosed in Note 13.

The net change in the value of standing timber is accounted for in the standing timber reserve.

The volume of standing timber is estimated using a model that simulates forest growth. Actual growth will invariably differ from growth predicted by the model resulting in periodic adjustments for these growth variations. The model uses sample inventory data as the base line from which to start growth simulations. Inventory data is continuously being collected from sample inventory plots with the complete forest estate being covered in five yearly intervals. The inventory master database is updated every three to five years and on these occasions the model simulations are repeated. For the Mount Lofty Ranges and Mid North forests, the master database was last updated as at January 2015.

There is inherent uncertainty in the standing volume estimate and resultant standing timber valuation. This is endemic to all forest valuations and best practice methodology is used to generate reliable estimates.

(p) Property, plant and equipment

i. Recognition and measurement

Assets are initially recorded at cost plus any incidental costs involved with the acquisition. Where assets are acquired without cash consideration they are recorded at their fair value in the Statement of Financial Position.

ForestrySA individually capitalises all non-current physical assets with a value of \$1,000 or greater and a low value pool is created for assets worth between \$300 and \$1,000. Where an asset comprises significant components with differing useful lives, those components are recorded separately.

Plant and equipment and roads and land improvements are stated at cost less accumulated depreciation and impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

South Australian Forestry Corporation for the year ended 30 June 2016

Buildings and structures are measured at fair value less accumulated depreciation on buildings and structures and impairment losses recognised after the date of the revaluation. Fair value represents the value that is able to be achieved in an active and liquid market. Where an active and liquid market does not exist, the asset will be brought to account at its current written down cost.

Land is measured at fair value using valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. ForestrySA engaged the Valuer General as an expert valuer to value its land assets.

ii. Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstance indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use.

An impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For property, plant and equipment, impairment losses are recognised in the Statement of Comprehensive Income except for re-valued assets where impairment losses are treated as a revaluation decrement to the extent that a revaluation amount exists for the impaired asset.

iii. Non-current assets held for sale

Assets held for sale are separately disclosed and measured at the lower of the carrying amount and fair value, less cost to sell.

iv. Revaluation

Land was revalued as at 30 June 2015, while buildings and structures were re-valued as at 30 June 2016, in accordance with APF III *Asset Accounting Framework*. Assets in other asset classes are deemed to have been revalued to their fair values immediately following recognition at cost.

The basis of the revaluation of land performed by the Valuer General is the market approach under AASB 13 *Fair Value Measurement*.

In its assessment it uses the asset's highest and best use that is physically possible, legally permissible, financially feasible, taking into account restrictions imposed on the use of the land by the various legislation under which ForestrySA operates. ForestrySA land generally has restrictions on use imposed by the Forestry Act 1950, by statute or regulation, impacting the fair value measurement of the asset. In South Australia the Valuer General determines the site and capital values on an annual basis as at 1 January each year. These statutory values are derived from available market evidence around the date of valuation, and are considered to provide a suitable basis from which to derive selected values under fair value measurement. Adjustments are then applied to reflect the restrictions on potential highest and best use imposed by legislation associated with the operations of ForestrySA.

In accordance with this policy, land was revalued using valuations provided by the Valuer General in 2015. In 2016 the Board has made the assessment that they believe land remains to be recorded at fair value and no adjustment to the value of land was required.

In accordance with APF III APS 3.18, ForestrySA has elected to take revaluation adjustments to the asset revaluation surplus on an individual asset basis for all assets excluding land.

At least every five years, an independent valuation appraisal of ForestrySA's buildings and structures will be performed. However, if at any time management considers that the carrying amount of an asset class materially differs from its fair value, then the asset class will be revalued regardless of when the last valuation took place. ForestrySA undertook an independent valuation appraisal of its buildings and structures in June 2016.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

South Australian Forestry Corporation for the year ended 30 June 2016

Non-current physical assets that are acquired between revaluations and are below the revaluation threshold (fair value at the time of acquisition greater than \$1 million and useful life greater than three years), as per APF III, will be deemed to have been revalued to their fair values immediately following recognition at cost, until revaluation will take place, when they are revalued to fair value.

Any revaluation increment is credited to the asset revaluation surplus, except to the extent that it reverses a revaluation decrement of the same asset, 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, 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.

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.

v. Depreciation and amortisation of non-current assets

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

The useful lives of all major assets held by ForestrySA are reassessed 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, included in plant and equipment, is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Land and assets held for sale are not depreciated.

The depreciation / amortisation for non-current assets is determined as follows:

Class of asset	Depreciation method	Useful life (years)
Buildings and structures	Straight line	25-60
Leasehold improvements	Straight line	life of lease
Roads and land improvements	Straight line	20-25
Plant and equipment	Straight line	3-25

(q) Intangible assets

Intangible assets include purchased software and development costs for software tools. An intangible asset is an identifiable non-monetary asset, without physical substance. Intangible assets are measured at cost less accumulated amortisation and impairment losses.

The acquisition or internal development of software is capitalised when the expenditure meets the definition and recognition criteria of an asset outlined in AASB 138 *Intangible Assets* and when the amount of expenditure is greater than or equal to \$1,000.

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

Capitalised software is amortised over the useful life of the asset, with a maximum time limit for amortisation of five years using the straight line method. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

South Australian Forestry Corporation for the year ended 30 June 2016

(r) Trade and other payables

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

Payables are recorded at the agreed amounts at which the liabilities are to be settled. They are recorded when the goods and services have been provided.

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

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 invoice date.

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

ForestrySA makes contributions to several SA Government and externally managed superannuation schemes. These contributions are treated as an expense when they are incurred. There is no liability for payments to beneficiaries. The only liability outstanding at the end of the reporting period relates to any contributions due but not yet paid.

(s) Employee benefits

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

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

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 liability for annual leave reflects the value of total annual leave entitlements of all employees as at the reporting date and is measured at the undiscounted amount expected to be paid. The liability for retention leave reflects the value of total retention leave entitlements of all employees as at the reporting date and is measured at the undiscounted amount expected to be paid.

The liability for long service leave is measured at 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 duration that match, as closely as possible, the estimated future cash outflows.

ForestrySA classifies a portion of long service leave provision as current based on its history of settlements.

As described in note 1 a number of employees were transferred to OFO upon the sale of ForestrySA operations to OFO. The transferred employees' accrued entitlements to annual leave, leave loading, personal/carer's leave, retention leave and long service leave (less those entitlements already taken or paid) were assumed by and recognised in their employment with OFO.

(t) Leases

ForestrySA has entered into operating leases but has not entered into any finance leases.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

South Australian Forestry Corporation for the year ended 30 June 2016

(u) Insurance

ForestrySA has arranged, through the SA Government Captive Insurance Corporation (SAICORP), to insure all its major insurable property and liability risks. The excess payable under this arrangement is \$250,000 from an event or occurrence covered by the agreement.

ForestrySA is self-insured for major fire losses of the forest. In addition, ForestrySA is self-insured for workers compensation.

(v) Provisions

ForestrySA self-insures its workers compensation obligations. The workers compensation provision is based on an actuarial assessment of estimated existing and potential unsettled workers compensation claims provided by the Office for the Public Sector.

(w) Unrecognised contractual commitments and contingent assets and liabilities

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

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

3 FINANCIAL RISK MANAGEMENT

Risk management is managed by ForestrySA's corporate services section and its 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*.

ForestrySA 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.

ForestrySA has significant non-interest bearing assets (receivables) and liabilities (payables) and interest bearing assets (deposits). Exposure to market risk and cash flow interest rate risk is in accordance with the risk management policies and procedures approved by the ForestrySA Board.

The nature and location of ForestrySA's forestry operations cause concentration of credit risk in relation to trade receivables, as 81% of the value of transactions for the financial year were transactions with the four largest of ForestrySA's customers (2015: 88% for the four largest).

As part of its financial risk management policies, ForestrySA manages and monitors log supply commitments to ensure the commitments are within the long term forest yield forecasts.

4 SEGMENT INFORMATION

ForestrySA has provided segment information in Note 22 to the accounts.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

5 REVENUE, OTHER INCOME AND EXPENSES

(i) Revenues from SA Government

	Note	2016 \$ '000	2015 \$ '000
Community Service Obligation funding (1)		3,709	3,895
Other revenues from SA Government		2,392	3,237
Government Radio Network funding		389	380
Deferred revenues from SA Government (1)		49	42
Revenues from SA Government		<u>6,539</u>	<u>7,554</u>

(1) Community Service Obligation (CSO) funding received for capital expenditure is recognised in revenue over the life of the asset.

(ii) Interest received or receivable

Interest received or receivable related to cash balances		402	479
Interest received or receivable related to trade receivables		161	147
Interest revenue		<u>563</u>	<u>626</u>

(iii) Other income

Other revenue from non SA Government entities		1,588	538
Other income		<u>1,588</u>	<u>538</u>

(iv) Net gain/(loss) from disposal of assets

Land and buildings			
Net proceeds from disposal		52	-
Less net book value of assets disposed	14	(51)	-
Net (loss) from disposal of land and buildings		<u>1</u>	<u>-</u>

Plant and equipment

Net proceeds from disposal		4,782	22
Less net book value of assets disposed	14	(4,472)	(7)
Net gain from disposal of plant and equipment		<u>310</u>	<u>15</u>

Assets classified as held for sale

Net proceeds from disposal	12	-	361
Less net book value of assets disposed		-	(232)
Net gain/(loss) from disposal of assets held for sale		<u>-</u>	<u>129</u>

Roads and land improvements

Net proceeds from disposal	14	-	-
Less net book value of assets disposed		(8)	-
Net gain/(loss) from disposal of assets held for sale		<u>(8)</u>	<u>-</u>

Total assets

Net proceeds from disposal		4,834	383
Less expenses on disposal		(21)	-
Less net book value of assets disposed		(4,531)	(239)
Net gain/(loss) from disposal of total assets		<u>282</u>	<u>144</u>

(v) Other expenditure

Doubtful debt provision / write down	10	(204)	137
Export - shipping		3,201	3,623
Export - marketing & other		2,780	3,067
Consultants (1)		-	95
Other		<u>2,779</u>	<u>3,841</u>
		<u>8,556</u>	<u>10,763</u>

(1) includes payments to nil (2015:seven) consultants

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

6 INCOME TAX EQUIVALENT

ForestrySA uses the Accounting Profits Model to calculate the income tax equivalent payment, in accordance with Treasurer's Instruction 22 Tax Equivalent Payments. Under the Accounting Profits Model, the rate of company income tax is applied to the audited accounting profit. The accounting profit is the net result from operations determined in accordance with AASB 101 Presentation of Financial Statements.

Income tax equivalent

Accounting for income tax for the financial year is based on the tax equivalent calculations under the Accounting Profits Model prescribed in the State Tax Equivalent Regime (STER) and the applicable accounting standards (see note 2, not including AASB 112 Income Taxes). As ForestrySA does not report a trading profit the STER does not apply and no deferred tax asset is generated.

The Treasurer has provided ForestrySA with written approval to exclude gains and losses relating to standing timber revaluations from the accounting profit before ForestrySA calculates its income tax equivalent payment.

The income tax equivalent expense was nil for the reporting period (2015: nil).

7 EMPLOYEE BENEFITS EXPENSES

	2016	2015
	\$ '000	\$ '001
Salaries and wages	4,245	8,340
Long service leave	(195)	392
Retention leave	93	30
Annual leave	320	653
Employment on-costs - superannuation	587	1,287
Targeted Voluntary Separation Packages	-	79
Employment on-costs - other	250	493
	5,300	11,274

Targeted Voluntary Separation Packages (TVSPs)

Amount paid or payable during the reporting period to separated employees:

TVSPs	-	79
Annual leave and long service leave paid or payable to those employees	-	236
Recovery from the Department of Treasury and Finance related to TVSP	-	(315)
	-	-

Net cost to ForestrySA

The number of employees who received or are entitled to receive TVSPs during the reporting period was nil (2015: nil).

The number of employees who received adjustments to their TVSP entitlements in 2016 was nil (2015: 3).

Compensation of employees whose income was over the base executive remuneration level

The number of employees whose income, excluding TVSP, was within the following bands:

	2016	2015
	Number	Number
\$141,500 - \$151,499	1	2
\$151,500 - \$161,499	-	1
\$161,500 - \$171,499	-	1
\$171,500 - \$181,499	1	3
\$181,500 - \$191,499	-	1
\$191,500 - \$201,499	1	-
\$261,500 - \$271,499	-	1
\$291,500 - \$301,499	1	-
\$391,500 - \$401,499 (1)	-	1
Total number of employees	4	10

(1) includes termination payments

The table includes all employees who received or are entitled to receive 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 benefit tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$800,000 (2015: \$2.0 million).

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

8 AUDITOR'S REMUNERATION

	2016	2015
	\$ '000	\$ '000
Audit fees paid / payable to the Auditor-General's Department relating to the audit of the financial statements.	68	197
	68	197

Other services

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

There are no auditor's remuneration costs for 2016 recognised in the Statement of Comprehensive Income under 'Other expenses' relating to prior year audit services provided by the Auditor-General's Department (2015:\$36,000 relating to 2013-14).

9 CASH AND CASH EQUIVALENTS

	2016	2015
	\$ '000	\$ '000
Cash	1	1
Deposits	8,866	4,243
Cash Management Fund	10,892	14,132
	19,759	18,376

Deposits and Cash Management Fund

Deposits include funds held with the Commonwealth Bank of Australia (CBA). The balance of these funds is not available for general use, i.e. funds can only be used in accordance with the Treasurer's/Under Treasurer's approval. Cash Management Fund (CMF) deposits are lodged with SAFA and earn interest at the respective CMF rate.

CASH FLOWS RECONCILIATION

(i) Reconciliation of cash and cash equivalents at the end of the reporting period

	2016	2015
	\$ '000	\$ '000
Cash and cash equivalents as per statement of financial position	19,759	18,376
Cash and cash equivalents as per statement of cash flows	19,759	18,376

(ii) Reconciliation of profit after income tax equivalent payments to net cash flow from operating activities

Profit after income tax equivalents	(1,969)	13,285
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Non cash items

Net change in value of standing timber - other	1,969	(13,285)
Impairment of assets	563	-
Depreciation and amortisation	1,714	1,987
Other asset transactions	-	141
Gain on disposal of assets	(282)	(144)
	3,964	(11,301)

Changes in operating assets and liabilities

Decrease/(Increase) in receivables	1,101	3,000
Decrease/(Increase) in inventories	168	816
(Decrease)/Increase in payables	(4,234)	(5,684)
(Decrease)/Increase in provisions	(237)	(187)
(Decrease)/Increase in employee benefits	(1,738)	(7,998)
Decrease/(Increase) in deferred income	170	381
Net cash flows from changes in operating balances	(4,770)	(9,672)

Net cash flows from operating activities	(2,775)	(7,688)
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NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

10 RECEIVABLES

	2016	2015
	\$ '000	\$ '000
CURRENT		
Trade receivables	6,157	7,551
Less doubtful debts	(31)	(247)
Accrued revenue	32	35
Prepayments	355	275
	<u>6,513</u>	<u>7,614</u>

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

Receivables are normally settled within 30 days. Trade receivables and accrued revenues are non-interest bearing until after 30 days. 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.

For details of credit and interest rate risks refer to note 28.

As at 30 June 2016 \$1.4 million of trade receivables were overdue (2015: \$1.6 million).

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (i.e. 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.

Movement in the allowance for doubtful debts (impairment loss)

	2016	2015
	\$ '000	\$ '000
Carrying amount at the beginning of the period	247	111
Increase in allowance recognised in profit or loss	-	136
Amounts written off	-	-
Amounts recovered during the year	(216)	-
Carrying amount at the end of the period	<u>31</u>	<u>247</u>

11 INVENTORIES

	2016	2015
	\$ '000	\$ '000
CURRENT		
Roading rubble	-	29
Export log	526	566
Materials and stores	65	164
	<u>591</u>	<u>759</u>

12 ASSETS CLASSIFIED AS HELD FOR SALE

	2016	2015
	\$ '000	\$ '000
Non-current assets classified as held for sale		
Land and buildings, property, plant and equipment	276	-
	<u>276</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

13 STANDING TIMBER

	2016	2015
	\$ '000	\$ '000
Opening balance	47,957	34,672
Other Revaluation / Impairment	(1,969)	13,285
Net change recorded in statement of comprehensive income	(1,969)	13,285
Closing balance	45,988	47,957
Unrealised (loss)/gain for the period included in the Statement of Comprehensive Income	(1,969)	13,285

ForestrySA has adopted the Discounted Cash Flow method to value the current standing timber. For the 2016 financial year ForestrySA has engaged Indufor Asia Pacific to provide this DCF valuation for its plantations. ForestrySA is recognising the single rotation forest valuation, being \$45,988,000 (2015: \$47,957,000). The DCF for multiple rotations is valued at \$30,971,000 (2015: \$29,309,000) per Indufor.

The standing timber comprises the following:

	2016	2015
	\$ '000	\$ '000
Fair Value		
Standing timber as held to maturity	45,988	47,957
Total fair value	45,988	47,957
CURRENT ASSET	\$ '000	\$ '000
Current portion of standing timber valuation	4,208	3,145
NON-CURRENT ASSET	\$ '000	\$ '000
Non-current portion of standing timber valuation	41,780	44,812

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

14 PROPERTY, PLANT AND EQUIPMENT

	Land \$ '000	Buildings and structures \$ '000	Roads and land improvements \$ '000	Plant and equipment \$ '000	Total \$ '000
Year ended 30 June 2015					
As at 1 July 2014, net of accumulated depreciation and impairment	31,795	10,746	2,561	10,446	55,548
Additions / transfers	-	8	224	43	275
Disposals	-	-	-	(7)	(7)
Assets reclassified to assets held for sale	-	-	-	-	-
Revaluation increments	7,345	-	-	-	7,345
Revaluation decrements	-	-	-	-	-
Impairment	-	-	-	-	-
Depreciation charge for the year	-	(536)	(187)	(866)	(1,589)
Transfers within asset classes	-	-	-	70	70
Net of accumulated depreciation and impairment	39,140	10,218	2,598	9,686	61,642
At 30 June 2015					
Cost or fair value	39,140	12,276	4,982	21,459	77,857
Accumulated depreciation and impairment	-	(2,058)	(2,384)	(11,773)	(16,215)
Net carrying amount	39,140	10,218	2,598	9,686	61,642
Year ended 30 June 2016					
As at 1 July 2015, net of accumulated depreciation and impairment	39,140	10,218	2,598	9,686	61,642
Additions / transfers	-	-	277	65	342
Disposals	-	(51)	(8)	(4,472)	(4,531)
Assets reclassified to assets held for sale	-	-	-	(276)	(276)
Revaluation increments	-	-	-	-	-
Revaluation decrements	-	(354)	-	-	(354)
Impairment	-	(1,144)	(127)	(16)	(1,287)
Depreciation charge for the year	-	(425)	(175)	(476)	(1,076)
Transfers within asset classes	-	-	-	-	-
Net of accumulated depreciation and impairment	39,140	8,244	2,565	4,511	54,460
At 30 June 2016					
Cost or fair value	39,140	8,812	4,989	9,973	62,914
Accumulated depreciation and impairment	-	(568)	(2,424)	(5,462)	(8,454)
Net carrying amount	39,140	8,244	2,565	4,511	54,460

Revaluation of land and buildings and structures

ForestrySA uses the services of the Valuer General in SA to determine the fair value of its land. Fair value is determined by reference to market-based evidence, which is the amount for which the asset could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Land was revalued using valuations provided by the Valuer General in 2015. In 2016 the Board has made the assessment that they believe land remains to be recorded at fair value and no adjustment to the value of land was required.

In 2016 ForestrySA engaged Herron Todd White, an accredited independent valuer, to determine the fair value of its buildings and structures. The effective date of the revaluation of the buildings and structures was 30 June 2016. The valuer valued on the basis of the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, assuming the probable use of an asset which is physically possible, appropriately justified, legally permissible, financially feasible and which results in the highest value of the asset valued. 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 assets are classified in level 3 as there have been no subsequent adjustments to their value, except for management assumptions about the assets' condition and remaining useful life.

Plant and equipment includes \$72,000 of fully depreciated (to salvage value) property still in use (2015:\$106,000).

Impairment

Prior to the acquisition of some property, plant and equipment by OFO as part of the sale assets were tested for impairment. There were no additional indications of impairment of roads and land improvements and plant and equipment assets at 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

15 FAIR VALUE MEASUREMENT

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. ForestrySA categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value recognised in the balance sheet are categorised into level 2 for land and level 3 for other assets at 30 June 2016. Land was valued by the Valuer General and was recategorised to a Level 2 valuation at 30 June 2015, based on a thorough analysis of the data applied for valuation.

ForestrySA's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Assets held for sale were revalued as the fair value less costs to sell was lower than the carrying amount.

Fair value measurements at 30 June 2016

Recurring fair value measurements	Note	2016 \$ '000	Level 2 \$ '000	Level 3 \$ '000
Standing timber	13	45,988	-	45,988
Land	14	39,140	39,140	-
Buildings and structures	14	8,244	-	8,244
Roads and land improvements	14	2,565	-	2,565
Plant and equipment	14	4,511	-	4,511
Total recurring fair value measurements		100,448	39,140	61,308

Non-recurring fair value measurements

Assets held for sale	12	276	-	276
Total non-recurring fair value measurements		276	-	276

Fair value measurements at 30 June 2015

Recurring fair value measurements	Note	2015 \$ '000	Level 2 \$ '000	Level 3 \$ '000
Standing timber	13	47,957	-	47,957
Land	14	39,140	39,140	-
Buildings and structures	14	10,218	-	10,218
Roads and land improvements	14	2,598	-	2,598
Plant and equipment	14	9,686	-	9,686
Total recurring fair value measurements		109,599	39,140	70,459

Non-recurring fair value measurements

Assets held for sale	12	-	-	-
Total non-recurring fair value measurements		-	-	-

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

15 FAIR VALUE MEASUREMENT (Continued)

Valuation techniques and inputs

Valuation techniques used to derive level fair values are in Notes 13 and 14.

Although unobservable inputs were used in determining fair value, and are subjective, ForestrySA considers that the overall valuation would not be materially affected by changes to the existing assumptions.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3):

Total valuation gains and losses

	2016 \$ '000	2015 \$ '000
Standing timber	(1,969)	13,285
Land	-	7,345
Property, plant & equipment	(354)	-
Total valuation gain / (loss) for the year	(2,323)	20,630

Quantitative information about fair value measurement using significant unobservable inputs (level 3)

Description	Valuation technique	Unobservable inputs
Standing Timber	Discounted Cash Flow	Discount rate (pre-tax real) - 8.5% (2015: 8.5%) Estimated timber prices derived from available market projections Estimated yield per hectare and site quality
Land (1)	Market approach	Area-based and volume-based indirect and overhead costs Valuer General's statutory valuation derived from available market evidence Discount factors for legal restrictions - GT 40% (2015: 40%), MLR 65% (2015: 65%), MN 55% (2014: 55%)
Buildings and structures	Market approach	External valuation report
Roads and Improvements	Cost approach	Useful life - 20-25 years
Plant and Equipment	Cost approach	Useful life - 3-25 years
Assets held for sale	Fair value less costs of disposal	Market assessment

(1) Fair value of land with restricted use was determined using an adjusted market price of surrounding unrestricted land.

Sensitivity analysis standing timber

ForestrySA has adopted the Discounted Cash Flow method related to the current standing timber. For the 2016 financial year ForestrySA has engaged Indufor Asia Pacific to provide this DCF valuation for its plantations in the Mount Lofty Ranges (2015: Indufor Asia Pacific.)

ForestrySA is recognising the single rotation forest valuation, being \$45,988,000. The DCF for multiple rotations is valued at \$30,971,000 per Indufor's valuation.

For ForestrySA's plantations in the Mid North of the state, their DCF valuation was determined internally.

The effects of modifying a range of input variables is demonstrated in this sensitivity analysis:

Factor level	90%	95%	100%	105%	110%
AUD million					
Revenue	34.034	40.011	45.988	51.965	57.943
Production Costs	49.569	47.779	45.988	44.198	42.408
Transport Costs	48.398	47.193	45.988	44.784	43.579
Operational Expenditure	46.362	46.175	45.988	45.802	45.615
Capital Expenditure	45.988	45.988	45.988	45.988	45.988
Area Based SG&A Expenditure	46.98	46.484	45.988	45.492	44.996
Discount Rate	7.50%	8.00%	8.50%	9.00%	9.50%
	50.532	48.167	45.988	43.978	42.120

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

15 FAIR VALUE MEASUREMENT (Continued)

Reconciliation of fair value measurements

	Standing timber	Land	Buildings and structures	Roads and land improvements	Plant and equipment
Opening balance at 1 July 2015	47,957	39,140	10,218	2,598	9,686
Acquisitions	-	-	-	277	65
Disposals	-	-	(51)	(8)	(4,472)
Transfer out of level 3	-	-	-	-	-
Transfer into level 2	-	-	-	-	-
Assets reclassified to assets held for sale	-	-	-	-	(276)
Depreciation	-	-	(425)	(175)	(476)
Impairment	-	-	(1,144)	(127)	(16)
Transfers within asset classes	-	-	-	-	-
	-	-	(1,620)	(33)	(5,175)
Total gains / (losses) for the period in other comprehensive income:					
Revaluation increment / (decrement)	(1,969)	-	(354)	-	-
	(1,969)	-	(354)	-	-
Closing balance at 30 June 2016	45,988	39,140	8,244	2,565	4,511

Reconciliation of fair value measurements

	Standing timber	Land	Buildings and structures	Roads and land improvements	Plant and equipment
Opening balance at 1 July 2014	34,672	31,795	10,746	2,561	10,446
Acquisitions	-	-	8	224	43
Disposals	-	-	-	-	(7)
Transfer out of level 3 (1)	-	(31,795)	-	-	-
Transfer into level 2 (1)	-	31,795	-	-	-
Transfers within asset classes	-	-	-	-	70
Depreciation	-	-	(536)	(187)	(866)
	-	-	(528)	37	(760)
Total gains / (losses) for the period in other comprehensive income:					
Revaluation increment / (decrement)	13,285	7,345	-	-	-
	13,285	7,345	-	-	-
Closing balance at 30 June 2015	47,957	39,140	10,218	2,598	9,686

(1) Land transferred from level 3 to level 2 as per Valuer General's report.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

16 INTANGIBLE ASSETS

	2016	2015
	\$ '000	\$ '000
COMPUTER SOFTWARE		
As at 1 July, net of accumulated amortisation and impairment	1,484	530
Additions	313	1,352
Disposals	-	-
Amortisation charge for the year	(638)	(398)
Total computer software, net of accumulated amortisation and impairment	1,159	1,484
As at 30 June:	2016	2015
Cost or fair value	\$ '000	\$ '000
Accumulated amortisation and impairment	2,476	3,310
Net Carrying Amount	(1,317)	(1,826)
	1,159	1,484

The intangible assets consist of software for operational systems and water licences. ForestrySA has no contractual commitments for the acquisition of intangible assets. There were no indications of impairment of intangible assets at 30 June 2016.

17 PAYABLES

	2016	2015
	\$ '000	\$ '000
CURRENT		
Trade payables	1,587	6,009
Accrued expenses	725	284
Employee benefit on-costs	78	144
	2,390	6,437
NON-CURRENT		
Employee benefit on-costs	109	296
	109	296

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.

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.

Categorisation of financial instruments and risk exposure information - please refer to Note 28.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

18 EMPLOYEE BENEFITS

	2016	2015
	\$ '000	\$ '000
CURRENT		
Accrued salaries and wages	67	359
Targeted Voluntary Separation Packages	-	79
Long service leave	184	223
Retention leave	34	47
Banking of time	17	28
Annual leave	269	533
	<u>571</u>	<u>1,269</u>
NON-CURRENT		
Long service leave	704	1,744
	<u>704</u>	<u>1,744</u>

The Targeted Voluntary Separation Packages (TVSPs) paid during 2014-15 relates to ForestrySA employees that were offered and accepted TVSPs at or before year end 2015.

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%).

The decrease in 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 \$56,000 and employee benefits expense of \$56,000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of factors and 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 a 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.

Transfer of employee benefits

As part of the plantation management sale 54 FSA staff accepted offers from OFO and from 1st of October 2015 became employees of OFO. The transferred employees' accrued entitlements to annual leave, leave loading, personal/carer's leave, retention leave and long service leave (less those entitlements already taken or paid) were assumed by and recognised in their employment with OFO.

19 DEFERRED INCOME

	2016	2015
	\$ '000	\$ '000
CURRENT		
Deferred income	351	304
	<u>351</u>	<u>304</u>
NON-CURRENT		
Deferred income	971	848
	<u>971</u>	<u>848</u>
Movement in deferred income		
Carrying amount at the beginning of the period	1,152	771
Received during the year	416	754
Recognised as income in the Statement of Comprehensive Income	(246)	(373)
Carrying amount at the end of the period	<u>1,322</u>	<u>1,152</u>

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

20 OTHER PROVISIONS

	2016	2015
	\$ '000	\$ '000
CURRENT		
Workers compensation	265	227
	<u>265</u>	<u>227</u>
Opening balance	227	246
Payments	(365)	(506)
Increments in provision	403	487
Closing balance	<u>265</u>	<u>227</u>
NON-CURRENT		
Workers compensation	576	851
	<u>576</u>	<u>851</u>
Movement in other provisions		
Opening balance	851	1,019
Payments	-	-
Increments/(decrements) in provision	(275)	(168)
Closing balance	<u>576</u>	<u>851</u>

The provision is recognised to reflect unsettled workers compensation claims based on an actuarial assessment performed by the Office of the Public Sector.

21 EQUITY

Equity represents the residual interest in the net assets of ForestrySA. The South Australian Government holds the equity interest in ForestrySA on behalf of the community.

Since 2006 the requirements of the ownership framework for ForestrySA indicate that ForestrySA shall pay an annual contribution to Government consisting of a dividend calculated as 90 percent of after tax profit, adjusted for standing timber revaluation gains and losses, plus an income tax equivalent payment. ForestrySA has not declared any special dividend or other dividend in 2016 or 2015.

NOTES TO THE FINANCIAL STATEMENTS
SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

22 SEGMENT INFORMATION

For management purposes ForestrySA has been organised into three forest regions and the Community Service Obligations portfolio. The reportable segments are:

- Mount Lofty Ranges (MLR): includes the Mt Crawford, Kuitpo and the Second Valley Forests which operate as a single commercial operation.
 - Green Triangle (GT): includes the Forest Management services provided to OneFortyOne Plantations Pty Ltd.
 - Mid North (MN): this region has two forests, located at Wirrabara and Bundaleer.
 - Community Service Obligations (CSO): ForestrySA performs under its charter non-commercial operations for the South Australian Government.
- Note on the MN forests: The replanting of some sections of the MN forests was considered non-commercial, and this activity required a Ministerial Directive to proceed. As a result, this expenditure has been included within the CSO segment for the 2015/16 financial year. It should also be noted that other necessary activities in the MN region, not captured in the CSO reporting segment, were also outside of or in excess of the usual ongoing commercial forestry operating costs. These expenses include:

- a) MN Contractor expenses of \$365,000 including clearing and preparation of fire-affected areas not being replanted, and various public access, perception and safety measures.
 - b) Negotiations, legal and consulting costs, tendering costs and probity advice associated with the supply of log to local MN customers.
 - c) A higher level of management overhead relating to the strategic direction of the MN, via the Mid North Forests Future Strategy (MNFFS.)
- ForestrySA's responsibilities for managing the OneFortyOne Plantations Pty Ltd commercial forests in the GT ceased on October 1 2015. In previous financial years, the Corporate accounting segment captured expenses primarily associated with Forest Management services in the GT region. With Forest Management services now discontinued and the Corporate unit no longer required, these expenses were allocated accordingly to the Regional Segments for Q1 of the 2015/2016 financial year. For Q2-Q4, all expenses are reasonably allocated to the remaining business units. This will continue for future reporting, with the GT accounting segment also to be discontinued following the changes at 1 October 2015. The executive and board of ForestrySA monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with profit or loss in the financial statements.

Year ended 30 June 2016	(\$'000)	GT	MLR	MN	CSO	Total
Income						
Sales - timber products	-	17,607	1,135	-	-	18,742
Wood purchases - back to back	30,447	-	-	-	-	30,447
Sales - Management Services	3,276	-	-	-	-	3,276
Comm Service Obligation funding	-	-	-	-	3,709	3,709
Revenues from SA Government	243	265	136	(170)	-	474
Interest	166	317	80	-	-	563
Other income	762	247	172	407	-	1,588
Net gain from the disposal of non-current assets	202	76	3	1	-	282
Total income before other revenues from SA Government	35,096	18,512	1,526	3,947	59,081	
Expenses						
Employee benefits	(1,648)	(1,840)	(487)	(1,325)	-	(5,300)
Contractors	(349)	(8,973)	(636)	(2,649)	-	(12,607)
Wood purchases - back to back	(30,447)	-	-	-	-	(30,447)
Depreciation and amortisation	(711)	(481)	(160)	(362)	-	(1,714)
Materials	(8)	(509)	-	(225)	-	(742)
Equipment and vehicle costs	(245)	(380)	(48)	(552)	-	(1,225)
Council rates	(7)	(256)	(20)	-	-	(283)
Impairment of assets	(563)	-	-	-	-	(563)
Other expenditure	(1,100)	(6,974)	(391)	(91)	-	(8,556)
Total expenses	(35,078)	(19,413)	(1,742)	(5,204)	(61,437)	
Segment Profit						
Trading profit before revaluation of standing timber and other revenues from SA Government	18	(901)	(216)	(1,257)	(2,356)	
Other revenues from SA Government	(18)	901	216	1,257	2,356	
Trading profit before revaluation of standing timber	-	-	-	-	-	-
Net change in value of standing timber	-	(1,969)	-	-	-	(1,969)
Impairment of property, plant and equipment prior to restructure	(724)	-	-	-	-	(724)
Property, plant and equipment recorded in asset revaluation surplus	(354)	-	-	-	-	(354)
Total comprehensive result	(1,078)	(1,969)	-	-	(3,047)	

The profit/(loss) after income tax equivalents and total comprehensive result are attributable to the SA Government as owner.

NOTES TO THE FINANCIAL STATEMENTS
SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

22 SEGMENT INFORMATION (Continued)

Year ended 30 June 2015

	(\$'000)					
	GT	MLR	MN	CSO	Corporate	Total
Income						
Sales - timber products	-	13,403	5,033	-	-	18,436
Wood purchases - back to back	42,157	-	-	-	-	42,157
Sales - Management Services	8,110	-	-	-	4,979	13,089
Comm Service Obligation funding	-	-	-	3,895	-	3,895
Revenues from SA Government	(8)	(1)	-	(276)	390	95
Interest	-	148	-	-	478	626
Other income	258	28	50	191	11	538
Net gain from the disposal of non-current assets	109	11	-	21	3	144
Total income before other revenues from SA Government	50,626	13,589	5,083	3,831	5,851	78,980
Expenses						
Employee benefits	(3,956)	(1,311)	(148)	(1,720)	(4,139)	(11,274)
Contractors	(1,079)	(7,172)	(3,064)	(1,342)	(629)	(13,286)
Wood purchases - back to back	(42,157)	-	-	-	-	(42,157)
Depreciation and amortisation	(814)	(245)	(37)	(383)	(508)	(1,987)
Materials	(412)	(436)	(35)	(59)	(4)	(946)
Equipment and vehicle costs	(1,206)	(445)	(47)	(128)	(14)	(1,840)
Council rates	(22)	(249)	(20)	-	-	(291)
Other expenditure	(871)	(4,666)	(2,141)	(479)	(2,606)	(10,763)
Total expenses	(50,517)	(14,524)	(5,492)	(4,111)	(7,900)	(82,544)
Segment Profit						
Trading profit before revaluation of standing timber and other revenues from SA Government	109	(935)	(409)	(280)	(2,049)	(3,564)
Other revenues from SA Government	(109)	935	409	280	2,049	3,564
Trading profit before revaluation of standing timber	-	-	-	-	-	-
Net change in value of standing timber	-	13,285	-	-	-	13,285
Land revaluation recorded in asset revaluation surplus	398	4,594	1,235	1,118	-	7,345
Total comprehensive result	398	17,879	1,235	1,118	-	20,630

The profit/(loss) after income tax equivalents and total comprehensive result are attributable to the SA Government as owner.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

23 COMMITMENTS AND CONTINGENCIES

a) Commitments

	2016	2015
	\$ '000	\$ '000
i) Operating lease commitments		
Non cancellable operating leases contracted for but not capitalised in the accounts:		
Due not later than one year	222	339
Due later than one year but not later than five years	138	201
Total operating lease commitments	360	540

These operating lease commitments are not recognised in the financial report as liabilities. The operating lease commitments are related to the light vehicle fleet.

	2016	2015
	\$ '000	\$ '000
ii) Other commitments		
Due not later than one year	5,213	3,963
Due later than one year but not later than five years	12,660	3,823
Total other commitments	17,873	7,786

ForestrySA's contracting commitments are for agreements for the harvesting and transport of log. The nature of the calculations to derive the amounts presented, which are based on a range of simplified assumptions about variables that will impact the future dollar outcome of the commitments to ForestrySA, is such that the presented figures only provide an indicative amount.

ForestrySA has also entered into supply agreements to sell timber that is harvested. The terms and conditions of these agreements vary.

b) Contingent Liabilities

Defined Benefit Plans - Superannuation Board payments

ForestrySA and the SA Superannuation Board entered into an arrangement at the time of incorporation of ForestrySA to allow officers and employees of ForestrySA, who were immediately before incorporation of ForestrySA contributors to the State Superannuation Scheme, to remain contributors under the Superannuation Act 1988.

ForestrySA was notified by the SA Superannuation Board in 2015 of a \$2.8 million actuarially assessed funding deficit relating to defined benefit members employed by ForestrySA as at 1 July 2014, requiring additional contributions over 15 years. In addition to regular contributions in relation to current superannuation benefits ForestrySA has expensed \$91,000 (2015: \$455,000) being the amount paid during the current financial year in relation to the benefit funding deficit. A liability has not been recognised for the remaining balance.

The annual deficit payment is increased by 4% annually until the schedule is updated at the next actuarial review. This review will be performed as at 30 June 2016. A revised schedule of payments should be effective from 1 July 2017.

c) Contingent Assets

Various banks have issued bank guarantees for ForestrySA customers to ForestrySA, which form a security in case of default on payment.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

24 EXECUTIVE DISCLOSURES

(a) Details of key management personnel

Executive

J.P. Coleman

J. Jagger (ceased 30/09/2015)

O.P. Le Roux (ceased 30/10/2015)

J. Speed (appointed 01/10/2015)

G. Pearson (appointed 01/10/2015)

J.F. O'Hehir

G.K. Saunder (ceased 30/09/2015)

E. Thorpe (ceased 30/09/2015)

J.F. Zwijnenburg (ceased 30/09/2015)

S. Ware (appointed 09/11/2015)

N. Winkley (appointed 01/10/2015)

P. Ginn (appointed 01/10/2015)

Acting Chief Executive

General Manager Commercial GT

Chief Operations Officer

General Manager Business Operations

Manager Forest and C&R

General Manager Planning and Development

General Manager Silviculture and Protection

General Manager Human Resources

Acting Chief Financial Officer

Finance Manager

Manager External Services

Manager Commercial Sales

(b) Compensation of key management personnel

	2016	2015
	\$ '000	\$ '000
Short term employee benefits paid or due and payable to or on behalf of key management personnel	1,236	1,299
Termination payments paid or due and payable to or on behalf of key management personnel	10	121
Superannuation benefits paid or due and payable to or on behalf of key management personnel	149	211
Total	1,395	1,631

25 DIRECTORS AND RELATED PARTY DISCLOSURES

The following persons held the position of director of the Corporation during the financial year:

I.J. Kowalick - Chairman

A. Darras (ceased 31/12/2015)

A. McCleary (ceased 31/12/2015)

J. Obst (ceased 31/12/2015)

J. Roache

S. West (appointed 01/01/2016)

Transactions between ForestrySA and its directors are made at arm's length. There have been no such transactions in the financial year (2015: nil).

	2016	2015
	\$ '000	\$ '000
Directors' remuneration		
Income paid or due and payable to or on behalf of directors, excluding superannuation benefits	126	191
Superannuation benefits paid or due and payable to or on behalf of directors	14	18
Total	140	209

In accordance with the Premier and Cabinet Circular No. 016, SA Government employees did not receive any remuneration for governing board duties during the financial year.

The number of directors whose income was within the following bands:

	Number	Number
\$0 - \$9,999	1	-
\$10,000 - \$19,999	3	1
\$30,000 - \$39,999	1	-
\$40,000 - \$49,999	-	3
\$50,000 - \$59,999	1	-
\$60,000 - \$69,999	-	1
	6	5

26 RELATED PARTIES

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

ForestrySA is controlled by the SA Government. Transactions and balances between ForestrySA and related parties (other SA Government controlled entities) are disclosed in note 27.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

27 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
Income						
Sales - timber products	-	-	18,742	18,436	18,742	18,436
Wood sales - back to back	-	-	30,447	42,157	30,447	42,157
Sales - management services	-	-	3,276	13,089	3,276	13,089
Comm Service Obligation Funding	3,709	3,895	-	-	3,709	3,895
Other Revenues from SA Government	2,392	3,237	-	-	2,392	3,237
GRN Funding	389	380	-	-	389	380
CSO Deferred Income	49	42	-	-	49	42
Revenues from SA Government	5(i) 6,539	7,554	-	-	6,539	7,554
Interest	5(ii) 402	479	161	147	563	626
Other income	5(iii) -	-	1,588	538	1,588	538
Net gain from the disposal of non-current assets	5(iv) -	-	282	144	282	144
Total Income	6,941	8,033	54,496	74,511	61,437	82,544
Expenses						
Employee benefits	7 72	726	5,228	10,548	5,300	11,274
Contractors	-	-	12,607	13,286	12,607	13,286
Wood purchases - back to back	-	-	30,447	42,157	30,447	42,157
Depreciation and amortisation	14,16 -	-	1,714	1,988	1,714	1,988
Materials and equipment	99	147	1,868	2,639	1,967	2,786
Council rates	-	-	283	291	283	291
Impairment of assets	-	-	563	-	563	-
Other expenditure	5(v) 974	1,027	7,582	9,736	8,556	10,763
Total Expenses	1,145	1,900	60,292	80,645	61,437	82,544
Trading profit before revaluation of standing timber	5,796	6,133	(5,796)	(6,134)	-	-
Net change in value of standing timber	13 -	-	(1,969)	13,285	(1,969)	13,285
Land revaluation recorded in asset revaluation surplus	14 -	-	-	7,345	-	7,345
Impairment of property, plant and equipment prior to restructure	14 -	-	(724)	-	(724)	-
Property, plant and equipment recorded in asset revaluation surplus	14 -	-	(354)	-	(354)	-
Total comprehensive result	5,796	6,133	(8,843)	14,496	(3,047)	20,630

The profit/(loss) after income tax equivalents and total comprehensive result are attributable to the SA Government as owner.

Financial Assets

Cash and cash equivalents

Receivables

Total current financial assets

Total financial assets

Financial liabilities

Payables

Employee benefits

Deferred income

Other provisions

Total current financial liabilities

Non-current financial liabilities

Payables

Employee benefits

Deferred income

Other provisions

Total non-current financial liabilities

Total financial liabilities

Total net financial assets

9	10,892	14,132	8,867	4,244	19,759	18,376
10	3,836	(182)	2,677	7,795	6,513	7,613
	14,728	13,950	11,544	12,039	26,272	25,989
	14,728	13,950	11,544	12,039	26,272	25,989
17	277	295	2,113	6,142	2,390	6,437
18	-	-	571	1,269	571	1,269
19	67	60	284	244	351	304
20	265	227	-	-	265	227
	609	582	2,968	7,655	3,577	8,237
17	-	-	109	296	109	296
18	-	-	704	1,744	704	1,744
19	902	757	69	91	971	848
20	576	851	-	-	576	851
	1,478	1,608	882	2,131	2,380	3,739
	2,087	2,190	3,850	9,786	5,937	11,976
	12,641	11,760	7,694	2,253	20,335	14,013

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

28 FINANCIAL INSTRUMENTS

(i) Credit risk exposures

The credit risk on financial assets of the economic entity which have been recognised in the Statement of Financial Position, is generally the carrying amount, net of any doubtful debts.

The nature and location of ForestrySA's forestry operations cause concentration of credit risk in relation to trade receivables as 81% of the value of transactions for the financial year were transactions with the four largest (Non SA Government) of ForestrySA's customers (2015: 88%).

Credit risk in trade receivables is managed in the following ways:

- payment terms are 30 days unless otherwise agreed in the terms and conditions of individual contracts.
- a risk assessment process is used for customers with balances over \$10,000.
- bank guarantees are obtained for specific customers (see also note 23).
- interest may be charged on overdue balances.

(ii) Foreign currency risk exposures

As at 30 June 2016 ForestrySA's exposure to foreign currencies is Nil (2015: USD 35,000).

(iii) Interest rate risk exposures

The economic entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table.

	Floating rate \$'000	Non-interest bearing \$'000	Fixed interest maturing			2016 Total \$'000	2015 Total \$'000
			1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000		
Financial assets:							
Cash and cash equivalents	19,759	-	-	-	-	19,759	18,376
Receivables (1)	-	6,158	-	-	-	6,158	7,339
	19,759	6,158	-	-	-	25,917	25,715
Financial liabilities:							
Payables (2)	-	2,201	-	-	-	2,201	6,122
	-	2,201	-	-	-	2,201	6,122
Net Financial assets/(liabilities)	19,759	3,957	-	-	-	23,716	19,593

(1) Other than prepayments

(2) Other than employee on-costs & statutory payables

A separate sensitivity analysis for movements in interest rates has been undertaken for the interest rate risk of ForestrySA. However, results of the analysis have determined the possible impact on profit and loss from fluctuations in interest rates to be immaterial.

(iv) Ageing analysis of financial assets

	Carrying Amount \$'000	Not past due and not impaired \$'000	Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	Impaired financial assets \$'000
2016						
Cash and cash equivalents	19,759	19,759	-	-	-	-
Receivables (1)	6,158	4,771	868	182	337	31
	25,917	24,530	868	182	337	31
2015						
Cash and cash equivalents	18,376	18,376	-	-	-	-
Receivables (1)	7,339	5,958	550	378	453	247
	25,715	24,334	550	378	453	247

(1) Receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing from Government). They are carried at cost.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

28 FINANCIAL INSTRUMENTS (continued)

(v) Net fair value of financial assets and liabilities

The net fair value of cash, trade receivables (excluding accrued revenue) and trade creditors approximates their carrying amount.

Short-term accrued revenue: The carrying amount approximates fair value because of their short term to maturity.

(vi) Hedging instruments

Hedges of specific instruments

ForestrySA has no open hedging instruments.

(vii) Liquidity risk

Liquidity risk relates to difficulties that ForestrySA may encounter in meeting obligations associated with its financial liabilities. ForestrySA manages this risk by maintaining a strong working capital position and having appropriate financing arrangements in place. ForestrySA's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

29 EVENTS AFTER REPORTING DATE

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.

There were no events that required adjustments.

SOUTH AUSTRALIAN FORESTRY CORPORATION

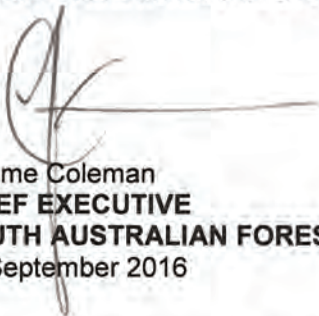
Certification of the Financial Statements

We certify that the attached general purpose financial statements of the South Australian Forestry Corporation (ForestrySA):

- Comply with the 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 ForestrySA; and
- Present a true and fair view of the financial position of ForestrySA 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 ForestrySA over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period and there are reasonable grounds to believe ForestrySA will be able to pay its debts as and when they become due and payable, with the continued support of the SA Government to maintain the current community service obligations and subsidy payments.

Signed in accordance with a resolution of the Board Members.



Jerome Coleman
CHIEF EXECUTIVE
SOUTH AUSTRALIAN FORESTRY CORPORATION
15 September 2016



Julian Speed
GENERAL MANAGER – BUSINESS OPERATIONS
SOUTH AUSTRALIAN FORESTRY CORPORATION
15 September 2016



Ian Kowalick
CHAIRMAN
SOUTH AUSTRALIAN FORESTRY CORPORATION
15 September 2016



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To the Chairman of the Board
South Australian Forestry Corporation

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 32 (4) of the *Public Corporations Act 1993*, I have audited the accompanying financial report of the South Australian Forestry 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 to and forming part of the financial statements
- a Certificate from the Chairman, the Chief Executive and the General Manager Business Operations.

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.

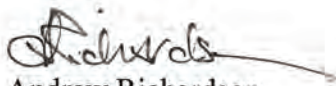
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.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

21 September 2016

South Australian
Government Financing
Authority

Financial report
for the year ended
30 June 2016

Statement of Financial Position

as at 30 June 2016

	Note	2016 \$m	2015 \$m
Assets			
Cash and Short Term Assets	4	1,927.9	1,855.0
Assets Held for Sale	5	2.9	5.4
Investments	6	1,736.3	2,391.8
Loans	7	19,857.6	18,447.5
Property, Plant and Equipment	8	169.4	177.6
Intangible Assets	9	3.4	2.6
Derivatives Receivable	10	254.9	191.3
Receivables and Other Assets	11	57.0	25.3
Total Assets		24,009.4	23,096.5
Liabilities			
Deposits and Short-Term Borrowings	12	8,048.9	6,698.6
Bonds, Notes and Debentures	13	15,068.9	15,606.2
Outstanding Claims	14	375.0	366.3
Derivatives Payable	15	115.7	42.5
Payables and Other Liabilities	16	74.0	28.7
Total Liabilities		23,682.5	22,742.3
NET ASSETS		326.9	354.2
Equity			
Retained Earnings		326.9	354.2
TOTAL EQUITY		326.9	354.2
Total equity is attributable to the SA Government as owner			
Contingent Assets and Liabilities	21		
Unrecognised Contractual Commitments	27		

Statement of Comprehensive Income

for the year ended 30 June 2016

	Note	2016 \$m	2015 \$m
Income			
Revenue			
Interest Revenue	17	971.5	1,065.4
Less Interest Expense	17	970.3	1,063.2
Net Interest Revenue		1.2	2.2
Insurance Premium	17	48.4	47.6
Leasing and Hire	17	60.6	63.1
Recoveries	17	22.8	24.7
Other	17	3.7	5.6
Total Revenue		136.7	143.2
Other Gains/(Losses)			
Net Gain on Financial Instruments and Derivatives	18	39.8	69.4
Net Gain/(Loss) on Sale of Property, Plant and Equipment	18	1.4	(0.8)
Total Other Gains		41.2	68.6
Total Income		177.9	211.8
Expenses			
Depreciation and Impairment	19	39.4	39.2
Insurance Claims	19	64.7	88.6
Motor Vehicle	19	28.8	30.9
Outward Reinsurance	19	8.4	8.7
Operating	19	20.1	11.3
Total Expense		161.4	178.7
Profit before income tax equivalents		16.5	33.1
Income Tax Equivalent Expense with SA Government	2 (s)	4.9	9.9
Profit after income tax equivalents		11.6	23.2
Other Comprehensive Income		-	-
Total comprehensive result		11.6	23.2

The profit after income tax equivalent and total comprehensive result are attributable to the SA Government as owner

Statement of Changes in Equity

for the year ended 30 June 2016

	Note	Retained Earnings \$m
Balance at 30 June 2014		339.8
Profit after income tax for 2014-15	2(s)	23.2
Total comprehensive result for 2014-15		23.2
Transactions with SA Government as owner		
Dividends paid		(8.8)
Balance at 30 June 2015		354.2
Profit after income tax for 2015-16	2(s)	11.6
Total comprehensive result for 2015-16		11.6
Transactions with SA Government as owner		
Dividends paid		(38.9)
Balance at 30 June 2016		326.9

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 \$m	2015 \$m
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from:		
Interest received on loans and investments	941.1	964.8
Dividends received	-	3.4
Derivatives net interest received	5.7	97.0
Insurance Premiums received	63.9	59.0
Leasing and Motor Vehicle receipts	68.3	71.7
Recoveries	24.3	28.6
Direct Insurance Placement	4.7	6.8
Stamp duty received from agencies	5.6	5.0
Other receipts	9.0	47.5
Commissions	0.4	0.5
Indemnity from Treasurer	3.8	1.0
Payments for:		
Interest paid on borrowings and deposits	(929.9)	(1,025.9)
Insurance Claims paid	(57.2)	(25.1)
Motor Vehicle costs	(32.2)	(37.4)
Outwards reinsurance premium paid	(8.6)	(9.0)
Direct Insurance Placement	(5.3)	(6.6)
Stamp duty paid to RevenueSA	(4.9)	(5.0)
Operating expenses paid	(20.7)	(19.3)
Net GST paid to the ATO	(6.6)	(5.9)
Income Tax Equivalent (TER) paid	(3.9)	(19.1)
Net GST relating to Investing/Financing activities	(2.9)	(3.3)
NET CASH PROVIDED BY OPERATING ACTIVITIES	54.6	128.7
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from Client Loans	(129.6)	(929.9)
Purchase of Investments	(9,627.8)	(19,916.7)
Proceeds from Investments	10,369.0	19,708.2
Purchase of Property, Plant and Equipment	(81.8)	(86.8)
Purchase of Intangible Assets	(0.8)	(1.7)
Proceeds from the Sale of Property, Plant and Equipment	53.3	52.5
NET CASH USED IN INVESTING ACTIVITIES	582.3	(1,174.4)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from Borrowings	(723.5)	1,202.0
Dividends paid to Government	(38.9)	(8.8)
NET CASH PROVIDED BY FINANCING ACTIVITIES	(762.4)	1,193.2
NET INCREASE/(DECREASE) IN CASH HELD	(125.5)	147.5
Cash at the beginning of the financial year	444.2	296.3
Net effect of exchange rate changes	0.3	0.4
CASH AT THE END OF THE FINANCIAL YEAR	319.0	444.2

Notes to the Financial Statements

for the year ended 30 June 2016

1 Objectives

The South Australian Government Financing Authority (SAFA) is a statutory authority constituted as the Under Treasurer under the *Government Financing Authority Act 1982*. The registered address of SAFA is Level 5, State Administration Centre, 200 Victoria Square, Adelaide, South Australia 5000.

SAFA's business objectives are:

- to develop and implement borrowing and investment programs for the benefit of semi-government authorities;
- to engage in such other financial and insurance related activities as are determined by the Treasurer of South Australia (the Treasurer) to be in the interest of the State;
- administer the Government's insurance and risk management arrangements;
- insure, co-insure and reinsure the risks of the Crown;
- provide advice on the management of risks of the Crown; and
- provide fleet management services to all Government agencies.

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 and comply with Australian Accounting Standards, as issued by the Australian Accounting Standards Board. The statements also comply with the requirements of the Treasurer's Instructions relating to financial statements by statutory authorities that are issued pursuant to the *Public Finance and Audit Act 1987*.

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted by SAFA for the reporting period ending 30 June 2016 are detailed in Note 2(v).

b. Basis of Preparation

SAFA is a for-profit entity for financial reporting purposes.

These Financial Statements have been prepared in accordance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*, by authority of Treasurer's Instruction 19 *Financial Reporting*. 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 counterparty/transaction is with an entity within the SA Government as at the reporting date, are classified according to their nature. A threshold of \$100,000 for separate identification of these items applies;
- ii) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income);
- iii) the Statement of Cash Flows has been prepared on a cash basis.

The Financial Statements have been prepared in accordance with the historic cost convention, except for financial assets and liabilities which are reported at fair value.

The presentation currency is Australian dollars and all values are rounded to the nearest hundred thousand unless otherwise stated. Zero represents amounts less than fifty thousand dollars, whilst a dash represents a nil balance.

c. Principles of Consolidation

The Financial Statements for SAFA are not consolidated with its controlled entities. The exclusion of these entities does not have a material impact on the financial results presented. Note 32 includes details of the entities.

2 Summary of Significant Accounting Policies (continued)

d. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Financial Statements to conform with Accounting Standards requires the use of critical accounting estimates. It also requires Management to exercise its judgement in the process of applying SAFA's accounting policies. Management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

(i) Measurement of Outstanding Claims

Outstanding insurance claims liabilities are calculated using statistical and/or mathematical methods. The calculations are made by an actuary on the basis of recognised actuarial methods, with due regard to relevant actuarial principles (refer Note 31).

(ii) Measurement of Fair Value

When measuring fair values of financial assets and liabilities, SAFA maximises the use of relevant market-based data. The fair values of financial assets and liabilities that are traded in active markets are determined with reference to quoted market prices or quotations. For financial assets and liabilities where market-based data are not readily available (or transparent) SAFA determines fair values using standard valuation techniques incorporating discounted cash flows on appropriate yield curves of similar traded securities, taking into account their risk characteristics.

e. Income and Expense Recognition

SAFA recognises income and expenses when the amounts can be reliably measured, it is probable that the future economic benefits will flow to or from SAFA and when specific recognition criteria have been met for each of the activities described below.

(i) Interest

Interest income and expense is accrued in accordance with the terms and conditions of the underlying financial instrument and premiums and discounts are amortised over the life of the associated borrowings and investments.

Net realised gains or losses and unrealised gains or losses are included in the Statement of Comprehensive Income (refer Note 18).

(ii) Insurance Premium Revenue

Premium revenue includes amounts charged to policy holders but excludes stamp duty and Goods and Services Tax. Premium revenue is recognised in the Statement of Comprehensive Income as earned from the date of attachment of risk and is recognised evenly over the policy or indemnity period, which is considered to closely approximate the pattern of risks underwritten.

All South Australian Government agencies are required to insure with SAFA unless exempted by the Treasurer. In those circumstances where SAFA considers it more appropriate for some of the risks of a government agency to be placed with other insurers, SAFA will arrange for such insurance and will recover the insurance premium from the agency concerned. For the purposes of the Financial Statements, these arrangements are referred to as Direct Insurance Placements.

The *Building Work Contractors Act 1995 (SA)* and Regulations is compulsory in South Australia and requires builders to hold building indemnity insurance (BII) to protect home owners against losses arising from the insolvency, death or disappearance of their builder up to a maximum sum insured of \$80,000 per building project or such other amount prescribed under the *Building Work Contractors Act 1995 (SA)*. From 1 July 2013 SAFA began offering BII cover to builders in South Australia. The premium for BII provides insurance cover for periods of up to five years, commencing from the date of the insurance contract.

2 Summary of Significant Accounting Policies (continued)

e. Income and Expense Recognition (continued)

(iii) Leasing and Hire Revenue

SAFA leases motor vehicles to South Australian Government agencies for a standard lease period of three years or 60,000 kilometres, whichever occurs first. By arrangement, some vehicle leases can be extended to five years or 100,000 kilometres, due to the nature of the lessee's business requirements. The lease to agencies covers registration, compulsory third party and property damage insurance, property insurance, scheduled servicing, depreciation, interest costs and a management fee. Leasing and Hire revenue is recognised on a straight line basis over the term of the lease. The property insurance component of the lease is recognised under insurance premium in the Statement of Comprehensive Income (refer Note 17).

(iv) Revenue Recoveries

Vehicle recoveries include fuel and any unscheduled maintenance of the vehicle over the period of the lease. Any excessive wear and tear costs are recovered from agencies at the end of the lease. Other vehicle recoveries include parking costs, miscellaneous charges and commission on disposal of vehicles.

Insurance recoveries comprise any recoveries from third parties. Recoveries receivable on paid claims, reported claims not yet paid, claims incurred but not reported and unexpired risk liabilities are recognised as revenue.

(v) Other Revenue

Fee income in respect of services provided is recognised in the period in which the service is provided.

(vi) Insurance Claims Expense

Insurance claims expense includes the direct and indirect costs of settling claims, claim payments, deductible receipts and movements in underlying claim estimates.

(vii) Motor Vehicle Expenses

Direct costs associated with the ownership of the motor vehicle fleet including registration, compulsory third party insurance, all maintenance and repair costs, fuel and disposal costs.

(viii) Outwards Reinsurance

Premiums ceded to reinsurers are recognised as an expense in accordance with the pattern of reinsurance services received. Accordingly, a portion of the outwards reinsurance premiums may be treated at the end of the reporting period as a prepayment. This program includes the catastrophe reinsurance program which has been effected to safeguard the State's finances against very large losses or claims, or a series of large losses or claims in any year under the Government's insurance and risk management arrangements.

(ix) Indemnity from/(to) the Treasurer

Insurance activities are segregated into three Funds. The Treasurer has indemnified SAFA for any operating profit or loss before tax for any activities relating to Fund 2 and Fund 3 (refer Note 21(c)). Under these arrangements any profit/loss on these Funds are recognised as payables to/receivables from the Treasurer. Any payables to the Treasurer are carried forward to offset future operating losses.

2 Summary of Significant Accounting Policies (continued)

f. Cash and Short Term Assets

Cash and short term assets in the Statement of Financial Position include Cash, Short-Term Money Market Deposits, Working Capital Facilities and Negotiable Certificates of Deposit that are held for liquidity and short-term investment purposes (refer Note 4).

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of Cash and Deposits from Financial Institutions and Short-Term Money Market Deposits as defined above, but exclude Negotiable Certificates of Deposit and the Working Capital Facility where the securities are for investment purposes and not for the purpose of meeting short-term cash commitments.

g. Assets Held for Sale

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 regarded as met only when the sale is highly probable and the asset's sale is expected to be completed within one year from the date of classification (refer Note 5).

h. Financial Instruments

Financial assets and liabilities designated at fair value through profit or loss

All financial assets and liabilities, on recognition, are designated at fair value through profit or loss. This designation is determined on the basis that SAFA manages and evaluates the performance of its financial assets and liabilities on a fair value basis in accordance with documented risk management strategies.

Financial assets and liabilities (including derivatives) are recorded at fair value in the Statement of Financial Position. All financial assets and liabilities are revalued to reflect market movements with gains or losses, whether realised or unrealised, being recognised immediately in the Statement of Comprehensive Income (refer Note 18). Financial assets and liabilities are revalued regularly either at their quoted market price, or their cash flows are discounted against the relevant yield curve.

(i) Investments

Investments are assets which are purchased as part of SAFA's cash management products, for liquidity and interest rate risk management and may be sold prior to maturity in response to various factors including changes in interest rates and funding requirements of the South Australian public sector. Additionally, SAFA may hold investments it has purchased at the direction of the South Australian Government and/or as may be determined by the Treasurer to be in the interests of the State of South Australia (refer Note 6).

(ii) Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market (refer Note 7).

(iii) Deposits and Short-Term Borrowings

Deposits and Short-Term Borrowings include At Call Deposits, Deposits from Financial Institutions, Cash Management Facility and Term Deposits. SAFA also raises short-term funds through the issue of Commercial Paper both in the domestic and overseas markets (refer Note 12).

(iv) Repurchase Agreements

Securities sold under an agreement to repurchase remain as an investment whilst the obligation to repurchase is recorded as a liability in Deposits and Short-Term Borrowings (refer Note 12). At 30 June 2016 SAFA had no repurchase agreements.

(v) Bonds, Notes and Debentures

Funds are raised through various instruments including bonds, notes and debentures. All borrowings are raised on an unsecured basis (refer Note 13).

2 Summary of Significant Accounting Policies (continued)

(vi) Derivative Instruments

SAFA utilises derivative instruments (including futures, foreign exchange contracts, forward rate arrangements, foreign exchange swaps and interest rate swaps) in fundraising, debt management and client activities. Derivative instruments are used to convert funding costs, facilitate diversification of funding sources, reconfigure interest rate risk profiles and manage foreign currency exposures. Interest receipts and interest payments are accrued on a gross basis and classified as interest revenue and interest expense in the Statement of Comprehensive Income (refer Notes 10 and 15).

i. Assets backing general insurance liabilities

Assets which back SAFA's insurance liabilities are those generated through premium revenue. These assets are invested to reflect the nature of the policy liabilities, and are comprised of operating cash, cash held on deposit and units invested with Funds SA (refer Notes 4 and 6). In accordance with AASB 1023 *General Insurance Contracts*, SAFA's longer-term insurance investments with Funds SA are measured at fair value, based on quoted market prices as advised by the fund manager. Subsequent measurement is at fair value with any resultant unrealised gains or losses recognised in the Statement of Comprehensive Income (refer Note 18).

j. Reinsurance and Other Recoveries

Recoveries receivable on paid claims, reported claims not yet paid, claims incurred but not reported and unexpired risk liabilities are recognised as revenue. Recoveries receivable are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims. The details of inflation and discount rates used are set out in Note 31.

Collectability of recoveries is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount.

k. Property, Plant and Equipment

Property, Plant and Equipment is stated at cost less accumulated depreciation.

(i) Depreciation

Depreciation of Property, Plant and Equipment is calculated on a straight line basis using rates designated to allocate the depreciable cost over the expected useful life of the asset. Motor Vehicles are depreciated on a straight line basis for a period of up to five years (refer Note 8).

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, during each financial year. Changes in the residual value or 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.

(ii) Impairment

The carrying values of Property, Plant and Equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount.

l. Intangible Assets

Intangible assets represent purchased software, which are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure on software assets is capitalised when it is probable that future economic benefits attributable to the assets will flow to SAFA, and if the cost of the asset can be measured reliably.

2 Summary of Significant Accounting Policies (continued)

l. Intangible Assets (continued)

(i) Amortisation

Amortisation of intangible assets is calculated on a straight line basis using rates designated to allocate the cost over the expected useful life of the asset. Software costs are amortised on a straight line basis for a period of five to ten years (refer Note 9).

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, each financial year. Where a change to the residual value or useful life of an asset has been identified any impact that may result from this change is recognised in the Statement of Comprehensive Income in the year in which it arises.

(ii) Impairment

The carrying values of intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount.

m. Outstanding Claims Liability

Insurance activities are segregated into three Funds. Liabilities for outstanding claims for Fund 1 are measured as the central estimate of the present value of the expected future payments for claims incurred, plus an additional risk margin to allow for inherent uncertainty in the central estimate.

The liability for outstanding claims at balance date comprises:

- claims that have been incurred but not paid;
- claims incurred but not reported (IBNR);
- claims incurred but not enough reported (IBNER);
- risk margins; and
- claims handling costs, which includes anticipated direct and indirect costs of settling those claims.

Liabilities for outstanding claims for Fund 2 are recognised in respect of reported incidents including the anticipated costs of settling these claims and a risk margin. Details of risk margin rates are disclosed in Note 31.

Liabilities for outstanding claims for Fund 3 are determined by applying an earning pattern to the written premium and then combining a loss ratio to the development pattern of emerging claims costs. Details of risk margin rates are disclosed in Note 31.

The expected future payments are discounted to present value using a risk-free rate, derived from the interest rates on Commonwealth Government fixed interest securities with terms to maturity that match, as close as possible, the estimated future claim payments. Details of the inflation and discount rates and other actuarial assumptions are disclosed in Note 31.

n. Receivables and Other Assets/Payables and Other Liabilities

Receivables include amounts receivable from goods and services, GST input tax credits recoverable, other assets including debtors and fee accruals. Payables include accounts payable representing amounts owing for goods and services received prior to the end of the reporting period that are unpaid, GST payable, other liabilities including interest paid in advance, creditors, expense accruals and provisions. They are all stated at book value, which is the best estimate of fair value as they are typically settled within a short period of time (refer Notes 11 and 16).

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

o. Deferred Acquisition Costs

Costs directly attributable to the acquisition of the BII premium revenue (Fund 3) are deferred by recognising these costs as an asset in the Statement of Financial Position when they can be reliably measured. Deferred acquisition costs are amortised systematically over the life of the insurance policy in line with the expected pattern of the incidence of risk.

2 Summary of Significant Accounting Policies (continued)

p. Unearned Premium Liability

The Liability Adequacy Test (LAT) is performed on the BII liabilities less deferred acquisition costs to ensure the carrying value of the unearned premium liability is adequate, using current estimates of the present value of future cash flows relating to future claims.

The need for an additional risk margin is assessed, taking into account the inherent uncertainty in the central claims estimate. If the assessment shows the carrying amount of the liabilities is inadequate, any deficiency is recognised as an expense in the Statement of Comprehensive Income by firstly writing down the deferred acquisition cost. If an additional liability is required, this is recognised in the Statement of Financial Position as an unexpired risk liability.

q. Foreign Currency Translation

Foreign currency assets and liabilities are recognised in the Financial Statements at the prevailing exchange rate at the reporting date. Revenue and expense items are translated at the exchange rate current at the date at which those items were recognised in the Financial Statements.

r. Employee Benefits

SAFA does not employ any direct staff, but is assigned staff resources by the Department of Treasury and Finance (DTF) through a Service Level Agreement pursuant to Section 20 of the *Government Financing Authority Act 1982*. The responsibility to provide for employer contributions to superannuation benefits rests with DTF, and for this reason SAFA is not required to establish a provision. DTF meets long service leave liabilities as they fall due.

s. Taxation

Accounting Profits Tax Model

In accordance with Treasurer's Instruction 22 Tax Equivalent Payments, SAFA is required to pay the Treasurer an income tax equivalent amount. The income tax liability is based on the Taxation Equivalent Regime (TER) which applies the accounting profit method. This requires SAFA to apply the corporate income tax rate to the net profit. The current income tax equivalent liability relates to the income tax expense outstanding for the current period.

Goods and Services Tax (GST)

SAFA is grouped with DTF for GST purposes. Income, expenses and assets are recognised net of the amount of GST, except:

- where the GST is not recoverable, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables, which are recognised inclusive of GST.

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.

Stamp Duty

Stamp duty collected as part of insurance premiums are excluded from premium revenue and paid monthly to RevenueSA.

t. Supplementary Information by Line of Business

SAFA is an individual reporting entity which operates in business segments including Treasury, Insurance and Fleet Management (refer to Note 3).

u. Comparatives

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.

2 Summary of Significant Accounting Policies (continued)

v. Changes in Accounting Policies

SAFA has adopted the following relevant new accounting standards and amendments to standards, applicable to annual periods commencing on or after 1 January 2015:

(i) AASB 1054 Australian Additional Disclosures

AASB 1054 Australian Additional Disclosures includes disclosure requirements and definitions which are additional to International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). The amending standard was assessed and its impact did not result in any material changes to SAFA's financial reports.

The following accounting standards have been issued but are not yet effective. These accounting standards have not been early adopted by SAFA, but will be relevant upon application:

(i) AASB 9 Financial Instruments – Classification and Measurement

AASB 2012-6 Mandatory Effective Date of AASB 9 and Transition Disclosures (Amendments to AASB 9) AASB 2013-9 (Part A) Conceptual Framework (Amendments to AASB 9)

AASB 9 supersedes AASB 139 *Financial Instruments: Recognition and Measurement*. The new standard requires material changes to the way *financial instruments* are classified and disclosed. This includes new categories for financial instrument classification (amortised cost and fair value) as well as additional requirements in relation to hedge accounting. While SAFA is currently assessing the potential effects of this standard, it should be noted that SAFA's financial assets and liabilities are already carried at fair value and that SAFA does not currently engage in hedge accounting. Mandatory application of AASB 9 is required for annual periods commencing on or after 1 January 2018. SAFA will apply this standard for the first time in its 2018-19 Financial Statements.

(ii) AASB 15 Revenue from Contracts with Customers

AASB 15 has been developed to address a number of deficiencies with existing accounting standards relating to revenue. For SAFA, the impact of the new standard is not likely to be as extensive as would be the case for some reporting entities in other industries. Many of SAFA's core activities are not within the scope of the standard, which specifically excludes: lease contracts; insurance contracts; financial instruments; and some guarantees. Revenue arising from these activities are likely to continue being reported in line with other existing standards specific to leases, insurance and financial instruments. Mandatory application of AASB 15 is required for annual periods commencing on or after 1 January 2018. SAFA will apply this standard for the first time in its 2018-19 financial statements.

(iii) AASB 2014-4 Clarification of Acceptable Method of Depreciation and Amortisation

This Standard makes amendments to AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets. These amendments arise from the issuance of International Financial Reporting Standard Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) by the International Accounting Standards Board in May 2014. This Standard is applicable to annual reporting periods beginning on or after 1 January 2016, SAFA has reviewed the standard and will not be early adopting.

(iv) AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses

This Standard makes amendments to AASB 112 Income Taxes (July 2004) and AASB 112 Income Taxes (August 2015). These amendments arise from the issuance of International Financial Reporting Standard Recognition of Deferred Tax Assets for Unrealised Losses by the International Accounting Standards Board (IASB) in January 2016. This Standard is applicable to annual reporting periods beginning on or after 1 January 2017, SAFA has reviewed the standard and will not be early adopting.

(v) AASB 16 Leases

The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This Standard is applicable to annual reporting periods beginning on or after 1 January 2019, SAFA has reviewed the standard and will not be early adopting.

Note 3 Supplementary Information by Line of Business

SAFA operates in the following lines of business:

- **Treasury** - provides funds and financial advice to the South Australian Government, Semi-Government Authorities, South Australian Public Sector Financial Institutions and Government agencies.
- **Insurance** - underwriting several types of general insurance for South Australian Government agencies.
- **Fleet** - provides comprehensive fleet management services to South Australian Government agencies for its passenger and light commercial motor vehicle fleet.

The Insurance activities are designated into three Funds. Fund 1 reflects the normal commercial activities of SAFA while Fund 2 includes all the activities previously conducted through Section 2 of the South Australian Government Insurance and Risk Management Fund. This Fund is used to fund liabilities arising from insurable incidents that occurred prior to 1 July 1994, claims under the building warranty indemnity reinsurance arrangement with QBE Insurance (Australia) Limited (QBE) until 30 June 2013, SGIC residual claims and workers compensation claims previously managed by South Australian Asset Management Corporation. Fund 3 is used to fund liabilities arising from claims under the building indemnity insurance scheme effective from 1 July 2013.

2016	Treasury \$m	Insurance \$m	Fleet \$m	Eliminations \$m	Total \$m
Income	30.8	67.6	83.7	(4.2)	177.9
Expenses	12.0	77.7	75.9	(4.2)	161.4
Profit before tax	18.8	(10.1)	7.8	-	16.5
Income tax equivalent expense	5.6	(3.0)	2.3	-	4.9
Comprehensive result	13.2	(7.1)	5.5	-	11.6
Business Line assets	23,500.7	603.1	212.0	(306.4)	24,009.4
Business Line liabilities	(23,370.3)	(441.9)	(176.7)	306.4	(23,682.5)
Net Assets	130.4	161.2	35.3	-	326.9
2015	Treasury \$m	Insurance \$m	Fleet \$m	Eliminations \$m	Total \$m
Income	38.2	92.3	84.7	(3.4)	211.8
Expenses	10.4	93.6	78.1	(3.4)	178.7
Profit before tax	27.8	(1.3)	6.6	-	33.1
Income tax equivalent expense	8.3	(0.4)	2.0	-	9.9
Comprehensive result	19.5	(0.9)	4.6	-	23.2
Business Line assets	22,648.2	556.3	229.9	(337.9)	23,096.5
Business Line liabilities	(22,507.1)	(388.0)	(185.1)	337.9	(22,742.3)
Net Assets	141.1	168.3	44.8	-	354.2

Note 4	Cash and Short Term Assets	2016 \$m	2015 \$m
	Cash at Bank	17.6	7.6
	Deposits with the Treasurer	45.9	91.7
	Short-Term Money Market Deposits	325.5	345.7
	Negotiable Certificates of Deposit	1,339.2	1,385.8
	Working Capital Facility	199.7	24.2
	Total Cash and Short Term Assets	1,927.9	1,855.0

Note 5	Assets Held for Sale	2016 \$m	2015 \$m
	Motor Vehicles	2.9	5.4
	Total Assets Held for Sale	2.9	5.4

The Fleet segment of SAFA leases motor vehicles to agencies of the South Australian government. At the end of each lease the motor vehicles are classified as held for sale as preparations are made for their sale. Pickles Auctions Pty. Ltd provide the motor vehicle disposal management services for SAFA. As at 30 June 2016, no impairment losses on assets sold or held for sale have been recorded in the Statement of Comprehensive Income (2014-15: Nil).

Note 6	Investments	2016 \$m	2015 \$m
	Semi-Government Securities	283.6	1,017.8
	Local Government Securities	1.3	2.8
	Bank and Corporate Securities	912.0	841.9
	Funds SA	539.2	529.1
	Paragon Capital Equity Fund No 1	-	0.0
	Listed Shares	0.2	0.2
	Equity Investments	0.0	0.0
	Total Investments	1,736.3	2,391.8

Note 7	Loans	2016 \$m	2015 \$m
	Loans to the Treasurer at Market Rates	15.5	18.8
	Loans to the Treasurer at Non Market Rates	20.5	20.5
	Loans to the Treasurer at Cost of Funds (COF)	5,392.7	5,881.5
	Loans to the Treasurer at Cash	5,101.3	3,347.2
	Loans to Public Non Financial Corporations	7,586.1	7,326.6
	Loans to Public Financial Corporations	1,712.8	1,667.0
	Loans to Local Government	28.7	185.9
	Total Loans	19,857.6	18,447.5

The COF loan to the Treasurer is funded through a range of financial assets and liabilities within the Treasurer's Portfolio. Any gains or losses, whether realised or unrealised, on the assets and liabilities in the Treasurer's Portfolio that fund the loan are equally offset by a gain or loss on the COF loan to the Treasurer.

Note 8 Property, Plant and Equipment

Motor Vehicles

	2016 \$m	2015 \$m
At cost	227.8	237.4
Accumulated depreciation	(58.4)	(59.8)
Impairment	(0.0)	(0.0)

Total Property, Plant and Equipment

2016	2015
\$m	\$m
169.4	177.6

Reconciliation of Property, Plant and Equipment

Motor Vehicles

	2016 \$m	2015 \$m
Carrying amount at the beginning of the period	177.6	182.3
Additions	80.3	86.2
Assets classified as held for sale	(2.9)	(5.4)
Disposals	(46.5)	(46.4)
Depreciation expense	(39.1)	(39.1)

Carrying Amounts at the end of the period

2016	2015
\$m	\$m
169.4	177.6

Note 9 Intangible Assets

Information Technology

	2016 \$m	2015 \$m
At cost	4.0	0.9
Work in Progress	-	2.0
Accumulated amortisation	(0.6)	(0.3)

Total Intangible Assets

2016	2015
\$m	\$m
3.4	2.6

Reconciliation of Information Technology

	2016 \$m	2015 \$m
Carrying amount at the beginning of the period	2.6	1.0
Additions	1.1	1.7
Amortisation expense	(0.3)	(0.1)

Carrying Amounts at the end of the period

2016	2015
\$m	\$m
3.4	2.6

Note 10 Derivatives Receivable

	2016 \$m	2015 \$m
Foreign Currency Swaps	66.7	-
Interest Rate Swaps - South Australian Government	7.1	6.7
Interest Rate Swaps	181.1	184.6

Total Derivatives Receivable

2016	2015
\$m	\$m
254.9	191.3

Note 11 Receivables and Other Assets

	2016 \$m	2015 \$m
Receivables	4.7	0.4
Receivables - South Australian Government	36.1	8.8
Recoveries	2.8	1.1
Less: Allowance for Impairment loss	(0.1)	(0.1)
Receivables from the Treasurer	2.3	3.8
Prepayments - South Australian Government	2.1	2.1
Prepayments	3.1	3.2
Sundry Debtors - South Australian Government	0.1	0.0
Deferred Acquisition Costs	2.8	1.8
Income Tax Equivalent	3.1	4.2
Total Receivables and Other Assets	57.0	25.3

Movement in the allowance for Impairment loss

The 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 the Statement of Comprehensive Income.

	2016 \$m	2015 \$m
Carrying amount at the beginning of the period	0.1	0.8
Allowance for impairment loss recognised during the year	-	(0.7)
Carrying amount at the end of the period	0.1	0.1

Note 12 Deposits and Short-Term Borrowings

	2016 \$m	2015 \$m
At Call Deposits	26.2	13.9
Deposits from Financial Institutions	69.5	-
Deposits from the Treasurer	5,169.6	4,283.2
Deposits from South Australian Government agencies	448.9	264.1
Commercial Paper	2,334.7	2,137.4
Total Deposits and Short-Term Borrowings	8,048.9	6,698.6

Note 13 Bonds, Notes and Debentures

	2016 \$m	2015 \$m
Floating Rate Notes	4,014.1	6,022.7
Select Lines	10,674.6	8,937.1
Retail Stock	94.3	75.2
Zero Coupon Bonds	-	207.8
Inflation Linked Bonds and Securities	3.1	95.1
Obligation to the Commonwealth Government	282.8	268.3
Total Bonds, Notes and Debentures	15,068.9	15,606.2

Note 14 Outstanding Claims	2016 \$m	2015 \$m
Outstanding Claims - South Australian Government	10.4	11.6
Outstanding Claims	364.6	354.7
Total Outstanding Claims	375.0	366.3

Reconciliation of Movements in Outstanding Claims

	Property \$m	Liability \$m	Medical Malpractice \$m
2015 Balance	11.6	72.7	282.0
Paid	(3.8)	(21.1)	(29.4)
Reported Claims	2.6	17.4	13.2
IBNR /IBNER Reserve	0.4	6.6	22.2
Risk Margin	(0.4)	(2.4)	3.2
Indirect Claims Settlement Reserve	-	-	0.2
2016 Balance	10.4	73.2	291.4
30 June 2016 Outstanding Claims balance by:			
Fund 1	9.4	53.2	286.2
Fund 2	1.0	12.6	5.2
Fund 3	-	7.4	-
	10.4	73.2	291.4

Note 15 Derivatives Payable	2016 \$m	2015 \$m
Foreign Currency Swaps	66.4	-
Interest Rate Swaps - South Australian Government	0.1	0.1
Interest Rate Swaps	49.2	42.4
Total Derivatives Payable	115.7	42.5

Note 16 Payables and Other Liabilities	2016 \$m	2015 \$m
Sundry Creditors - South Australian Government	0.3	0.1
Sundry Creditors	2.6	1.2
Payables	7.6	6.1
Payables - South Australian Government	4.0	0.1
Payables to the Treasurer	14.2	9.7
Unearned Premium	45.3	11.5
Total Payables and Other Liabilities	74.0	28.7

Note 17 Revenue	Note	2016 \$m	2015 \$m
Interest Revenue			
External to South Australian Government:			
Cash and Short Term Assets		45.2	65.6
Investments		52.8	55.2
Loans		0.5	5.5
Receivables and Other Assets		311.3	319.2
Internal to South Australian Government:			
Cash and Short Term Assets		0.9	1.2
Loans		555.9	612.4
Receivables and Other Assets		4.9	6.3
		971.5	1,065.4
Less Interest Expense			
External to South Australian Government:			
Deposits and Short-Term Borrowings		49.7	56.3
Bonds, Notes and Debentures		560.5	648.8
Payables and Other Liabilities		281.0	269.7
Internal to South Australian Government:			
Deposits and Short-Term Borrowings		76.6	84.6
Payables and Other Liabilities		2.5	3.8
		970.3	1,063.2
Net Interest Revenue		1.2	2.2
Insurance Premium			
External to South Australian Government		6.6	5.1
Internal to South Australian Government		41.8	42.5
	20	48.4	47.6
Leasing and Hire			
Internal to South Australian Government		60.6	63.1
		60.6	63.1
Recoveries			
External to South Australian Government		2.9	1.7
Internal to South Australian Government		19.9	23.0
		22.8	24.7
Other			
External to South Australian Government:			
Other Revenue		1.8	0.2
Commissions		1.2	1.3
Dividend		0.0	2.9
Internal to South Australian Government:			
Dividend		-	0.5
Other Revenue		0.0	0.0
Management Fees		0.7	0.7
		3.7	5.6
Total Revenue		136.7	143.2

Note 18 Other Gains/(Losses)		2016	2015
	Note	\$m	\$m
Net Gain/(Loss) on Financial Instruments and Derivatives			
External to South Australian Government:			
Realised		14.0	(45.2)
Unrealised		(303.1)	(18.6)
Internal to South Australian Government:			
Realised		1.8	48.4
Unrealised		327.1	84.8
		39.8	69.4
Net Gain/(Loss) on Sale of Property, Plant and Equipment			
External to South Australian Government		1.4	(0.8)
		1.4	(0.8)
Total Other Gains		41.2	68.6
Note 19 Expenses		2016	2015
		\$m	\$m
Insurance Claims			
External to South Australian Government		62.5	85.3
Internal to South Australian Government		2.2	3.3
	20	64.7	88.6
Motor Vehicle			
External to South Australian Government		23.6	25.8
Internal to South Australian Government		5.2	5.1
		28.8	30.9
Reinsurance			
External to South Australian Government		8.4	8.7
	20	8.4	8.7
Depreciation and Impairment			
Internal to South Australian Government		39.4	39.2
		39.4	39.2
Operating			
External to South Australian Government:			
Program and Debt Management fees		1.1	1.2
Direct Insurance Placement costs		0.0	0.0
Bad Debts written off		0.1	(0.1)
Management Fees		3.9	5.0
Consultants/Contractors	26	0.0	0.0
Rent		0.6	0.9
Systems		0.5	0.4
Other		0.1	0.1
Internal to South Australian Government:			
Indemnity to the Treasurer		2.2	(7.3)
Service Level Agreement		11.6	11.1
		20.1	11.3
Total Expenses		161.4	178.7

A Service Level Agreement operates between SAFA and DTF. DTF provides services to SAFA to enable SAFA to undertake its business activities in a manner so that SAFA may achieve its key outcomes. DTF provides SAFA with appropriately trained and skilled staff along with infrastructure support. The majority of the fee covers staffing, accommodation, audit and network systems expenditure.

Service Level Agreement costs of \$1,318,978 (2014-15: \$1,181,062) relating to SAFA's insurance business activities have been allocated directly to claims expense.

Note 20 Net Claims Incurred and Underwriting Result

The following table provides detail in relation to the net claims incurred cost. Current year claims relate to risks borne in the current reporting period. Prior period claims relate to a reassessment of the risks borne in previous reporting periods.

2016	In respect of Current Year \$000	In respect of Prior Years \$000	Total \$000
Gross Claims Incurred and Related Expenses Undiscounted	58,949	(5,633)	53,316
Other Recoveries Undiscounted	(1,079)	(1,278)	(2,357)
<i>Net Claims Incurred - Undiscounted</i>	<i>57,870</i>	<i>(6,911)</i>	<i>50,959</i>
Discount and Discount Movement - Gross Claims Incurred	(7,323)	16,962	9,639
Discount and Discount Movement - Other Recoveries	76	(24)	52
<i>Net Discount Movement</i>	<i>(7,247)</i>	<i>16,938</i>	<i>9,691</i>
Net Claims Incurred	50,623	10,027	60,650

Net claims incurred during 2015-16 in respect of claims incurred prior to 30 June 2015 was \$10.1 million, resulting from:

	\$m
Interest on the 30 June 2015 provision, less payments during 2015-16	9.8
Release of administration allowance and risk margin in respect of payments during 2015-16	(20.3)
Changes in actuarial assumptions and experience deviation from expected	20.6
	10.1

2015	In respect of Current Year \$000	In respect of Prior Years \$000	Total \$000
Gross Claims Incurred and Related Expenses Undiscounted	53,652	35,738	89,390
Other Recoveries Undiscounted	(461)	(665)	(1,126)
<i>Net Claims Incurred - Undiscounted</i>	<i>53,191</i>	<i>35,073</i>	<i>88,264</i>
Discount and Discount Movement - Gross Claims Incurred	(8,439)	4,215	(4,224)
Discount and Discount Movement - Other Recoveries	85	154	239
<i>Net Discount Movement</i>	<i>(8,354)</i>	<i>4,369</i>	<i>(3,985)</i>
Net Claims Incurred	44,837	39,442	84,279

Net claims incurred during 2014-15 in respect of claims incurred prior to 30 June 2014 was \$39.4 million, resulting from:

	\$m
Interest on the 30 June 2014 provision, less payments during 2014-15	9.8
Release of administration allowance and risk margin in respect of payments during 2014-15	(7.9)
Changes in actuarial assumptions and experience deviation from expected	37.5
	39.4

Note 20 Net Claims Incurred and Underwriting Result (continued)

	2016 \$m	2015 \$m
Net Earned Premium		
Insurance Premium Revenue	48.4	47.6
Outwards Reinsurance Expense	(8.4)	(8.7)
	<u>40.0</u>	<u>38.9</u>
Net Claims Incurred		
Claims Expense	(64.7)	(88.6)
Recoveries Income	3.0	1.9
	<u>(61.7)</u>	<u>(86.7)</u>
Net Underwriting Result	<u>(21.7)</u>	<u>(47.8)</u>

Note 21 Contingent Assets and Liabilities

Contingent Assets

Under Section 15 of the *Government Financing Authority Act, 1982*, all financial obligations incurred or assumed by SAFA are guaranteed by the Treasurer on behalf of the State of South Australia.

Origin Energy has indemnified SAFA if SAFA's guarantee to Osborne Cogeneration Pty Ltd in respect of the obligations of two subsidiaries of Origin Energy Ltd is called upon by Osborne Cogeneration Pty Ltd under arrangements for the generation of electricity at the Osborne Generation Plant. The exposure of the guarantee is estimated at \$150 million to \$200 million until December 2018.

Contingent Liabilities

(a) General

Indemnities provided by SAFA have been primarily issued to third parties involved in financing arrangements with SAFA either directly or indirectly, other statutory authorities and financial institutions of the State, and relate to financial advantages which are expected to be available to those parties or to preserve existing financial advantages.

By its nature insurance underwriting has liabilities contingent upon certain events occurring that give rise to a claim under the policy of insurance. All known and expected claims in respect of events that have occurred up to the end of the reporting period have been accounted for in the preparation of these Financial Statements plus an allowance for claims incurred but not reported and incurred but not enough reported using IBNR and IBNER calculations. Many claims require legal input to negotiate suitable settlements. The results of such negotiations may result in liabilities different to those recognised in the Financial Statements.

(b) Guarantees

Under arrangements for the generation of electricity at the Osborne Generation Plant, SAFA has provided a guarantee to Osborne Cogeneration Pty Ltd in respect of the obligations of two subsidiaries of Origin Energy Ltd. The exposure of the guarantee is estimated at \$150 million to \$200 million until December 2018.

(c) Treasurer's Indemnity

The Treasurer has indemnified SAFA against any profit or loss as a result of activities in the Insurance Funds 2 and 3. Given the nature of activities in these Funds, the Treasurer has approved that any operating profit before tax will be nil. This is achieved by negating the operating profit or loss with either a payable to or receivable from the Treasurer. This policy resulted in a payable to the Treasurer of \$11.9 million as at 30 June 2016 (payable to the Treasurer of \$5.9 million as at 30 June 2015).

Note 21 Contingent Assets and Liabilities (continued)

(d) Unused Loan Facilities

As at 30 June 2016, SAFA had extended loan facilities that were unutilised totalling \$1,220.0 million (2014-15: \$1,335.2 million), this is reviewed annually.

(e) Security Transfer and Managing Out Deed

SAFA has executed a security transfer and managing out deed with the Commonwealth of Australia for the transfer of securities held by Playford Capital Pty Ltd as trustee for the PC IIFF Trust to SAFA for nil consideration. SAFA will use reasonable endeavours to liquidate the securities by 30 June 2017 with all proceeds from liquidation payable to the Commonwealth of Australia.

Note 22 Cash Flow Information

	Note	2016 \$m	2015 \$m
1. Reconciliation of Cash:			
Cash disclosed in the Statement of Financial Position	4	389.0	445.0
Deposits from Financial Institutions in the Statement of Financial Position	12	(69.5)	-
Less Accrued Income		(0.5)	(0.8)
Balance per Statement of Cash Flows		319.0	444.2
2. Reconciliation of Comprehensive Result to net cash provided by operating activities:			
Comprehensive result		11.6	23.2
Non-cash items			
Change in net market value of financial instruments		(11.8)	(61.4)
Amortisation of financial instruments		(13.3)	46.5
Depreciation and Impairment		39.5	39.1
Loss on Sale of Property, Plant and Equipment		(1.4)	0.8
Bad Debt written off		(0.1)	0.1
Movement in assets and liabilities			
(Increase)/Decrease in accrued interest receivable		(7.4)	10.8
(Increase)/Decrease in recoveries receivable		(1.7)	0.2
(Increase)/Decrease in sundry debtors and other assets		(30.0)	40.7
Increase/(Decrease) in accrued interest payable		14.1	(25.4)
Increase/(Decrease) in outstanding claims		8.7	63.3
Increase/(Decrease) in sundry creditors and other liabilities		46.4	(9.2)
Foreign Currency movement		(0.0)	0.0
Net cash provided by operating activities		54.6	128.7

3. Non Cash Financing and Investing Activities

During 2015-16, \$1.3 million was adjusted against the Treasurer's debt for book gains arising from debt management activity.

Note 23 Auditor's Remuneration

Audit fees payable to the Auditor-General's Department relating to the audit of the financial statements

2016 \$000	2015 \$000
220	224
220	224

No other services were provided by the Auditor-General's Department. All fees are paid through SAFA's SLA with DTF.

Note 24 Related Parties

(a) Board and Committee members

\$0
Between \$20,001 - \$30,000
Between \$30,001 - \$40,000
Between \$40,001 - \$50,000
Total Number of Members

2016 Members	2015 Members
6	4
-	2
3	3
2	-
11	9
\$ 188,260	\$ 171,982

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. Amounts paid to a superannuation plan for board/committee members in 2015-16 were \$16,333 (2014-15: \$14,334). All amounts paid to members are paid through SAFA's SLA with DTF.

SAFA Advisory Board and committee members during the 2015-16 financial year were:

Advisory Board

Mr D Reynolds* (Presiding Member - appointed 1 Dec 2015)
Mr B Rowse* (Presiding Member - retired 30 Nov 2015)
Mr G Goddard* (Deputy Member - expired 30 Nov 2015)
Ms N Rantanen* (Deputy Member - appointed 21 April 2016)
Ms J Brown

Ms J Fitzpatrick
Mr J Hollamby*
Ms K Presser (appointed 16 July 2015)
Ms K Rowlands (Deputy Member)*
Mr P Holloway (appointed 16 July 2015)
Mr M Day (appointed 16 July 2015)

Audit and Risk Management Committee

Ms J Brown (Chair)
Mr J Hollamby*

Ms J Fitzpatrick
Mr M Day

* Those members who are permanently employed under the *Public Sector Act, 2009*, or on similar terms, are not entitled to fees.

Unless otherwise disclosed, transactions with 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.

(b) Other Key Management Personnel

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

Mr A Blaskett
Mr K Cantley (transferred 14 March 2016)
Mr T Burfield
Mr C Fowler
Mr G Gaisford
Mr A Kennedy
Mr D Posaner

General Manager
General Manager
Director Insurance
Director Finance
Acting Director Fleet
Director Financial Markets and Client Services
Director Corporate Governance and Planning

The above are employed by DTF and provided to SAFA through an SLA. Further details of their remuneration are included in the DTF Financial Statements, as DTF employees.

Note 24 Related Parties (continued)

(c) Related party transactions

SAFA is a statutory authority constituted as the Under Treasurer under the *Government Financing Authority Act 1982*. SAFA is subject to the control and direction of the Treasurer of South Australia who in turn, is responsible to the Parliament of South Australia for the proper administration of the Act.

Related parties include the Government of South Australia and South Australian state public sector organisations, as well as the Treasurer of South Australia, SAFA board and committee members, and SAFA key management personnel and their close family members.

Transactions and balances between SAFA and related parties are disclosed in the various notes to the Financial Statements.

SAFA Advisory Board member, Jamie Hollamby holds the position of General Manager, Business Services SA Water Corporation (SAW). SAFA provides loans to, and accepts deposits from SAW. All transactions with SAW are priced in accordance with SAFA's policies.

(i) Individually significant transactions

SAFA provides a number of loans to, and accepts deposits from, the Treasurer of South Australia. This is one of the primary functions of SAFA. The amount of loans to the Treasurer are disclosed in Note 7; deposits are disclosed in Note 12.

Receipt of the final dividend from SAFA's subsidiary, Playford Capital Pty Ltd totalled \$548,905 (2014-15).

(ii) Collectively significant transactions

SAFA functions as the central financing authority, captive insurer and manager of the passenger and light commercial vehicle fleet operations for the Government of South Australia. Balances and transactions related to these services are reported in various notes to the financial statements, as amounts "internal to the South Australian Government".

Note 25 Fiduciary Activities

SAFA provides asset and liability management services to clients and these financial assets and liabilities are not recognised on SAFA's Statement of Financial Position, unless the financial transactions have been undertaken with SAFA as the provider. SAFA manages these assets and liabilities within prescribed risk limits as directed by, or agreed with clients. SAFA is responsible for providing regular financial and management information with respect to its management of client assets and liabilities.

	2016 \$m	2015 \$m
Liabilities under management	6,732.4	6,546.5

SAFA provides a pooled investment portfolio to its clients that meet their investment needs. The Cash Management Facility comprises cash and short-term money market securities. The assets and liabilities of this portfolio is reported within SAFA's Statement of Financial Position.

	2016 \$m	2015 \$m
Total market value of pooled investments	606.6	275.1

Note 26 Consultants and Contractors

	2016 Consultants	2015 Consultants
Between \$1 - \$50,000	1	3
	1	3
Total Consultants expense	\$ 25,480	\$ 29,247

In addition to the amounts shown in the table above, \$297,175 (2014-15: \$416,210) in consultants fees were paid through SAFA's SLA with DTF. These consultants are disclosed in DTF's Financial Statements.

	2016 Contractors	2015 Contractors
Between \$1 - \$50,000	1	-
	1	-
Total Contractors expense	\$ 5,064	\$ -

In addition to the amounts shown in the table above, \$465,307 (2014-15: \$323,843) in contractor fees were paid through SAFA's SLA with DTF. These contractors are disclosed in DTF's Financial Statements.

Note 27 Unrecognised Contractual Commitments

a) Operating Lease Commitments Receivable

SAFA as a Lessor

Leases in which SAFA retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Agencies have entered into commercial leases on motor vehicles owned by SAFA. These leases are for terms up to three years, with an option, subject to approval, to extend in six monthly intervals to a maximum term of four years for passenger vehicles and a maximum term of five years for light commercial vehicles.

Future minimum rentals receivable (excluding GST) under non-cancellable operating leases are as follows:

	2016 \$m	2015 \$m
Motor Vehicle Hire:		
Not later than one year	49.5	48.3
Later than one year but not later than five years	37.2	35.9
Total Non-Cancellable Operating Lease Receivables	86.7	84.2

b) Other Commitments

SAFA's other commitments relate to software licences and maintenance. These amounts relate to vendors which are external to the South Australian Government.

	2016 \$m	2015 \$m
Software:		
Not later than one year	0.5	0.7
Later than one year but not later than five years	0.3	0.8
Total Software Commitments	0.8	1.5

(c) Unrecognised Investment Commitment

In August 2005 the South Australian Government through SAFA committed to invest \$10 million in Paragon Private Equity No 1 Fund over a period of 10 Years. SAFA's investment was \$7,652,501 out of a total commitment from all investors of \$33,262,505. The fund was closed on 30 November 2015 with no funds received by SAFA from its investment. Due to the closure of the fund no further financial commitment exists.

Note 28 Capital Management

SAFA's objective is to maintain capital that allows it to continue as a going concern while exposing its stakeholders to an acceptable level of risk. SAFA's capital comprises Retained Earnings (\$326.9m in 2015-16; \$354.2m in 2014-15). The capital position is reviewed periodically by management to ensure its adequacy is commensurate with the level of risk. Among others, management considers the following factors when managing capital requirements:

- The overall risk position of the business;
- Dividend policy;
- The requirements of the *Government Financing Authority Act 1982*; and
- The guarantee provided to SAFA by the Treasurer on behalf of the State of South Australia (refer Note 21).

Note 29 Financial Risk Management

SAFA's activities expose it to a variety of financial risks: market risk (including interest rate risk, price risk and currency risk), credit risk, liquidity risk and insurance risk. SAFA's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of SAFA. SAFA uses derivative financial instruments such as futures, foreign exchange contracts, forward rate agreements and interest rate swaps to reduce certain risk exposures.

The guidelines within which these risks are undertaken and managed are established under policies approved by the Advisory Board, Treasurer and Management guidelines. SAFA monitors compliance with these policies and constraints by appropriately segregating the monitoring from the operating business unit. Information is summarised and reported daily to Management and reported monthly to the Advisory Board.

(a) Credit Risk

Credit risk is the risk of financial loss and associated costs resulting from the failure of a counterparty to meet its financial obligations as and when they fall due. SAFA incurs credit risk through undertaking its core functions of fundraising, debt management, liquidity management and the Government's reinsurance program.

SAFA's dealings in physical securities and other financial contracts, including derivatives, are transacted only with counterparties possessing strong to extremely strong safety characteristics regarding timely payment of principal and interest.

Should a participant in the Government's reinsurance program become insolvent or cease trading, the recoveries to which SAFA may be entitled could be jeopardised in full or in part, or the timing of any recovery may be subject to an insolvency action.

To minimise the potential for credit loss, SAFA complies with stringent credit guidelines. The guidelines are designed to promote diversification of credit risk amongst counterparties while limiting exposure only to highly rated institutions worldwide. The credit guidelines do not apply to loans to South Australian Government entities.

AASB 7 *Financial Instruments: Disclosures*, requires the disclosure of the amount of change in fair value that is attributable to the change in SAFA's credit risk. The following table shows the amount of change in fair value of Liabilities and Loans as at the end of the reporting period that is considered to be contributed to SAFA's credit risk for the period and cumulative.

	2016		2015	
	Period \$m	Cumulative \$m	Period \$m	Cumulative \$m
Loans change in fair value profit/(loss)	67.6	16.6	(58.5)	(15.5)
Liabilities change in fair value profit/(loss)	(76.7)	(18.8)	67.8	17.9

The change in fair values attributable to credit risk have been calculated by determining the change in the spread between SAFA and Swap yield curves at the issue date and period end dates. This spread movement is then applied to the delta of each transaction to calculate the considered credit component. Spreads for the period ending 30 June 2016 have moved by between 1-40 basis points (2014-15: 10-40 basis points).

Note 29 Financial Risk Management (continued)

(i) Credit Quality

The following table sets out the credit quality of financial assets. The ratings have been presented based on credit ratings from Standard and Poors.

The below disclosure measures credit risk for physical securities at face value, and the credit risk of derivative transactions using a mark-to-market methodology that includes an additional factor to cover potential future adverse market movements.

The majority of SAFA's lending is to agencies and corporations of the South Australian Government. In respect to the repayment of loans by authorities (which are fully guaranteed by the Treasurer) the ultimate credit risk is to the Treasurer. The principal focus for SAFA is therefore with risk that arises through investment of funds in financial assets and through derivative transactions with market counterparties.

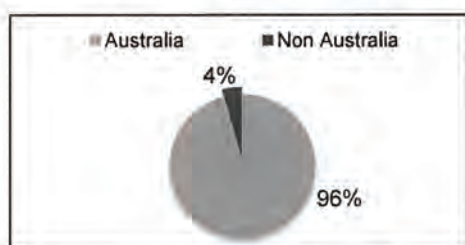
Concentration of Credit Risk by credit rating:

2016 Asset Class	Rating								Total \$m
	AAA \$m	AA+ \$m	AA- \$m	A+ \$m	A \$m	A- \$m	BBB+ \$m	NR* \$m	
Loans/Investments	250.7	197.0	1,157.0	289.7	595.9	325.0	89.0	19,263.6	22,167.9
Interest Rate Swaps	-	-	420.3	47.6	1.6	-	15.7	10.3	495.5
Foreign Exchange	-	-	0.1	-	-	-	-	0.8	0.9
Total	250.7	197.0	1,577.4	337.3	597.5	325.0	104.7	19,274.7	22,664.3

2015 Asset Class	Rating								Total \$m
	AAA \$m	AA+ \$m	AA- \$m	A+ \$m	A \$m	A- \$m	BBB+ \$m	NR* \$m	
Loans/Investments	582.1	395.0	766.0	840.5	677.8	410.0	-	17,983.2	21,654.6
Interest Rate Swaps	-	-	366.5	30.0	33.3	-	24.7	9.6	464.1
Foreign Exchange	-	-	0.6	-	-	-	-	0.4	1.0
Total	582.1	395.0	1,133.1	870.5	711.1	410.0	24.7	17,993.2	22,119.7

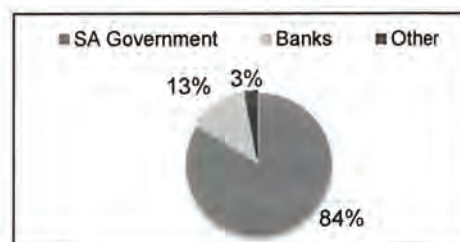
* NR - not classified under particular ratings. Includes loans to SA Government of \$19,264 million (2014-14: \$17,805 million).

2015-16 Credit Risk: Country



2014-15 (Aust 93% Non Aus 7%)

2015-16 Credit Risk: Counterparty



2014-15 (SAG 80% Bank 14% other 6%)

Note 29 Financial Risk Management (continued)

(ii) Offsetting Financial Assets and Financial Liabilities

Financial assets and liabilities subject to offsetting and/or master netting agreements:

SAFA enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. Derivative asset and liability positions are accounted for at the transaction level, and are not offset at the counterparty level in the Statement of Financial Position. SAFA does not currently have a legally enforceable right to offset these positions in the usual course of business; the right to offset is enforceable only on the occurrence of future credit events, such as default. Furthermore, SAFA does not intend to settle these transactions on a net basis. In April 2016 SAFA entered into collateral agreements with the major Australian Banks.

The analysis presented below sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

2016	Gross Amounts of Financial Assets and Liabilities	Gross amounts offset in the Statement of Financial Position	Net amounts presented in the Statement of Financial Position	Related amounts not offset		Net
				Subject to master netting or other agreements	Financial collateral (incl. cash collateral)	
	\$m	\$m	\$m	\$m	\$m	\$m
Assets						
Interest Rate Swaps	188.2	0.0	188.2	(19.8)	(98.4)	70.0
Foreign Currency Swaps	66.7	0.0	66.7	0.0	0.0	66.7
Total	254.9	0.0	254.9	(19.8)	(98.4)	136.7
Liabilities						
Interest Rate Swaps	(49.3)	0.0	(49.3)	19.8	28.9	(0.6)
Foreign Currency Swaps	(66.4)	0.0	(66.4)	0.0	0.0	(66.4)
Total	(115.7)	0.0	(115.7)	19.8	28.9	(67.0)

2015	Gross Amounts of Financial Assets and Liabilities	Gross amounts offset in the Statement of Financial Position	Net amounts presented in the Statement of Financial Position	Related amounts not offset		Net
				Subject to master netting or other agreements	Financial collateral (incl. cash collateral)	
	\$m	\$m	\$m	\$m	\$m	\$m
Assets						
Interest Rate Swaps	191.3	0.0	191.3	(31.0)	0.0	160.3
Foreign Currency Swaps	0.0	0.0	0.0	0.0	0.0	0.0
Total	191.3	0.0	191.3	(31.0)	0.0	160.3
Liabilities						
Interest Rate Swaps	(42.5)	0.0	(42.5)	31.0	0.0	(11.5)
Foreign Currency Swaps	0.0	0.0	0.0	0.0	0.0	0.0
Total	(42.5)	0.0	(42.5)	31.0	0.0	(11.5)

Note 29 Financial Risk Management (continued)

Reconciliation to the Statement of Financial Position

The 'Net amounts presented in the Statement of Financial Position', as set out above, are reflected in the Statement of Financial Position as such (refer Note 10 and 15):

(iii) Ageing Analysis

As at 30 June 2016 the amount of Receivables including Impaired Assets that were past due was \$1,016,248.

Past due but not impaired receivables are South Australian Government debts considered recoverable regardless of their age. Impaired receivables are long outstanding debts with non South Australian Government entities where funds are deemed irrecoverable.

	Past due by				Total
	1 - 30 days	31 - 60 days	61 - 90 days	+91 days	
	\$m	\$m	\$m	\$m	\$m
2016					
Past due but not impaired					
Receivables	0.8	0.1	0.0	0.0	0.9
Impaired					
Receivables	0.0	0.0	0.0	0.1	0.1
	0.8	0.1	0.0	0.1	1.0
2015					
Past due but not impaired					
Receivables	0.7	0.0	0.0	0.0	0.7
Impaired					
Receivables	0.0	0.0	0.0	0.1	0.1
	0.7	0.0	0.0	0.1	0.8

Note 29 Financial Risk Management (continued)

(b) Liquidity Risk

In order to manage liquidity risk, SAFA has in place liquidity management guidelines, which require SAFA to hold a base level of liquidity comprising highly marketable liquid financial assets. Liquid assets include cash, promissory notes, Commonwealth bonds, floating rate notes and negotiable certificates of deposit. The level of liquid financial asset holdings by SAFA on any given day must be sufficient to cover the higher of a base liquidity buffer of \$350 million or the sum of debt maturities over the next 60 days. Adherence to these guidelines enables SAFA to be in a position to meet the forecasted cash demands and any unanticipated funding requirements of the South Australian public sector.

SAFA has chosen an approach to minimise medium-term refinancing risks, which involves diversification of physical borrowings across the maturity spectrum, diversification of funding sources and the holding of liquid assets to assist in the management of refinancing and liquidity risk. These strategies result in SAFA facing manageable funding demands from financial markets in any given period. This approach assists the maintenance of an orderly market place for SAFA's securities when refinancing maturing debt obligations.

The liquidity analysis below has been presented on a contractual basis, representing the repayment of undiscounted principal and interest amounts for financial assets and liabilities, and the estimated discounted settlement amount for outstanding claims.

2016	< 3 Months	3 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	Over 5 Years	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Assets								
Cash and Short Term Assets	1,493.4	424.0	-	-	-	-	-	1,917.4
Investments	672.8	188.1	202.0	244.9	216.1	248.3	38.7	1,810.9
Loans	5,577.9	464.8	1,895.8	1,677.3	2,684.9	1,218.5	7,741.7	21,260.9
Receivables and Other Assets	43.9	-	-	-	-	-	-	43.9
Total	7,788.0	1,076.9	2,097.8	1,922.2	2,901.0	1,466.8	7,780.4	25,033.1
Liabilities								
Deposits and Short-Term Borrowings	(6,755.8)	(1,302.3)	-	-	-	-	-	(8,058.1)
Bonds, Notes and Debentures	(148.8)	(415.7)	(2,905.9)	(2,418.7)	(4,345.6)	(2,308.1)	(3,909.0)	(16,451.8)
Outstanding Claims	(10.7)	(32.4)	(38.1)	(36.2)	(34.2)	(31.7)	(191.7)	(375.0)
Payables and Other Liabilities	(28.7)	-	-	-	-	-	-	(28.7)
Total	(6,944.0)	(1,750.4)	(2,944.0)	(2,454.9)	(4,379.8)	(2,339.8)	(4,100.7)	(24,913.6)
Net	844.0	(673.5)	(846.2)	(532.7)	(1,478.8)	(873.0)	3,679.7	119.5
Net Derivatives	19.3	23.2	28.6	19.3	22.1	26.7	5.6	144.8

Note 29 Financial Risk Management (continued)

2015	< 3 Months	3 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	Over 5 Years	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Assets								
Cash and Cash Equivalents	930.0	910.0	-	-	-	-	-	1,840.0
Investments	678.7	495.1	64.1	212.5	240.9	342.6	539.2	2,573.1
Loans	3,865.5	2,079.8	534.7	1,871.6	1,417.3	2,429.0	8,031.9	20,229.8
Other Assets	13.0	-	-	-	-	-	-	13.0
Total	5,487.2	3,484.9	598.8	2,084.1	1,658.2	2,771.6	8,571.1	24,655.9
Liabilities								
Deposits and Short-Term Borrowings	(5,346.4)	(1,365.0)	-	-	(0.5)	(20.0)	-	(6,731.9)
Bonds, Notes and Debentures	(240.2)	(2,660.5)	(528.3)	(2,859.5)	(2,373.1)	(4,271.4)	(4,465.2)	(17,398.2)
Outstanding Claims	(14.0)	(42.1)	(41.7)	(38.0)	(35.0)	(31.6)	(163.9)	(366.3)
Payables and Other Liabilities	(17.2)	-	-	-	-	-	-	(17.2)
Total	(5,617.8)	(4,067.6)	(570.0)	(2,897.5)	(2,408.6)	(4,323.0)	(4,629.1)	(24,513.6)
Net	(130.6)	(582.7)	28.8	(813.4)	(750.4)	(1,551.4)	3,942.0	142.3
Net Derivatives	19.4	12.9	43.1	35.1	21.1	20.0	21.6	173.2

(c) Market risk

Market risk is the risk that changes in market prices will result in gains or losses on SAFA's financial instruments. SAFA has a range of policies in place to manage market risk, including counterparty exposure limits, risk limits and liquidity and maturity limits. The main tool used to measure and assess market risks within each of SAFA's trading portfolios is Value at Risk (VaR).

(i) Price Risk

Treasury Operations

SAFA manages the sensitivity of its treasury portfolios for changes in market risk variables by calculating VaR daily and monitoring the calculated VaR against pre-determined exposure limits. VaR is the calculation of the potential loss due to interest rate movements for any one day.

SAFA calculates VaR using the Historical Simulation method and a two year interest rate horizon. The daily VaR is assessed at the 95% confidence level.

The following table shows the computed VaR on SAFA's principal portfolios:

	2016 Actual \$000	2016 Working Limit \$000	2015 Actual \$000	2015 Working Limit \$000
Funding Portfolio	559.9	1000.0	583.8	1000.0
Liquidity Portfolio	0.1	250.0	22.6	250.0
Reinvestment Portfolio	0.1	N/A	0.7	N/A
Cash Management Facility	14.0	N/A	10.4	N/A

SAFA's treasury portfolios that reflect SAFA's position with the Treasurer of South Australia are not reported above, as all risk in these portfolios are borne directly by the Treasurer.

As SAFA's VaR model relies on historical data and assumes recent historic market conditions, it may not always accurately predict the size of potential losses. SAFA therefore uses other controls such as limits on exposures based on factor sensitivity measurements covering interest rate, yield curve and basis spread movement scenarios and monitors exposures to plausible extreme market movements through stress testing.

Note 29 Financial Risk Management (continued)

Insurance Operations

The insurance portfolio is exposed to price risk arising from investments held with Funds SA. SAFA maintains policies outlining the strategies for investment of funds and these policies are reviewed every three years.

The table below shows the impact of a positive or negative 10% movement in the value of investment funds held with Funds SA:

2016	Investments \$000	Profit (Post tax)		Equity	
		-10%	10%	-10%	10%
		\$000	\$000	\$000	\$000
Fund 1	495,216	(34,665)	34,665	(34,665)	34,665
Fund 2*	27,944	(1,956)	1,956	(1,956)	1,956
Fund 3*	15,996	(1,120)	1,120	(1,120)	1,120
Total	539,156	(37,741)	37,741	(37,741)	37,741

2015	Investments \$000	Profit (Post tax)		Equity	
		-10%	10%	-10%	10%
		\$000	\$000	\$000	\$000
Fund 1	475,111	(33,258)	33,258	(33,258)	33,258
Fund 2*	44,942	(3,146)	3,146	(3,146)	3,146
Fund 3*	9,074	(635)	635	(635)	635
Total	529,127	(37,039)	37,039	(37,039)	37,039

* Due to the nature of activities undertaken by Fund 2 and Fund 3, the Treasurer has approved that any operating profit or loss before tax will be nil for each of these funds. Therefore, any movement in the value of investments with Funds SA for Fund 2 or Fund 3 would effectively be offset by the Treasurer's Indemnity (Refer Note 21).

(ii) Interest Rate Risk

SAFA uses a variety of methods to measure interest rate risk, including basis point sensitivity, duration and VaR. The Treasurer and Under Treasurer approve interest rate risk limits for SAFA's portfolios.

SAFA uses interest rate derivatives to manage the sensitivity of investment portfolios to interest rate fluctuations to be within strict limits, without requiring transactions in physical securities. SAFA utilises futures contracts, interest rate swaps and forward rate agreements to manage interest rate risk.

The following table shows the computed Price Value per basis point (PV01) of SAFA's principal portfolios, reflecting changes in portfolio value relative to interest rate movements:

	2016	2016		2015	2015
	Actual	Working Limit		Actual	Working Limit
	\$	\$		\$	\$
Funding Portfolio	(584)	± 10,000		(441)	± 10,000
Liquidity Portfolio	(165)	± 10,000		(737)	± 10,000
Reinvestment Portfolio	109	N/A		15	N/A
Cash Management Facility	9,558	N/A		7,892	N/A

SAFA's treasury portfolios that reflect SAFA's position with the Treasurer of South Australia are not reported above, as all risk in these portfolios are borne directly by the Treasurer.

Note 29 Financial Risk Management (continued)

(iii) Foreign Currency Risk

SAFA has a policy of limiting its foreign currency risk, and has limits in place to protect against movements in foreign currency exchange rates. SAFA utilises foreign exchange swaps, foreign exchange and forward exchange contracts to manage the foreign currency exposures associated with foreign currency borrowings.

The following table summarises SAFA's exposure to exchange rate risk. The value to be received under the currency contracts is undertaken to net any foreign currency liabilities:

	USD A\$000	GBP A\$000	EUR A\$000	NZD A\$000	SGD A\$000	CNY A\$000
2016						
Less than 1 year						
Net Foreign Currency Assets	(66,967.7)	-	5.8	8.4	-	-
Net Derivatives	66,998.5	-	-	-	-	-
Total Exposure	30.8	-	5.8	8.4	-	-
Sensitivity						
Profit impact (in AUD) of +1% change in foreign currency	0.3	-	0.1	0.1	-	-
2015						
Less than 1 year						
Net Foreign Currency Assets	33.0	-	9.2	4.3	-	(15.8)
Net Derivatives	-	-	-	-	-	-
Total Exposure	33.0	-	9.2	4.3	-	(15.8)
Sensitivity						
Profit impact (in AUD) of +1% change in foreign currency	0.3	-	0.1	0.0	-	(0.2)

SAFA's total exposure to exchange rate risk (on a net basis) is \$44,876 for the year ended 30 June 2016 (2014-15: \$30,738). Had the Australian Dollar weakened by 10 per cent against the foreign currencies listed above, the direct impact to SAFA would be a gain of approximately \$4,488 (2014-15: \$3,074).

(d) Insurance Risk

SAFA uses a range of policies to manage risk associated with its insurance activities. The most relevant methods include:

- the continual monitoring of the experience and development of claims;
- premium setting methodologies that reflect the latest development in the risks SAFA's Insurance division is insuring;
- placing reinsurance to protect the capital base against a severe adverse event or a series of severe adverse events; and
- regular review of the investment strategy for assets backing insurance liabilities.

Note 29 Financial Risk Management (continued)

(i) Claim Development

The following tables show the development of incurred cost on net undiscounted outstanding claims (Medical Malpractice, Liability, Property and Builders Indemnity) relative to the ultimate expected estimate over the ten most recent financial years. Figures provided are net of reinsurance and relate to Fund 1 and Fund 3. This information is not disclosed for Fund 2 as it is not considered appropriate for its activities.

Medical Malpractice

Loss Year Ending	Cumulative Payments Plus Undiscounted Outstanding Liability Measurement as at 30 June										Undiscounted		Discount
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Paid to Date	Liability Jun-16	Present Value
30-Jun	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Prior	134,241	223,504	140,058	118,135	118,254	119,443	120,659	129,865	137,690	134,736	84,885	49,852	45,634
2007	21,513	22,589	13,748	7,366	9,966	8,290	6,837	6,386	12,310	14,245	7	14,238	12,698
2008		22,947	20,345	13,923	11,993	16,582	14,848	13,648	13,936	13,474	939	12,535	11,104
2009			49,922	36,167	29,248	27,700	31,564	23,206	26,348	30,193	136	30,057	26,421
2010				24,134	15,725	13,002	11,367	8,197	15,197	14,272	1	14,272	12,430
2011					17,486	15,471	15,742	14,662	13,242	13,819	5,605	8,214	7,074
2012						18,749	17,802	13,584	17,235	15,702	-273	15,975	13,580
2013							21,967	17,274	15,654	14,082	31	14,050	11,764
2014								21,702	22,124	20,434	-9	20,443	16,820
2015									20,569	27,417	25	27,392	22,099
2016										24,613	11	24,602	19,441
Total										322,987	91,358	231,630	199,065

Liability

Loss Year Ending	Cumulative Payments Plus Undiscounted Outstanding Liability Measurement as at 30 June										Undiscounted		Discount
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Paid to Date	Liability Jun-16	Present Value
30-Jun	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Prior	41,109	63,464	78,113	81,535	87,537	89,179	89,416	82,017	82,753	82,995	80,454	2,542	2,423
2007	7,366	3,564	2,106	2,182	2,996	2,552	2,325	2,339	2,713	2,914	2,091	823	777
2008		6,359	3,610	2,137	2,114	1,936	2,907	7,741	7,857	6,869	6,403	466	440
2009			5,784	2,766	7,445	5,644	4,907	5,000	5,671	5,760	4,161	1,599	1,512
2010				6,705	4,365	3,663	11,386	10,904	11,640	15,170	10,946	4,224	4,041
2011					7,173	5,982	5,158	5,266	7,309	8,300	4,362	3,938	3,706
2012						8,038	6,749	5,621	5,297	7,088	2,254	4,834	4,539
2013							6,683	5,455	4,336	3,855	603	3,252	3,038
2014								6,478	6,128	5,425	229	5,196	4,810
2015									7,540	6,516	272	6,245	5,705
2016										8,584	59	8,525	7,674
Total										153,476	111,834	41,644	38,665

Property

Loss Year Ending	Cumulative Payments Plus Undiscounted Outstanding Liability Measurement as at 30 June										Undiscounted		Discount
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Paid to Date	Liability Jun-16	Present Value
30-Jun	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Prior	22,413	19,448	19,194	20,309	19,390	17,539	17,339	17,339	17,475	16,671	16,671	0	0
2007	3,269	2,907	2,666	2,256	2,285	2,142	2,180	2,180	2,180	2,180	2,180	0	0
2008		2,347	2,265	2,390	1,762	1,555	1,543	1,540	1,547	1,547	1,547	0	0
2009			2,777	2,116	1,599	1,689	1,666	1,672	1,665	1,665	1,665	0	0
2010				3,255	1,779	1,543	1,479	1,577	1,577	1,622	1,606	15	14
2011					4,568	3,270	3,060	2,940	2,893	2,894	2,883	11	11
2012						2,683	2,046	2,314	2,680	2,539	2,506	33	31
2013							1,996	1,989	2,185	2,216	1,023	1,193	1,147
2014								3,223	3,399	3,512	3,114	398	381
2015									3,978	4,500	1,233	3,267	3,144
2016										3,081	221	2,859	2,750
Total										42,427	34,649	7,776	7,478

Note 29 Financial Risk Management (continued)

(i) Claim Development (continued)

Building Indemnity

Loss Year	Cumulative Payments Plus Undiscounted Outstanding Liability Measurement as at 30 June			Undiscounted		Unearned	Earned	Discount
Ending	2014	2015	2016	Paid to Date	Liability Jun-16	Liabilities Jun-16	Liabilities Jun-16	Present Value
30-Jun	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2014	6,755	7,824	7,132	2,236	4,896	(1,860)	3,036	2,917
2015		6,504	7,121	1,495	5,626	(3,762)	1,864	1,775
2016			7,241	0	7,241	(6,448)	794	747
Total			21,494	3,731	17,763	(12,070)	5,694	5,439

(ii) Unexpired Risk Liability

The LAT (Note 2 (p)) was completed by the independent actuary for Building Indemnity Insurance offered by SAFA. The actuary has compared the unearned premium and the expected cost of claims arising from this premium, including associated expenses and a risk margin. The result of the LAT was a \$2.8 million premium deficiency which has been written off against deferred acquisition costs.

(a) Calculation of Premium Deficiencies

2016	\$000
Net unearned premium liability	15,105
Net present value of future policy costs	12,328
Gross deferred acquisition costs recognised	2,936
Gross premium (deficiency)/surplus	(159)
Gross premium deficiency	(159)
Gross deferred acquisition costs written down	159
Net premium deficiency	-
Gross deferred acquisition costs recognised in Balance Sheet (i)	2,777
2015	\$000
Net unearned premium liability	11,522
Net present value of future policy costs	9,751
Gross deferred acquisition costs recognised	3,568
Gross premium (deficiency)/surplus	(1,797)
Gross premium deficiency	(1,797)
Gross deferred acquisition costs written down	1,797
Net premium deficiency	-
Gross deferred acquisition costs recognised in Balance Sheet (i)	1,771

(i) The increase in deferred acquisition costs recognised in the Statement of Comprehensive Income during the financial year amount to \$1,793m (2014-15 \$2,932m).

(b) Reconciliation of Premium Liabilities, Reinsurance Assets and related Deferred Acquisition Costs

	Gross \$000	Reinsurance \$000	Acquisition cost \$000	Net \$000
Unearned premium liability/(asset) at 30 June 2014	7,475.1	(2,831.5)	(2,313.8)	2,329.8
Premium written	48,837.1	(8,617.2)	(2,390.3)	37,829.6
Premium (earned)/incurred	(44,790.0)	8,720.5	2,932.5	(33,137.0)
Unearned premium liability/(asset) at 30 June 2015	11,522.2	(2,728.2)	(1,771.6)	7,022.4
Premium written	79,311.2	(8,229.8)	(2,798.9)	68,282.5
Premium (earned)/incurred	(45,580.3)	8,434.5	1,793.3	(35,352.5)
Unearned premium liability/(asset) at 30 June 2016	45,253.1	(2,523.5)	(2,777.2)	39,952.4

Note 29 Financial Risk Management (continued)

(iii) Concentration Risk

While investments in the Insurance portfolio contain some diversity, by its nature it is geographically concentrated in Adelaide and as such is exposed to the risk of potentially material property catastrophes of the State, being earthquake, bushfires, storms and floods. The reinsurance program is purchased to provide protection in excess of the retention level, which is \$15 million for property, \$15 million for medical malpractice per event and \$20 million for liability classes. The Advisory Board annually reviews the appropriateness of the retention level.

SAFA provides the medical indemnity insurance for all public hospitals in South Australia and as such is exposed to the consequences of any factor which increases the cost of such cover for example, legal precedents.

(iv) Sensitivity Analysis

SAFA has tested the sensitivity of the results to a change in the key assumptions used in the valuation of outstanding claims liabilities. These include changes to the discount and superimposed inflation rates and changes in expected average claim costs and incurred cost development patterns. The following table sets out the tests carried out and the results:

2016 Insurance Fund	Present Value of Outstanding Liability			Change in Liability		
	Fund 1 \$m	Fund 2 \$m	Fund 3 \$m	Fund 1 %	Fund 2 %	Fund 3 %
1. Discount Rate						
(a) Increase by 1%	327.9	18.2	7.2	(6.0)	(2.8)	(2.9)
(b) Decrease by 1%	372.2	19.3	7.6	6.7	3.0	3.1
2. Inflation/Superimposed Inflation Rate						
(a) Increase by 1%	371.5	19.3	7.6	6.5	2.8	3.1
(b) Decrease by 1%	328.1	18.3	7.2	(5.9)	(2.7)	(2.9)
3. Other Assumptions						
(a) Increase Medical Malpractice and Liability expected 'a prior' cost by 10%	366.8	18.8	7.4	5.2	0.0	0.0
(b) Longer Medical Malpractice and Liability tail	355.8	19.9	7.4	2.0	6.1	0.0
(c) Increase Building Indemnity expected 'a prior' cost by 5%	348.8	18.8	7.8	0.0	0.0	5.0

Note 30 Fair Values of Assets and Liabilities

(a) Contractual Obligations and Financial Assets and Liabilities at Fair Value

The difference between financial assets and liabilities carrying amount (fair value) and the amount contractually required to be paid at maturity is detailed below.

	2016			2015		
	Carrying Amount \$m	Principal Outstanding \$m	Diff \$m	Carrying Amount \$m	Principal Outstanding \$m	Diff \$m
Investments	1,736.3	1,558.6	177.7	2,391.8	2,191.9	199.9
Loans	19,857.6	19,062.8	794.8	18,447.5	17,956.3	491.2
Deposits and Short-Term Borrowings	8,048.9	7,983.0	65.9	6,698.6	6,704.4	(5.8)
Bonds, Notes and Debentures	15,068.9	14,061.8	1,007.1	15,606.2	14,853.7	752.5

Notes:

(1) Fair value is inclusive of interest due at financial year-end.

(2) Principal owing at maturity is the amount SAFA is contractually required to pay at maturity, to the holder of the obligation, exclusive of interest due.

(3) Bonds, Notes and Debentures – includes indexed linked securities. For the purposes of this note, the principal owing for indexed linked securities is assumed to equal the principal owing at financial year-end.

Note 30 Fair Values of Assets and Liabilities (continued)

This section explains the judgements and estimates made in determining the fair values of the assets and liabilities that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, SAFA has classified its assets and liabilities into the three levels prescribed under Australian Accounting Standards. An explanation of each level follows below:

(b) Financial Assets and Liabilities

(i) Fair Value Hierarchy

2016	Note	Quoted market price (Level 1) \$m	Market observable inputs (Level 2) \$m	Non-market observable inputs (Level 3) \$m	Total \$m
Financial Assets					
Cash and Short Term Assets	4	588.7	1,339.2	-	1,927.9
Investments	6	283.1	1,453.2	-	1,736.3
Loans	7	5,101.3	9,343.1	5,413.2	19,857.6
Derivatives Receivable	10	-	254.9	-	254.9
Total		5,973.1	12,390.4	5,413.2	23,776.7
Financial Liabilities					
Deposits and Short-Term Borrowings	12	(5,714.2)	(2,334.7)	-	(8,048.9)
Bonds, Notes and Debentures	13	(14,666.1)	(94.4)	(308.4)	(15,068.9)
Derivatives Payable	15	-	(115.7)	-	(115.7)
Total		(20,380.3)	(2,544.8)	(308.4)	(23,233.5)

2015	Note	Quoted market price (Level 1) \$m	Market observable inputs (Level 2) \$m	Non-market observable inputs (Level 3) \$m	Total \$m
Financial Assets					
Cash and Short Term Assets	4	469.2	1,385.8	-	1,855.0
Investments	6	745.3	1,646.5	-	2,391.8
Loans	7	3,550.6	8,994.9	5,902.0	18,447.5
Derivatives Receivable	10	-	191.3	-	191.3
Total		4,765.1	12,218.5	5,902.0	22,885.6
Financial Liabilities					
Deposits and Short-Term Borrowings	12	(4,561.3)	(2,137.3)	-	(6,698.6)
Bonds, Notes and Debentures	13	(14,931.2)	(166.1)	(508.9)	(15,606.2)
Derivatives Payable	15	-	(42.5)	-	(42.5)
Total		(19,492.5)	(2,345.9)	(508.9)	(22,347.3)

Note 30 Fair Values of Assets and Liabilities (continued)

Listed Shares worth \$210,544 were transferred from Level 2 to Level 1 of the fair value hierarchy at the beginning of the financial year, due to these shares being traded on the Australian Stock Exchange with an observable valuation. No other instruments were reclassified between the various levels of the fair value hierarchy in 2015-16. SAFA generally recognises transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period, unless specified otherwise.

Financial Assets and Liabilities are categorised to levels of the fair value hierarchy based on the following:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities that are accessible at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1, which are observable for assets or liabilities, either directly or indirectly.
- Level 3: Inputs to asset or liability valuation that are not based on observable market data (unobservable inputs). This category includes instruments that are valued using quoted prices, but where material adjustments are required as a result of relevant unobservable inputs or assumptions.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date; and
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in Level 2. All valuation methods remain unchanged compared to the previous reporting period.

(iii) Level 3 Financial Instruments Reconciliation

The following table presents the changes in Level 3 items for the periods 30 June 2016 and 30 June 2015:

2016	Note	<u>Assets</u>		<u>Liabilities</u>	Total
		Investments	Loans	Bonds, Notes and Debentures	
\$m					
Balance at 30 June 2015		-	5,902.0	(508.9)	5,393.1
Total gain/(loss) included:					
in Profit or Loss		-	288.0	(33.5)	254.5
Purchases		-	20.0	-	20.0
Sales		-	(796.8)	-	(796.8)
Issues		-	-	(20.0)	(20.0)
Settlements		-	-	254.0	254.0
Balance at 30 June 2016		-	5,413.2	(308.4)	5,104.8

Total gains or losses in the above table are presented in the Statement of Comprehensive Income as follows:

Interest Revenue	17	-	177.0	(15.1)	161.9
Net Gain/(Loss) on Financial Instruments and Derivatives - Unrealised	18	-	109.7	(18.4)	91.3
Net Gain/(Loss) on Financial Instruments and Derivatives - Realised	18	-	1.3	0.0	1.3
Total		-	288.0	(33.5)	254.5

Note 30 Fair Values of Assets and Liabilities (continued)

2015		Note	<u>Assets</u>		<u>Liabilities</u>	Total
	\$m		Investments	Loans	Bonds, Notes and Debentures	
	Balance at 30 June 2014		275.3	8,232.4	(528.9)	7,978.8
	Total gain/(loss) included:					
	in Profit or Loss		3.6	265.1	(70.2)	198.5
	Purchases		-	470.0	-	470.0
	Sales		(278.9)	(3,065.5)	-	(3,344.4)
	Issues		-	-	(20.0)	(20.0)
	Settlements		-	-	110.2	110.2
	Balance at 30 June 2015		0.0	5,902.0	(508.9)	5,393.1

Total gains or losses in the above table are presented in the Statement of Comprehensive Income as follows:

Interest Revenue	17	3.5	231.9	(23.6)	211.8
Net Gain/(Loss) on Financial Instruments and Derivatives - Unrealised	18	-	(11.5)	18.9	7.4
Net Gain/(Loss) on Financial Instruments and Derivatives - Realised	18	0.1	44.7	(65.5)	(20.7)
Total		3.6	265.1	(70.2)	198.5

(iv) Level 3 Financial Instruments: Unobservable inputs used in measuring fair value

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurement:

Type of Financial Instrument	Fair value at 30 June 2016 (\$m)	Valuation Technique	Significant Unobservable Input	Estimate of Unobservable Input	Fair value measurement sensitivity to unobservable inputs
Loans:					
Loan to Treasurer Cost of Funds	5,392.7	Reflects the market value of borrowings used to fund the loan	Discount rates/market yields	N/A	Market value change is directly proportional to the market value change of instruments used to fund the loan.
Loan to Treasurer Non-Market	20.5	Loan with no applicable interest rate or discount rate	Discount rates/market yields	0% IRR	Instrument value will not change with respect to market/discount rates.

Note 30 Fair Values of Assets and Liabilities (continued)

(iv) Level 3 Financial Instruments: Unobservable inputs used in measuring fair value (continued)

Type of Financial Instrument	Fair value at 30 June 2016 (\$m)	Valuation Technique	Significant Unobservable Input	Estimate of Unobservable Input	Fair value measurement sensitivity to unobservable inputs
Bond, Notes and Debentures:					
Principal and Interest Borrowing	(284.8)	Discounted Cash Flow	Discount rates/market yields	1.50% - 2.50% IRR	Discount rate based on internally-constructed yield curve. A 1 basis point shift in rates results in a \$277,262 change in market value.
Obligation to the Commonwealth Government	(20.5)	Borrowing with no applicable interest rate or discount rate.	Discount rates/market yields	0% IRR	Instrument value will not change with respect to market/discount rates.
Retail Indexed Annuity	(3.1)	Discounted Cash Flow	Real discount rates (annuity rates)	0.75% - 0.85%	Market rates are observed for annuity instruments. A 1 basis point shift in real rates results in a \$501 change in market value.

(v) Valuation processes

Level 3 fair values valuation processes are consistent with all other valuation processes and are reviewed as part of SAFA's valuation techniques review.

SAFA considers that its estimates of fair value are appropriate, and while alternative assumptions in relation to unobservable inputs could be used when determining fair value, these alternative assumptions would not result in any significant changes to measured fair values.

Note 30 Fair Values of Assets and Liabilities (continued)

(c) Non-Financial Assets and Liabilities

(i) Fair Value Hierarchy

2016	Note	Quoted market price (Level 1)	Market observable inputs (Level 2)	Non-market observable inputs (Level 3)	Total
		\$m	\$m	\$m	\$m
Assets					
Assets Held For Sale	5	-	2.9	-	2.9
Property, Plant and Equipment	8	-	169.4	-	169.4
Total		-	172.3	-	172.3

2015	Note	Quoted market price (Level 1)	Market observable inputs (Level 2)	Non-market observable inputs (Level 3)	Total
		\$m	\$m	\$m	\$m
Assets					
Assets Held For Sale	5	-	5.4	-	5.4
Property, Plant and Equipment	8	-	177.6	-	177.6
Total		-	183.0	-	183.0

Non-financial assets are valued at cost less accumulated depreciation which is deemed to represent approximate fair value. Valuation techniques used to derive residual value of non-financial assets include:

- the use of quoted market prices or dealer quotes for similar assets;
- the use of RedBook and Glass's valuations for similar assets; and
- the cost less accumulated depreciation over the useful life to a residual value.

SAFA undertook a fair value exercise at the end of the 2015-16 financial year to ensure there were no major differences between the stated residual value and the expected sales value of the fleet for vehicles scheduled to be sold in the 2016-17 year.

All of the resulting fair value estimates are included in Level 2.

All valuation methods remain unchanged compared to the previous reporting period.

Note 31 Actuarial Assumptions and Methods

SAFA writes four broad classes of general insurance: Property, Liability, Medical Malpractice and Other Liability. Products included in these broad classes are detailed below:

Property (Short Tail)	Liability (Long Tail)	Medical Malpractice	Other (Long Tail)
Aviation Property	Aviation Liability	Medical Malpractice	Building Indemnity
Buildings and Contents	General Liability		Volunteers
Consequential Loss	Marine Liability		
Fidelity Guarantee	Professional Indemnity		
General Property	Personal Accident		
Machinery Breakdown			
Marine Property			
Motor Vehicle			

Total Outstanding Claims

2016	Indirect Claims Settlement			Total
	Central Estimate	Risk Margin	Margin	
	\$m	\$m	\$m	\$m
Expected Future Claims Payments (Inflated/Undiscounted)	302.4	109.8	15.3	427.5
Discount to Present Value	(37.1)	(13.5)	(1.9)	(52.5)
Total Outstanding Claims	265.3	96.3	13.4	375.0

2015	Indirect Claims Settlement			Total
	Central Estimate	Risk Margin	Margin	
	\$m	\$m	\$m	\$m
Expected Future Claims Payments (Inflated/Undiscounted)	304.8	112.3	15.3	432.4
Discount to Present Value	(46.6)	(17.2)	(2.3)	(66.1)
Total Outstanding Claims	258.2	95.1	13.0	366.3

Assumptions

SAFA used the following assumptions in the measurement of its outstanding claims.

2016	Property	Liability	Medical Malpractice	Building Indemnity
Average weighted term to settlement - Fund 1	2.37	4.27	7.56	-
Average weighted term to settlement - Fund 2	0.52	3.86	2.25	-
Average weighted term to settlement - Fund 3	-	-	-	3.15
Percentage risk margin adopted - Fund 1	21.0%	32.0%	37.0%	-
Percentage risk margin adopted - Fund 2	18.8%	23.0%	25.0%	-
Percentage risk margin adopted - Fund 3	-	-	-	26.1%
Claims handling expense	5.0%	5.0%	5.0%	8.0%
Inflation rate (includes superimposed inflation)*	-	3.0%	3.0%	-
Discount rate - Fund 1	1.7%	1.8%	2.1%	-
Discount rate - Fund 2	1.6%	1.9%	1.7%	-
Discount rate - Fund 3	-	-	-	1.7%

Note 31 Actuarial Assumptions and Methods (continued)

2015	Property	Liability	Medical Malpractice	Building Indemnity
Average weighted term to settlement - Fund 1	1.91	4.10	7.07	-
Average weighted term to settlement - Fund 2	1.16	4.35	2.65	-
Average weighted term to settlement - Fund 3	-	-	-	3.38
Percentage risk margin adopted - Fund 1	23.7%	37.2%	37.4%	-
Percentage risk margin adopted - Fund 2	18.8%	23.0%	25.0%	-
Percentage risk margin adopted - Fund 3	-	-	-	26.1%
Claims handling expense	5.0%	5.0%	5.0%	8.0%
Inflation rate (includes superimposed inflation)*	-	3.0%	3.0%	-
Discount rate - Fund 1	2.3%	2.6%	3.0%	-
Discount rate - Fund 2	2.1%	2.7%	2.5%	-
Discount rate - Fund 3	-	-	-	2.3%

* The valuation methods adopted do not have an explicit inflation assumption, although allowance is made for superimposed inflation (3%) for both Medical Malpractice and Long-Tail Classes.

The overall risk margin is determined allowing for the uncertainty of the outstanding claims estimate. Uncertainty is analysed taking into account potential uncertainties relating to the actuarial models and assumptions, the quality of the underlying data used in the models, the general insurance environment, and the impact of legislative reform.

AASB1023 *General Insurance Contracts* does not prescribe a fixed risk margin or probability of sufficiency. However, it is a requirement of the Australian Prudential Regulation Authority guidelines for private sector insurers that a minimum of 75% probability of sufficiency be satisfied through the application of the risk margin. Taking into account the nature of the risks underwritten by SAFA and distributions regarded as relevant by the industry for those risks, the application of the above risk margins by class result in a 75% probability that the provision for outstanding claims will be sufficient.

Note 32 Subsidiaries

Playford Capital Pty Ltd became a wholly-owned subsidiary of SAFA on 1 July 2012. On 14 August 2014 the Directors of Playford Capital Pty Ltd declared a final dividend of \$0.5 million. Subsequent to the payment of the dividend on 4 September 2014 members resolved to appoint a liquidator to voluntarily wind up the activities of Playford Capital Pty Ltd, in accordance with regulations to the *Corporations Act 2001*. Playford Capital Pty Ltd was deregistered on 17 March 2015.

Note 33 Events After the End of the Reporting Period

No event has arisen since 30 June 2016 that would be likely to materially affect the operations or the state of affairs of SAFA.

Certification of the Financial Statements

We certify that the attached General Purpose Financial Statements for SAFA:

- 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 SAFA; and
- present a true and fair view of the financial position of SAFA 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 SAFA for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period and there are reasonable grounds to believe SAFA will be able to pay its debts as and when they become due and payable.



Craig Fowler
DIRECTOR FINANCE, SAFA



Andrew Blaskett
GENERAL MANAGER, SAFA



David Reynolds
CHIEF EXECUTIVE
UNDER TREASURER

Date: 16.9.16



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To the Under Treasurer
South Australian Government Financing Authority

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 25(2) of the *Government Financing Authority Act 1982*, I have audited the accompanying financial report of the South Australian Government Financing 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
- notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Under Treasurer, General Manager (SAFA) and the Director, Finance (SAFA).

Under Treasurer's responsibility for the financial report

The Under Treasurer 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 Under Treasurer 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.

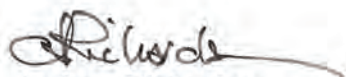
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.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

21 September 2016

South Australian Housing Trust

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			
Staffing Costs	6	75 196	69 638
Supplies and Services	7	36 080	38 317
Business Services Fees	8	18 981	18 460
Rental Properties Expenses	9	373 377	372 621
Depreciation and Amortisation	10	88 779	87 336
Grants and Subsidies	11	31 600	97 995
Impairment Expenses	12	22 548	17 724
Net Loss from Disposal of Assets	13	-	1 409
Donated Assets		-	669
Total Expenses		646 561	704 169
Income			
Rental Income	14	280 078	287 168
Interest Revenue	15	7 888	6 638
Recoveries	16	35 368	27 192
Recurrent Commonwealth Revenues	17	73 582	92 905
Other Revenue	18	6 728	5 331
Net Gain from Disposal of Assets	13	7 592	-
Gain on revaluation of non-current assets		87	510
Total Income		411 323	419 744
Net (Revenue from)/Cost of Providing Services		235 238	284 425
Revenues from SA Government			
Recurrent Revenues from SA Government	19	76 735	150 166
Capital Revenues from SA Government	20	4 440	28 500
Total Revenues from SA Government		81 175	178 666
Net Result Before Income Tax Equivalent		(154 063)	(105 759)
Income Tax Equivalent		-	-
Net Result After Income Tax Equivalent		(154 063)	(105 759)
Other Comprehensive Income			
<i>Items that will not be reclassified to net result</i>			
Changes in asset revaluation surplus		269 391	218 747
Total Comprehensive Result		115 328	112 988

The Net Result and Comprehensive Result are attributable to the SA Government as owner.

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note No.	2016 \$'000	2015 \$'000
Current Assets			
Cash and cash equivalents	21	397 198	271 389
Receivables	22	22 234	15 838
Inventories	23	92 416	81 892
Non-current assets classified as held for sale	24	17 365	29 249
Total Current Assets		529 213	398 368
Non-Current Assets			
Inventories	23	145	535
Property, Plant and Equipment	25	9 904 427	9 764 987
Intangible Assets	26	4 940	5 565
Total Non-Current Assets		9 909 512	9 771 087
Total Assets		10 438 725	10 169 455
Current Liabilities			
Payables	27	171 402	44 970
Staff Entitlements	28	10 880	9 964
Provisions	29	1 090	995
Other Liabilities	30	15 368	11 203
Total Current Liabilities		198 740	67 132
Non-Current Liabilities			
Payables	27	1 297	1 187
Staff Entitlements	28	14 051	13 265
Provisions	29	2 509	2 950
Other Liabilities	30	2 111	2 519
Total Non-Current Liabilities		19 968	19 921
Total Liabilities		218 708	87 053
Net Assets		10 220 017	10 082 402
Equity			
Retained Earnings		3 254 264	3 309 987
Asset Revaluation Surplus		6 881 953	6 711 539
Contributed Capital		83 800	60 876
Total Equity		10 220 017	10 082 402
The total equity is attributable to the SA Government as owner			
Unrecognised Contractual Commitments	31		
Contingent Assets and Liabilities	32		

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	Contributed Capital \$'000	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
Balance as at 30 June 2014		37 316	6 603 589	3 304 949	9 945 854
Net Result after income tax equivalent for 2014-15		-	-	(105 759)	(105 759)
Revaluation of property during 2014-15					
Movement in rental houses due to revaluation:					
- Transferred to Capital Works		-	(940)	-	(940)
- Subject to sales contracts		-	(1 851)	-	(1 851)
Increment in freehold land and buildings due to revaluation		-	221 538	-	221 538
Total Comprehensive Result for 2014-15		-	218 747	(105 759)	112 988
Transfer to retained earnings of increment realised on sale of freehold land and buildings		-	(110 797)	-	(110 797)
Realisation of asset revaluation surplus on sale of freehold land and buildings		-	-	110 797	110 797
Total transfer between equity components 2014-15		-	(110 797)	110 797	-
Equity contribution received		23 560	-	-	23 560
Total transfer between SA Government as owner 2014-15		23 560	-	-	23 560
Balance as at 30 June 2015		60 876	6 711 539	3 309 987	10 082 402
Net Result after income tax equivalent for 2015-16		-	-	(154 063)	(154 063)
Revaluation of property during 2015-16					
Movement in rental houses due to revaluation:					
- Transferred to Capital Works		-	(153)	-	(153)
- Subject to sales contracts		-	(2 920)	-	(2 920)
Increment in freehold land and buildings due to revaluation		-	272 464	-	272 464
Total Comprehensive Result for 2015-16		-	269 391	(154 063)	115 328
Transfer to retained earnings of increment realised on sale of freehold land and buildings		-	(98 977)	-	(98 977)
Realisation of asset revaluation surplus on sale of freehold land and buildings		-	-	98 977	98 977
Total transfer between equity components 2015-16		-	(98 977)	98 977	-
Equity contribution received		22 924	-	-	22 924
Assets transferred to Renewal SA as part of administrative restructure	33	-	-	(637)	(637)
Total transfer between SA Government as owner 2015-16		22 924	-	(637)	22 287
Balance as at 30 June 2016		83 800	6 881 953	3 254 264	10 220 017

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

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

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2016

	Note No.	2016 \$'000	2015 \$'000
Cash flows from Operating Activities			
Cash Outflows			
Staffing Costs		(74 188)	(69 048)
Supplies and Services		(38 988)	(48 469)
Business Service Fee		(18 981)	(33 620)
Rental Property Expenses		(200 787)	(209 282)
Grants and Subsidies		(35 978)	(101 128)
Land Tax Equivalents Paid		(44 619)	(175 523)
Payments for Paid Parental Leave Scheme		(186)	(178)
Purchase of Rental Property		(109 433)	(126 068)
Cash used in operations		(523 160)	(763 316)
Cash Inflows			
Rent Received		271 392	275 672
Recoveries Received		31 707	38 032
Other Receipts		6 837	5 372
Receipts from Commonwealth		73 582	105 540
Interest Received		7 651	6 638
Proceeds from Sale of Rental Property		153 495	142 401
GST receipts from the Department for Communities and Social Inclusion		2 923	8 547
Cash generated from operations		547 587	582 202
Cash Flows from SA Government			
Receipts from SA Government		81 175	180 865
Cash generated from SA Government		81 175	180 865
Net Cash provided by/(used in) Operating Activities	35	105 602	(249)
Cash flows from Investing Activities			
Cash Outflows			
Purchase of Property, plant and equipment		(1 205)	(353)
Purchase of Intangibles		(1 512)	(907)
Cash used in investing activities		(2 717)	(1 260)
Net Cash used in Investing Activities		(2 717)	(1 260)
Cash flows from Financing Activities			
Cash Inflows			
Capital contributions from SA Government		22 924	23 560
Cash generated from financing activities		22 924	23 560
Net Cash used in Financing Activities		22 924	23 560
Net Increase/(Decrease) in Cash Held		125 809	22 051
Cash at the Beginning of the Financial Year		271 389	249 338
Cash at the End of the Financial Year	21	397 198	271 389

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

South Australian Housing Trust 2015-16

DISAGGREGATED DISCLOSURES - EXPENSES AND REVENUES

For the Year Ended 30 June 2016

Refer Note 5	Public Housing		Indigenous Housing		Community Housing		Private Rental Assistance		Homelessness Services & Support		Program Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses												
Staffing Costs	54 477	49 241	7 848	7 845	3 035	2 507	5 593	5 420	4 243	4 625	75 196	69 638
Supplies and Services	26 946	27 980	4 830	4 889	1 458	2 234	1 763	1 802	1 083	1 412	36 080	38 317
Business Services Fees	13 436	13 174	2 389	2 236	691	665	1 384	1 314	1 081	1 071	18 981	18 480
Rental Properties Expenses	355 154	353 993	18 085	18 429	131	194	5	4	2	1	373 377	372 621
Depreciation and Amortisation	68 115	67 722	9 452	8 463	11 212	11 151	-	-	-	-	88 779	87 336
Grants and Subsidies	11 174	14 442	267	910	5	7 966	19 618	19 760	536	54 917	31 600	97 995
Finance Costs	-	-	-	-	-	-	-	-	-	-	-	-
Impairment Expenses	15 234	12 147	1 074	336	640	202	5 600	5 039	-	-	22 548	17 724
Net Loss from Disposal of Assets	-	1 419	-	(33)	-	20	-	2	-	1	-	1 409
Donated Assets	-	185	-	484	-	-	-	-	-	-	-	669
Loss on revaluation of non-current assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	544 536	540 303	43 945	43 559	17 172	24 939	33 963	33 341	6 945	62 027	646 561	704 169
Income (excluding Capital Grants)												
Rental Income	251 269	259 780	15 594	15 774	13 215	11 614	-	-	-	-	280 078	287 168
Interest Revenue	7 888	6 638	-	-	-	-	-	-	-	-	7 888	6 638
Recoveries	19 481	16 926	2 895	1 915	187	28	8 428	8 286	4 377	37	35 368	27 192
Recurrent Commonwealth Revenues	73 582	84 035	-	-	-	-	-	-	-	8 870	73 582	92 905
Other Revenue	5 064	3 695	309	350	2	21	1 352	1 263	1	2	6 728	5 331
Net Gain from Disposal of Assets	8 327	-	(404)	-	(331)	-	-	-	-	-	7 592	-
Recurrent Revenues from SA Government	75 944	136 997	565	213	-	59	-	123	226	12 774	76 735	150 166
Gain on revaluation of non-current assets	87	510	-	-	-	-	-	-	-	-	87	510
Total Income (excluding Capital Grants)	441 642	508 581	18 959	18 252	13 073	11 722	9 780	9 672	4 604	21 683	488 058	569 910
Net Result Before Capital Grants	(102 894)	(31 722)	(24 986)	(25 307)	(4 099)	(13 217)	(24 183)	(23 669)	(2 341)	(40 344)	(158 503)	(134 259)
Capital Grants												
Capital Revenues from SA Government	4 440	28 500	-	-	-	-	-	-	-	-	4 440	28 500
Capital Commonwealth Revenues	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Grants	4 440	28 500	-	-	-	-	-	-	-	-	4 440	28 500
Net Result Before Income Tax Equivalent	(98 454)	(3 222)	(24 986)	(25 307)	(4 099)	(13 217)	(24 183)	(23 669)	(2 341)	(40 344)	(154 063)	(105 759)
Income Tax Equivalent	-	-	-	-	-	-	-	-	-	-	-	-
Net Result After Income Tax Equivalent	(98 454)	(3 222)	(24 986)	(25 307)	(4 099)	(13 217)	(24 183)	(23 669)	(2 341)	(40 344)	(154 063)	(105 759)

DISAGGREGATED DISCLOSURES - ASSETS AND LIABILITIES

As at 30 June 2016

Refer Note 5	Public Housing		Indigenous Housing		Community Housing		Private Rental Assistance		Homelessness Services & Support		Program Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Assets												
Cash and cash equivalents*	397 198	271 389	-	-	-	-	-	-	-	-	397 198	271 389
Receivables	10 816	9 592	5 211	4 725	2 082	1 521	-	-	4 125	-	22 234	15 838
Inventories	92 296	82 427	265	-	-	-	-	-	-	-	92 561	82 427
Non-current assets classified as held for sale	17 365	29 249	-	-	-	-	-	-	-	-	17 365	29 249
Property, Plant and Equipment	7 743 124	7 821 257	690 614	688 169	1 470 689	1 255 554	-	-	-	7	9 904 427	9 764 987
Intangible Assets	4 940	5 565	-	-	-	-	-	-	-	-	4 940	5 565
Total Assets	8 265 739	8 220 772	696 090	692 894	1 472 771	1 257 075	-	-	4 125	7	10 438 725	10 169 455
Liabilities												
Payables*	172 699	46 157	-	-	-	-	-	-	-	-	172 699	46 157
Staff Entitlements	18 037	16 425	2 611	2 617	1 010	836	1 861	1 808	1 412	1 543	24 931	23 229
Provisions	3 595	3 925	-	-	4	20	-	-	-	-	3 599	3 945
Other Liabilities	17 114	13 461	365	261	-	-	-	-	-	-	17 479	13 722
Total Liabilities	211 445	78 903	2 976	2 878	1 014	856	1 861	1 808	1 412	1 543	218 708	87 053

*These items have been attributed wholly to Public Housing as it was not possible to reliably attribute across other programs.

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Note 1 Objectives of the South Australian Housing Trust

1.1 Objectives

The South Australian Housing Trust (the Trust) is the State's principal housing authority. The Trust's roles and powers are based on the *South Australian Housing Trust Act 1995 (The Act)*, the *South Australian Co-operative and Community Housing Act 1991 (SACCH Act)*, the *Community Housing Providers (National Law) (South Australia) Act 2013* and the *Housing Improvement Act 1940*. As per Section 8 of *The Act*, the Trust is subject to the control and direction of the Minister for Housing and Urban Development. The Trust's ability to meet its objectives and financial obligations is dependent on government policy and the decisions of the Minister.

The Trust delivers on its objectives under *The Act* via the Service Level Administrative Arrangements (SLAAs) established with both Renewal SA (RSA) and the Department for Communities and Social Inclusion (DCSI). RSA is providing, on behalf of the Trust, services for all asset and maintenance strategy, the development and delivery of projects that will renew the Trust's housing stock, and management of not-for-profit community housing growth strategies and transfers, including relevant financial management.

DCSI, is continuing, to deliver social housing services through Housing SA (including property maintenance services as funded by the Trust) to tenants and clients. Housing SA will also continue to provide other key housing related programmes and responsibilities as required.

The Minister for Social Housing has responsibility for selected functions under the *Housing Improvement Act* and *The Act*, DCSI will continue to report to the Minister for Social Housing in relation to the provision of social housing services, with the Minister responsible for leading the transformation of service delivery for state-owned and managed social housing that will increasingly target services to community members with the greatest housing and support needs.

The Board of the Trust is responsible to the Minister for Housing and Urban Development, for overseeing the operations of the Trust. This responsibility may be formalised in a Ministerial Performance Agreement, in accordance with section 28 of the *Act* that defines the objectives and responsibilities of the Trust.

The primary objective of the Trust includes the provision of affordable housing to households and families on low to moderate incomes, including affordable home purchase opportunities, homelessness and support services; and the funding and regulation of Community Housing. The Board is responsible to the Minister for overseeing the operations of the Trust with the goals of:

- Ensuring the sound administration of *The Act* and the implementation of the Minister's housing policies and plans
- Achieving continuing improvements in the provision of secure and affordable public housing [S16 (1) (a)]
- Providing transparency and value in managing the resources available to the Trust and meeting Government and community expectations as to probity and accountability [S16 (1) (b)]
- Achieving appropriate social justice objectives and the fulfilment of the Trust's community service obligations [S16 (1) (c)]

Note 2 Summary of Significant Accounting Policies

2.1 Statement of Compliance

The Trust has prepared these financial statements in compliance with section 23 of the *Public Finance and Audit Act 1987*, and section 27 of *The Act*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with:

- Treasurer's Instructions and the Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*
- Relevant Australian Accounting Standards.

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

Except for AASB 2015-7 (*Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*) which the Trust 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 Trust for the reporting period ending 30 June 2016. Refer to Note 4.

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 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 these financial statements:
 - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies;
 - b) expenses incurred as a result of engaging consultants;
 - c) 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 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 have been revalued.

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.

2.3 Reporting Entity

The Trust's financial statements include only Trust activities and do not incorporate any administered items. The Trust's financial statements include assets, income, expenses and liabilities, controlled or incurred by the Trust in its own right.

2.4 Transferred Functions

On 21 April 2016, pursuant to the provisions of Section 23 of The Act, a transfer of properties from the Trust to the Urban Renewal Authority (URA), trading as Renewal SA, was effected by Government Gazetted (refer to Note 33).

2.5 Comparative Figures

The presentation and classification of items in the financial statements are consistent with prior periods except where adjusted to reflect the early adoption of specific revised Accounting Policy Statements or Australian Accounting Standards.

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.

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

2.6 Rounding

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

2.7 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:

Rent Receivable

Rent receivable in respect of each property is recognised as revenue and charged to tenants weekly, in advance.

The Trust determines a market rent for each property, structured on the basis of regional rental markets. This represents the potential rental income derivable from the rental stock. The Trust's rental policy is that no eligible tenant will be required to pay more than 25 percent of their household income in rent. The difference between the assessed rent (\$264.438m) for the property and the market rent (\$489.604m) is recognised as a rental rebate subsidy provided to tenants and income forgone by the Trust (\$225.166m).

Revenues from Government

Revenues received from SA Government are recognised as revenues when the Trust obtains control over them, normally upon receipt.

The capital component of National Partnership Agreement on Remote Indigenous Housing funding has been appropriated in the form of a capital contribution. This has resulted in the Treasurer acquiring a financial interest in the net assets of the Trust and the appropriation is recorded as contributed capital.

Grants Received

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

Disposal of Non-Current Assets

Income from the disposal of non-current assets is recognised when the control of the asset has passed to the buyer and is determined by comparing proceeds with carrying amount.

Gains on disposal of real property asset sales are recognised by the Trust when settlements are complete, which is determined to be the point when control of the asset has passed to the buyer. Refer to note 13 for further details.

When revalued assets are sold, the revaluation increments are transferred to retained earnings.

Recoveries

Recoveries for costs on-charged to tenants by the Trust are included as income.

2.8 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:

Staffing Costs

The Trust does not directly employ staff. The Trust has entered into SLAAs with RSA and DCSI who employ staff to carry out their obligations under these agreements. The Trust reimburse RSA and DCSI for the employee costs incurred and these are disclosed in *Note 6 Staffing Costs*.

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

Under Section 17 of the Act the Trust utilises staff of the DCSI & RSA for the provision of services.

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 staff utilised by the Trust. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole of government financial statements.

Finance costs

All finance costs, including borrowing costs, are recognised as expenses.

Grants and Subsidy Expenses

Expenses are generally recognised when paid, which occurs in accordance with relevant funding agreements.

2.9 Taxation

In accordance with section 25 of The Act, the Trust may be required to pay to the State Government tax equivalents. Tax Equivalent Payments are required in respect of income tax and land tax equivalents.

In determining its income tax equivalent commitments, the Trust utilises the accounting profit model. Under this model, income tax expense is calculated by applying the company income tax rate (currently 30%) to the accounting profit for the year, adjusted for any items approved by the Under Treasurer for exclusion from the profit figure. Treasury reimburses the full cost of an Income Tax Expense resulting in a nil effect of these payments on the net result.

Land Tax Expense is partially reimbursed by the State Government as part of a budget arrangement. The shortfall in funding impacting the net result for 2015-16 is \$106.575m (\$88.283m).

The Trust is liable for the cost of Payroll Tax, Fringe Benefits Tax, Stamp Duty and Goods and Services Tax (GST).

With respect to GST, the Trust is part of a GST group of which the nominated representative of the group is DCSI, which is responsible for paying GST on behalf of the Trust and is entitled to claim input tax credits. Administrative arrangements between DCSI and the Trust provide for the reimbursement of the GST consequence incurred/earned by the Trust. The reimbursement receivable from/payable to the Trust has been recognised as a payable/receivable in the Statement of Financial Position.

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
- receivables and payables, which are stated with the amount of GST included.

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.

2.10 Current and Non-Current Classification

Assets and liabilities are characterised as either current or non-current in nature. The Trust 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 12 months and more than 12 months, the Trust has separately disclosed the amounts expected to be recovered after more than 12 months.

Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank, cash on hand, including petty cash, cash management funds and deposits at call that are readily converted to cash and are used in the cash management function on a day-to-day basis and which are subject to insignificant risk of changes in value.

Cash is measured at nominal value.

Receivables

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

The majority of receivables relate to rent in respect of rental properties. Rents are recognised as revenue and charged to tenants weekly, in advance.

Trade receivables that arise in the normal course of selling goods and services to other agencies and to the public are normally settled within 30 days.

Other debtors that arise outside the normal course of selling goods and services to other agencies and to the public are subject to 30 day settlement terms.

The provision for doubtful debts/impairment loss is based on an actuarial review conducted by the consulting actuaries Brett & Watson Pty Ltd in June 2015 (refer note 22). The actuarial assessment conducted by Brett & Watson Pty Ltd was based on the requirements of AASB 139 *Financial Instruments: Recognition and Measurement*. The basic assumptions used in calculating the impairment loss included a discount rate of 2.8 per cent per annum, based on the risk free rate as at 30 June 2015, an estimated future debt write off of 2.8 per cent per annum and an assumption that 65 per cent of first arrangements will be written off by the end of their twelfth year. The provision covers variations to the net present value of debts as well as the debts not expected to be recovered. The next actuarial review will be undertaken in 2018.

Inventories

Inventories include capital work in progress, developed properties and vacant land that are expected to be sold in the ordinary course of business. Inventories are carried at the lower of cost and net realisable value. The amount of any inventory write-down to net realisable value is recognised as an expense in the period the write-down occurred. Any write-down reversals are recognised as an expense reduction.

- (i) Capital work in progress relates to development projects containing both land and building components that are expected to be sold on completion.
- (ii) Developed properties relates to land and building components that have been developed and may be sold in its current condition or transferred to capital work in progress as part of a development project. It is carried at cost.
- (iii) Vacant land consists of land that is expected to be sold.

Non-current Assets Held for Sale

Non-Current Assets classified as Held for Sale relate to rental properties and administrative properties that are no longer required for public rental or occupation and are expected to be sold, through the private property market, within the next 12 months. These assets are measured at the lower of their carrying amount and fair value less costs to sell and are no longer depreciated, pending sale.

Property, Plant and Equipment

(i) Acquisition and recognition

Assets acquired at no value, or minimal value, are recorded at their fair value in the Statement of Financial Position unless they are acquired as part of a restructuring of administrative arrangement, in which case they are recorded at the value recorded by the transferor prior to transfer.

All other assets are initially brought to account as follows:-

Rental Properties, Administrative Properties, Commercial Properties, Leasehold Improvements, Vacant Land and Plant and Equipment

These assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition and are depreciated as outlined below. The Trust capitalises assets with a value of \$5 000 or greater.

Subsequent costs are included in the asset's carrying amount, as appropriate, including capitalised maintenance costs on rental properties.

Assets Under Arrangement

Assets under arrangement are tenable properties which have had their legal title transferred to a Community Housing Organisation (CHO) in return for which the CHO has issued a debenture at fair value, or to a Preferred Growth Provider (PGP) under a legal arrangement with similar control provisions. Properties transferred to PGP's are those built using Nation Building Economic Stimulus Plan funding. Recognition is based on the Trust's ability to control the future service potential of the assets and that these are probable and can be reliably measured. Control of these properties resides with the Trust through the Community Housing Providers (National Law) (South Australia) Act 2013 and Funding Agreements which prescribe how the properties are to be used and managed on behalf of the government, the eligible tenants that are entitled to use them and the rent that can be charged by the CHO or PGP.

The SACCH Act provided for members of Housing Co-operatives and tenants of Associations to acquire equity in the properties they occupy, by the Co-operative or Association issuing equity shares to members. The equity shares reflect a proportional interest in the value of a specific Co-operative property.

Assets under arrangement are initially recognised at market value.

Remote Indigenous Leased Properties

The Minister for Social Housing has entered into lease arrangements ranging between 40 and 50 years with numerous indigenous communities to lease parcels of land to allow the construction of new houses and the upgrade of existing houses in remote areas utilising National Partnership Agreement funding. The Trust, as agent for the Minister, will oversee all capital works on the properties and overall management of the agreement. Under the terms of the Ground Lease, ownership of the new dwellings will pass to the governing body that manages the land at the end of the lease term.

The constructed assets are recorded as capital works in progress and once complete are recognised as Remote Indigenous Leased Properties.

Capital Work in Progress

Capital work in progress reflects assets under construction that will either be sold or utilised in the Trust's operation.

The carrying amount for capital work in progress includes all construction costs, charges for administrative expenses and a revaluation increment or decrement where the property has previously been revalued but excludes any borrowing costs and feasibility or pre-construction costs.

(ii) Valuation

Rental Properties, Administrative Properties, Commercial Properties, Vacant Land and Assets Under Arrangement

In compliance with AASB 116 *Property, Plant & Equipment* and APF III *Asset Accounting Framework*, all land and buildings are subsequently measured at fair value less accumulated depreciation.

The Trust revalues all land and buildings annually using the Valuer-General's values for rating purposes, issued as at 1 July 2015 reflecting "the capital amount that an unencumbered estate of fee simple in the land might reasonably be expected to realise upon sale" in accordance with the *Valuation of Land Act 1971* and is determined in line with the property market evidence at that time. This value is deemed to be fair value for financial reporting purposes.

Revaluation occurred at 31 October 2015, using the 1 July 2015 values, for all land and buildings acquired or completed before 31 October 2014.

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

Remote Indigenous Leased Properties

Remote Indigenous Leased Properties are amortised over the period of the relevant ground lease, forty or fifty years, respectively. Each property is revalued every three years, using Valuer-General's values for rating purposes, if available, or depreciated replacement cost. The replacement cost is derived from information provided by Housing SA construction programs for similarly configured properties being constructed remotely. Due to the remoteness of many of these leased properties, there is no observable market for these properties, nor consistent Valuer-Generals information that could be applied to an alternative valuation method. The first of these revaluations occurred at 31 October 2015.

Leasehold Improvements

The value of leasehold improvements is recorded at cost (deemed fair value).

Plant and Equipment

Plant and equipment is brought to account at historical cost (deemed fair value).

(iii) Depreciation and Amortisation

Property, plant and equipment assets have a limited useful life and are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential ranging from 3 to 50 years. The useful lives of all major assets held by the Trust are reassessed on an annual basis.

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, vacant land and capital work in progress are not depreciated.

Depreciation of property, plant and equipment is determined as follows:

Class of Asset	Depreciation Method	Useful Life (Years)
Rental Properties (Dwellings)*	Straight Line	50
Administrative Properties	Straight Line	10 – 30
Commercial Properties	Straight Line	20
Assets under Arrangement	Straight Line	50
Remote Indigenous Leased Properties	Straight Line	40 - 50
Leasehold Improvements	Straight Line	3 - 10
Plant and Equipment	Straight Line	3 - 10

* An estimated useful life of 50 years is assumed for rental dwellings and depreciation expense is calculated at a rate of 2 percent per annum on the opening revalued amount for each property.

Intangibles

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

The useful lives of intangible assets are assessed to be either finite or indefinite. The Trust only has intangible assets with finite lives.

The acquisition or internal development of software is capitalised when the expenditure meets the definition and recognition criteria of an asset as outlined in AASB 138 *Intangible Assets* and when the amount of

expenditure is greater than or equal to \$5 000. Amortisation is calculated on a straight-line basis over 3 years from the date that the asset is ready for use.

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

Impairment

Receivables were tested for indications of impairment by way of an actuarial review at 30 June. The impairment loss has been offset against receivables and has been recognised in the Statement of Comprehensive Income under Impairment Expenses.

All other 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. If the amount by which the asset's carrying amount exceeds the recoverable amount is material it is recorded as an impairment loss.

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

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 Trust 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 Director, Financial Services and the Audit & Finance Committee at each reporting date.

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.

Financial assets/liabilities

The Trust does not recognise any financial assets or financial liabilities at fair value.

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 12 months and more than 12 months, the Trust has separately disclosed the amounts expected to be settled after more than 12 months.

Payables

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

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

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

All amounts 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 entitlement 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.

Paid Parental Leave Scheme

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

Staff Entitlements

Under Section 17 of The Act the Trust utilises staff of the DCSI & RSA for the provision of services.

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.

Liability for salaries and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

Annual leave, skills and experience retention leave and sick leave

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 sick leave is non-vesting and the anticipated average sick leave to be 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 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/non-current classification of the Trust's long service leave liabilities has been calculated based on historical usage patterns.

Staff entitlement on-costs

Staff entitlement on-costs of payroll tax and superannuation are recognised separately under payables.

Provisions

Insurance

The Trust has arranged, through South Australian Government Financing Authority SAICORP Division (SAICORP), to insure all major risks of the Trust. The excess payable under this arrangement varies depending on each class of insurance held. The amount of insurance expense recognised is the premium paid to SAICORP and any losses met by the Trust as deductibles under the cover.

The Trust undertakes annual reviews of insurance risks and provides for losses or other charges that are not covered by the Treasurer's indemnity with respect to each category of potential loss or claim reflected below.

The provision for Public Risk and Professional Indemnity includes estimates for future claim payments for reported claims with an allowance for claims incurred but not reported at balance date. This provision is internally calculated.

For all classes of insurance, claims liabilities are measured as the present values of the expected future payments.

Workers Compensation

The workers compensation provision recognised for the staff who provide services to the Trust 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 Trust is responsible for the payment of workers compensation claims.

Borrowings

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

Leases

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits incidental to ownership of the leased items are classified as Operating leases. Operating lease payments are charged to the Statement of Comprehensive Income on a straight line basis, which is representative of the pattern of benefits derived from the leased assets.

Finance Leases

Leases where the Trust as lessee assumes substantially all the risks and benefits associated with ownership of the assets are classified as Finance Leases. Finance Leases are recognised in accordance with AASB 117 Leases as assets and liabilities in the Statement of Financial Position at the lower of fair value or the present value of the minimum lease payments as determined at the inception of the lease.

Unearned Revenue

Unearned Revenue includes lump sums received for leases assigned on Trust properties which are progressively brought to account as income on a straight-line basis over the term of their respective agreements.

2.13 Unrecognised Contractual Commitments and Contingent Assets and Liabilities

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

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

Unrecognised contractual commitments are disclosed gross of the amount of GST recoverable from, or payable to DCSI. Contingencies are disclosed net of the amount of GST recoverable from, or payable to DCSI.

Note 3 Financial Risk Management

While the Trust has significant financial assets and liabilities, such as cash on hand and on call, receivables and payables its exposure to market risk and cash flow risk is minimal and managed through appropriate provisions.

The Trust is exposed to credit risk associated with the amounts due to it from tenants for rent and other charges. Credit risk is ameliorated by the fact that amounts due from individual tenants are relatively small. The Trust manages credit risk associated with its tenants by establishment of a Credit Policy which is communicated to Trust staff and tenants. The performance of individual tenants and of components of the total population of tenants are monitored and reported upon to Trust management and the Board.

The Trust is also exposed to risk arising from property values in the real estate market, due to its reliance on asset sales to fund capital works. The Trust manages any risk of not meeting its sales revenue requirements by regular monitoring and reporting of sales performance.

The fair value of the Trust's financial assets and liabilities which are subject to normal trade credit terms, is considered to be book value.

In relation to liquidity/funding risk, the continued existence of the Trust in its present form, and with its present programs, is dependent on Government policy and associated funding programs for the Trust's administration and outputs.

Note 4 New and Revised Accounting Standards and Policies

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

Except for AASB 2015-7 which the Trust has early adopted, Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet effective, have not been adopted by the Trust for the reporting period ending 30 June 2016. The Trust 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 Trust.

Note 5 Activities of the South Australian Housing Trust

In achieving its objectives, the Trust has entered into a Service Level Administrative Arrangement (SLAA) with each of RSA and DCSI. RSA is providing, on behalf of the SAHT, services for all asset and maintenance strategy, the development and delivery of projects that will renew the SAHT's housing stock, and management of not-for-profit community housing growth strategies and transfers, including relevant financial management.

DCSI is continuing to deliver social housing services through Housing SA (including property maintenance services as funded by SAHT) to tenants and clients. Housing SA will also continue to provide other key housing related programmes and responsibilities as required.

Trust operations have been organised into the following business activities:

Public Housing – management of public housing tenancies and assets, and promotion of the development of the social housing sector. Managing tenancies includes assessment of customers for eligibility, allocation of public houses to those in need, provision of rental subsidies, linking customers with appropriate support services, provision of transitional housing and management of supported tenancies by providing properties to support agencies. Managing assets includes maintenance, area regeneration and urban renewal programs, stock replacement programs (construction, purchase and disposal), modification of houses for those with a disability and strategic management and planning for future public housing stock needs. Promoting development of the social housing sector includes furthering the Government's strategies to address the key issues of affordable housing and homelessness, as well as promoting innovation and partnering with private sector organisations.

Indigenous Housing – management of tenancies and housing assets specifically for indigenous customers (who may also choose to access assistance via general Public Housing), and management of the Commonwealth Government's National Partnership Agreement for Remote Indigenous Housing. This Agreement provides funding for the purpose of addressing issues of overcrowding in remote indigenous communities by increasing the supply of new houses, improving the condition of existing houses and ensuring ongoing maintenance and management of rental houses in remote indigenous communities.

Community Housing – development, support and promotion of the community housing sector, including administering the South Australian Co-operative and Community Housing Act 1991 and the Community Housing Providers (National Law) (South Australia) Act 2013, and assisting in the establishment, regulation and administration of Housing Co-operatives and Housing Associations in South Australia.

Private Rental Assistance – provision of financial assistance, information, referral, advocacy and counselling to assist households who are experiencing instability, poverty or housing difficulty in the private rental market.

Homelessness Services and Support – supporting the homelessness services sector to enable more integrated and responsive service provision.

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.

South Australian Housing Trust

2015-16

Note 6 Staffing Costs

	2016	2015
	\$'000	\$'000
Salaries and Wages	55 293	54 028
Superannuation	6 794	6 657
Annual Leave	5 744	5 443
Payroll Tax	3 622	3 537
Other staff expenses	2 480	2 262
Long Service Leave	2 784	2 508
Retention Leave	354	360
Workers Compensation	1 148	(247)
Targeted Voluntary Separation Packages	341	104
Board Fees	176	223
Charged to Capital Program	(3 540)	(5 237)
Total Staffing Costs	75 196	69 638

Refer to Note 2.8 for recognition criteria of Staffing Costs.

Targeted Voluntary Separation Packages (TVSPs)

Amount paid during the reporting period to separated staff:

TVSPs	341	104
Annual Leave, Retention Leave and Long Service Leave paid to those employees	318	8
Recovery from the Department of Communities and Social Inclusion	-	104
Net cost to Trust	659	8

Number of employees who received a TVSP during the reporting period was: 4 1

Remuneration of Staff

The table below includes DCSI & RSA executives and staff paid by the Trust under the respective service level agreements who received remuneration equal to or greater than the base Executive Remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these staff for the year was \$3.411 million (\$1.956 million).

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

	2016 No	2015 No
\$145 001 to \$155 000	1	4
\$155 001 to \$165 000	5	2
\$165 001 to \$175 000	1	-
\$175 001 to \$185 000	1	-
\$185 001 to \$195 000	3	4
\$195 001 to \$205 000	2	-
\$235 001 to \$245 000	1	-
\$265 001 to \$275 000	-	1
\$275 001 to \$285 000*	1	-
\$285 001 to \$295 000	1	-
\$345 001 to \$355 000*	1	-
Total number of staff	17	11

*The table includes the TVSP component paid where the employee meets the \$145,000 threshold on normal remuneration. In 2015-16, there were 2 (nil) employees included in the table whom received a TVSP.

South Australian Housing Trust

2015-16

Remuneration of Board and Committee Members

Membership for various Boards and Committees during 2015-16 were:

SAHT Governing Board <i>(appointed by the Governor)</i>	South Australian Affordable Housing Trust Board* <i>(appointed by the Board)</i>	Audit and Finance Committee <i>(appointed by the Board)</i>
M Patetsos (Chairperson)	M Patetsos (Chairperson)	J King (Chairperson)
J King	J King	M Patetsos
M Hemmerling	M Hemmerling	M Hemmerling
G Crafter	G Crafter	G Holdich
C Holden	C Holden	
A Blair	A Blair	
B Boorman (ceased June 2015)	B Boorman (ceased June 2015)	

*The South Australian Affordable Housing Trust Board was dissolved as a result of *S199 and 200 of the Statutes Amendment (Boards and Committees—Abolition and Reform) Act 2015*, which came into operation on 1 July 2015.

The following additional committee has been disclosed in accordance with *Accounting Policy Framework II General Purpose Financial Reporting Framework APS 4.12*:

Housing Appeal Panel

(appointed by the Minister)

K McEvoy (ceased March 2015)

M Castles (ceased January 2015)

U Dahl (ceased March 2015)

K Dahl (ceased March 2015)

A Faulkner (ceased March 2015)

A King (ceased March 2015)

A McLean (ceased March 2015)

* The Housing Appeals Panel was dissolved in March 2015. Since April 2015, the South Australian Civil and Administrative Tribunal have undertaken the functions of the Housing Appeals Panel.

The fees paid to Board members in their capacity as Board Members are set by Executive Council.

Some Board members sit on more than one Board.

The number of Board and Committee members whose remuneration from the Trust falls within the following bands:

	2016	2015
	No.	No.
\$0 - \$9 999	2	8
\$20 000 - \$29 999	3	5
\$30 000 - \$39 999	2	2
\$40,000 - \$49,999	1	1
	8	16

	2016	2015
	\$'000	\$'000
Total remuneration received, or due and receivable by Board and Committee members	193	255
Amounts paid to a superannuation plan for Board and Committee members	17	22

Transactions with members were on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the Board and Committee members at arm's length in the same circumstances.

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Note 7 Supplies and Services

	2016	2015
	\$'000	\$'000
Operating Lease	6 825	7 245
Insurance	5 722	6 340
Contractors	3 060	2 755
Accommodation Expenses	2 411	3 151
Leased Property Expenses	1 552	2 377
Renewal SA Recharges	2 978	3 591
Administration Expenses	2 112	2 328
Fleet Management	1 974	2 140
Computer Expenses	4 222	4 246
Printing, Stationery and Postage	1 553	1 452
Travel and Accommodation	743	774
Communications	918	944
Tenant Relocation	400	799
Debt Management	922	788
Agent Fees	524	643
Other Customer Related Expenses	360	479
Staff Development	445	298
Audit Fees - Auditor-General's Department ⁽¹⁾	445	413
Consultants	436	83
Brokerage	97	87
Charged to Capital Program	(1 619)	(2 616)
Total Supplies and Services	36 080	38 317

(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.

No penalty amounts were paid to small businesses as required by the *Late Payment of Government Debts (Interest) Act 2013* during the 2015-16 year.

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

	2016	2016	2015	2015
	Number	\$'000	Number	\$'000
Below \$10 000	2	7	5	10
Above \$10 000	3	429	5	73
Total paid/payable to the consultants engaged	5	436	10	83

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Note 8 Business Service Fees

	2016	2015
	\$'000	\$'000
Computing Services and Processing Charges	7 941	7 816
Motor Vehicle Hire Charges	313	296
Legal & Financial Services	421	414
GST Expense	742	688
Staff Development	895	872
Human Resources Services	1 629	1 589
Records Management and Mail Services	850	741
Administration Premises Management	853	832
Procurement Services	943	920
Geographical Information Services	278	271
Payroll Services	570	629
Internal Audit	579	565
Business Planning, Strategy and Quality Assurance	277	270
Insurance	267	261
Media & Communications Services	308	299
SA Government Shared Services	1 949	1 835
Telecommunications Management and Charges	166	162
Total Business Service Fees	18 981	18 460

Note 9 Rental Property Expenses

	2016	2015
	\$'000	\$'000
Land Tax Equivalent	178 475	175 523
Maintenance	111 016	115 723
Council Rates	45 003	45 088
Water Rates	38 193	35 354
Construction Variances	70	314
Property Expenses	481	348
Emergency Services Levy	124	255
Stamp Duty & Search Fees	15	16
Total Rental Property Expenses	373 377	372 621

Note 10 Depreciation and Amortisation

	2016	2015
	\$'000	\$'000
Depreciation and Amortisation		
Rental Properties	68 211	68 523
Assets under Arrangement	12 103	11 148
Plant and Equipment	577	598
Administrative Properties	161	161
Commercial Properties	118	77
Intangible Assets	2 137	2 401
Leasehold Improvements	95	127
Remote Indigenous Leased Properties	5 377	4 301
Total Depreciation and Amortisation	88 779	87 336

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Note 11 Grants and Subsidies

	2016	2015
	\$'000	\$'000
Private Rental Assistance	16 404	16 899
National Rental Affordability Scheme Subsidies	8 277	6 177
Emergency Accommodation Assistance	2 398	2 149
Crisis Accommodation Millers Court	2 046	-
Emergency Management Grants	816	713
Affordable Housing Grants	627	630
National Partnership Agreement: Homelessness	581	16 853
National Partnership Agreement: Remote Indigenous Housing	222	865
Homes for Homes Initiative	200	200
Upgrade of Disability SA Housing	14	26
Other Recurrent Grants	8	1
Subsidies to Community Housing Organisations	7	21
National Affordable Housing Agreement: Specialist Homelessness Services	-	38 064
Community Housing Construction Stimulus	-	7 923
Funding Contribution to Woodville West Project (Renewal SA)	-	4 772
Subsidies to Other Housing Providers	-	2 397
Funding Contribution to City of Playford	-	240
Indigenous Community Housing Program	-	43
Community Housing Organisation Maintenance Liability	-	22
Total Grants and Subsidies	31 600	97 995

Note 12 Impairment Expenses

	2016	2015
	\$'000	\$'000
Asset Write-offs ⁽²⁾	10 568	8 007
Doubtful Debts Expense	11 366	8 738
Assets Held for Sale	614	979
Total Impairment Expenses	22 548	17 724

⁽²⁾ Expensing of book value of assets demolished.

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Note 13 Net Gain/Loss from Disposal of Assets

	2016	2015
	\$'000	\$'000
Rental Properties		
Proceeds from disposal	102 653	114 049
Less net book value of assets disposed ⁽³⁾	(104 841)	(117 849)
Net Gain/Loss from disposal of rental properties	(2 188)	(3 800)
Administration Properties		
Proceeds from disposal	5	-
Less net book value of assets disposed ⁽³⁾	(5)	-
Net Gain/Loss from disposal of administration properties	-	-
Inventory - Developed Properties		
Proceeds from disposal	37 666	22 534
Less net book value of assets disposed ⁽³⁾	(27 494)	(19 881)
Net Gain from disposal of completed assets	10 172	2 653
Inventory - Vacant Land		
Proceeds from disposal	3 388	3 764
Less net book value of assets disposed ⁽³⁾	(3 754)	(3 980)
Net Loss from disposal of vacant land	(366)	(216)
Plant and Equipment		
Proceeds from disposal	-	-
Less net book value of assets disposed	(26)	(46)
Net Loss from disposal of plant and equipment	(26)	(46)
Total Assets		
Total proceeds from disposal	143 712	140 347
Less net book value of assets disposed ⁽³⁾	(136 120)	(141 756)
Total Net Gain/Loss from Disposal of Assets	7 592	(1 409)

⁽³⁾The net book value of assets disposed comprises the carrying amount of the properties, plus the costs of marketing and agent fees and the cost of separating services and titles in respect of double units sold. In establishing the property value, the Valuer includes the impact of capital improvements effected by the tenants. Tenants purchasing properties are allowed discounts consistent with their personal investment in the property.

Note 14 Rental Income

	2016	2015
	\$'000	\$'000
Rent received/receivable from entities external to the SA Government		
Market Rent Income	489 604	497 774
less Rental Rebates	(225 166)	(224 531)
Other Rent	15 640	13 925
Total Rental Income	280 078	287 168

Note 15 Interest Revenue

	2016	2015
	\$'000	\$'000
Interest from entities within the SA Government	7 863	6 608
Interest from entities external to the SA Government	25	30
Total Interest Revenue	7 888	6 638

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Note 16 Recoveries

	2016	2015
	\$'000	\$'000
Water charges	11 696	11 856
Private Rental Assistance	8 097	8 258
Maintenance	6 166	5 069
Homelessness Services Recoveries	4 125	-
GST Recoveries	3 871	-
General Service Recoveries	796	92
Insurance	435	1 618
Other	182	158
TVSP Recoveries	-	104
Grant Recoveries	-	37
Total Recoveries	35 368	27 192

Note 17 Recurrent Commonwealth Revenues

	2016	2015
	\$'000	\$'000
National Affordable Housing Agreement Base Funding	73 226	83 528
National Partnership Agreement: Homelessness	-	8 870
Kurlana Tangkuinya 'New Dreams' Project	277	507
Local Support Coordinator - Domestic & Family Violence	79	-
Total Recurrent Commonwealth Revenues	73 582	92 905

Note 18 Other Revenue

	2016	2015
	\$'000	\$'000
Bad Debts Recovered	5 383	4 933
Sundry Revenue	893	378
Shared Value Mortgages	452	-
Assets Received Free of Charge	-	20
Total Other Revenue	6 728	5 331

Note 19 Recurrent Revenues from SA Government

	2016	2015
	\$'000	\$'000
Tax Equivalent Reimbursement	71 900	87 240
National Rental Affordability Scheme	2 426	2 308
Emergency Management Reimbursement	1 618	750
Other State Grants	565	719
Homelessness Program	226	-
National Partnership Agreement: Homelessness	-	8 870
Housing Stimulus	-	45 000
Violence Intervention Program	-	545
Enterprise Bargaining Supplementation Funding	-	1 725
Equal Remuneration Order Supplementation Funding	-	2 077
Common Ground Funding	-	932
Total Recurrent Revenues from SA Government	76 735	150 166

Note 20 Capital Revenues from SA Government

	2016	2015
	\$'000	\$'000
Solar Hot Water Systems	-	5 500
Housing Stimulus	-	20 000
City Respite Facility	4 440	3 000
Total Capital Revenues from SA Government	4 440	28 500

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Note 21 Cash and Cash Equivalents

	2016	2015
	\$'000	\$'000
Cash held at SAFA Cash Management Facility	342 920	182 442
Deposits with the Treasurer	52 884	87 578
Cash – Development Projects	1 374	1 349
Cash on hand	20	20
Total Cash and Cash Equivalents	397 198	271 389

Deposits with the Treasurer

Relates to working cash held in the Commonwealth Bank Working account through the SA Department of Treasury and Finance.

Cash - Development Projects

Relates to the ANZ accounts held for the Playford development projects.

Note 22 Receivables

	2016	2015
	\$'000	\$'000
Receivables	36 063	30 533
Less allowance for doubtful debts	(20 256)	(19 573)
Accrued revenues	4 553	3 449
GST receivable from Department for Communities and Social Inclusion	1 274	645
Prepayments	600	784
Total Current Receivables	22 234	15 838
Total Receivables	22 234	15 838

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Rent is payable in advance and charged weekly. All other receivables are subject to a term of 30 days.

Other than what is 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 received on demand. The credit risk is concentrated in the rental area due to the nature of the business of the Trust.

Prepayments, accrued revenues and the majority of receivables are non-interest bearing.

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 has been recognised in impairment 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)	2016	2015
	\$'000	\$'000
Carrying amount at the beginning of the period	19 573	19 944
Increase in the provision	11 366	8 738
Amounts written off	(10 683)	(9 109)
Carrying amount at the end of the period	20 256	19 573

Bad and doubtful debts

The Trust has recognised a doubtful debts expense of \$11.366m (\$8.738m) in the Statement of Comprehensive Income.

Provision for doubtful debts policy – refer to Note 2.11

Maturity analysis of receivables – refer to table 36.3 in Note 36

Categorisation of financial instruments and risk exposure information – refer to Note 36

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Note 23 Inventories

	2016	2015
Current	\$'000	\$'000
Capital Work in progress	70 388	67 149
Developed properties	15 462	6 753
Vacant land	6 566	7 990
Total Current Inventories	92 416	81 892
Non-Current		
Capital Work in progress	145	535
Total Non-Current Inventories	145	535
Total Inventories	92 561	82 427

Note 24 Non-Current Assets Classified as Held for Sale

	2016	2015
	\$'000	\$'000
Land	11 351	16 675
Buildings	6 014	12 574
Total Non-Current Assets Classified as Held for Sale	17 365	29 249

Note 25 Property, Plant and Equipment

	2016	2015
Rental Properties	\$'000	\$'000
Land		
Land at fair value	4 725 125	4 781 145
Buildings		
Buildings at fair value	3 386 735	3 446 341
Accumulated depreciation	(45 882)	(45 740)
Total Buildings	3 340 853	3 400 601
Total Rental Properties	8 065 978	8 181 746
Administrative Properties		
Land		
Freehold Land	1 954	1 957
Buildings		
Buildings	3 695	3 632
Accumulated depreciation	(127)	(123)
Total Buildings	3 568	3 509
Leasehold Improvements		
Leasehold Improvements at cost (deemed fair value)	7 713	7 527
Accumulated depreciation	(6 703)	(6 746)
Total Leasehold Improvements	1 010	781
Total Administrative Properties	6 532	6 247
Commercial Properties		
Land		
Commercial Properties	194	167
Buildings		
Buildings	1 713	1 740
Accumulated depreciation	(89)	(58)
Total Commercial Properties - Buildings	1 624	1 682
Total Commercial Properties	1 818	1 849

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Assets Under Arrangement		
Land		
Assets Under Arrangement	800 457	657 442
Buildings		
Assets Under Arrangement	624 957	554 393
Accumulated depreciation	(8 369)	(7 412)
Total Assets Under Arrangement - Buildings	616 588	546 981
Total Assets Under Arrangement	1 417 045	1 204 423
Vacant Land		
Land		
Freehold Land	44 296	51 709
Total Vacant Land	44 296	51 709
Remote Indigenous Leased Properties		
Remote Indigenous Buildings	222 287	217 794
Accumulated amortisation	(9 028)	(3 760)
Total Remote Indigenous Leased Properties	213 259	214 034
Plant and Equipment		
Plant and Equipment at cost (deemed fair value)	7 307	6 708
Accumulated depreciation	(3 156)	(2 644)
Total Plant and Equipment	4 151	4 064
Capital Works in Progress		
Buildings & Land	151 348	100 915
Total Capital Works in Progress	151 348	100 915
Total Property, Plant and Equipment	9 904 427	9 764 987
Total property, plant and equipment at fair value	9 811 413	9 716 320
Total property, plant and equipment at cost	166 368	115 150
Total accumulated depreciation	(73 354)	(66 483)
Total Property, Plant and Equipment	9 904 427	9 764 987

Refer to Note 38 for reconciliation of Property, Plant and Equipment.

Note 26 Intangible Assets

	2016	2015
Computer Software	\$'000	\$'000
Internally Generated Computer software	16 614	16 366
Accumulated amortisation	(13 446)	(11 474)
Total Computer Software	3 168	4 892
Work in progress Computer System Development	1 772	673
Total Work in progress Computer Systems Development	1 772	673
Total Intangible Assets	4 940	5 565

An expense of \$2.069m (\$2.175m) for research and development costs has been recognised in 2015-16. Refer Note 7.

South Australian Housing Trust				2015-16	
	Internally Generated Software		Work in Progress Computer System Development		Total
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000
Opening Balance	4 892	3 324	673	3 735	5 565
Additions	413	3 969	1 512	907	1 925
Transfers to Internally Generated Software	-	-	(413)	(3 969)	(413)
Amortisation	(2 137)	(2 401)	-	-	(2 137)
Closing Balance	3 168	4 892	1 772	673	4 940

Note 27 Payables

	2016 \$'000	2015 \$'000
Current		
Creditors	18 181	26 890
Land Tax Payable	133 856	-
Accrued expenses	17 897	16 742
Staff oncosts	1 468	1 338
Total Current Payables	171 402	44 970
Non-Current		
Staff oncosts	1 297	1 187
Total Non-Current Payables	1 297	1 187
Total Payables	172 699	46 157

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 (of 10.3%) to 10.2%.

These rates are used in the employment oncost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost and staffing costs expense of \$0.575m. The estimated impact on 2016 and 2017 is considered to be 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. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

Maturity analysis of payables - refer to table 36.3 in Note 36.

Categorisation of financial instruments and risk exposure information - refer to Note 36

Note 28 Staff Entitlements

	2016 \$'000	2015 \$'000
Current		
Annual leave	5 720	5 458
Long service leave	3 666	3 486
Retention leave	533	531
Accrued Salaries and Wages	961	489
Total Current Staff Entitlements	10 880	9 964
Non-Current		
Long service leave	14 051	13 265
Total Non-Current Staff Entitlements	14 051	13 265
Total Staff Entitlements	24 931	23 229

AASB119 *Employee Benefits* contains the calculation methodology for long service liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave liability. AASB119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service liability. The yield on long term Commonwealth Government bonds has decreased from 2015 (3.00%) to 2016 (2.00%).

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 \$1.108m and staffing costs expense of \$1.653m. 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 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 29 Provisions

	2016	2015
Current	\$'000	\$'000
Public Risk & Professional Indemnity	71	69
Workers Compensation	1 015	909
Other Warranties	4	17
Total Current Provisions	1 090	995
Non-Current		
Public Risk & Professional Indemnity	723	677
Workers Compensation	1 786	2 269
Other Warranties	-	4
Total Non-Current Provisions	2 509	2 950
Total Provisions	3 599	3 945

An asset of \$0.097m (\$0.060m) for workers compensation recoveries has been recognised for 2015-16. Refer Note 22.

2015-16	Public Risk & Professional Indemnity	Workers Compensation	Other Warranties	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of financial year	746	3 178	21	3 945
Additional provisions recognised	499	1 148	-	1 647
Reduction in provisions	(334)	-	(17)	(351)
Payments made	(117)	(1 525)	-	(1 642)
Carrying amount at end of financial year	794	2 801	4	3 599

Note 30 Other Liabilities

	2016	2015
Current	\$'000	\$'000
Rent received in advance	12 402	8 243
Deposits Held:		
Tenant deposits held	2 478	2 539
Sale deposits held	86	18
Unearned revenue	159	160
Managed houses scheme	243	243
Total Current Other Liabilities	15 368	11 203
Non-Current		
Unearned revenue	836	1 001
Managed houses scheme	1 275	1 518
Total Non-Current Other Liabilities	2 111	2 519
Total Other Liabilities	17 479	13 722

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Note 31 Unrecognised Contractual Commitments

	2016	2015
Capital Commitments	\$'000	\$'000
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:		
Not later than one year	23 065	14 881
Later than one year but not later than five years	7 051	9 629
Later than five years	-	-
Total Capital Commitments	30 116	24 510

Recurrent Commitments

The Trust's recurrent commitments are for agreements for expenditure on operations, maintenance and grant funded programs contracted but not provided for and payable, are as follows:

Not later than one year	3 600	3 509
Later than one year but not later than five years	1 014	718
Later than five years	-	-
Total Recurrent Commitments	4 614	4 227

Management Agreement Commitments

The Trust's management agreement commitments are to manage houses subject to lease arrangements with Funds SA (formerly Colonial First State and Motor Accident Commission) which are contracted but not provided for are payable as follows:

Not later than one year	288	336
Later than one year but not later than five years	4 755	4 750
Later than five years	2 559	3 881
Total Management Agreement Commitments	7 602	8 967

Operating Lease Commitments

The Trust's operating leases are for office accommodation. The leases are non-cancellable with terms ranging up to 10 years with some leases having the right of renewal.

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

Not later than one year	4 141	4 138
Later than one year but not later than five years	3 254	5 482
Later than five years	-	-
Total Operating Lease Commitments	7 395	9 620

Note 32 Contingent Assets and Liabilities

Contingent Assets

Shared Value Affordable Home Initiative

The Shared Value Affordable Home Initiative, funded by the Commonwealth Government in conjunction with Local Government, allows eligible buyers the opportunity to purchase a property at a price less than market value. Each purchase is subject to a shared appreciation arrangement and a mortgage is affixed to the property. Under this arrangement when the property is sold or the mortgage discharged, the amount of the original discount, plus a share in any appreciation or depreciation in value, must be paid to the Trust for reinvestment in Affordable Housing outcomes. There are currently 22 (26) properties under this scheme with a total discount provided of \$1.211m (\$1.543m). The current share of depreciation of these properties is approximately \$0.063m (\$0.145m).

Contingent Liabilities

Progressive Purchase Scheme

Under this scheme the Trust owns portions of properties as tenant in common with other persons. Where the Trust has signed agreements with lending institutions advancing persons mortgage monies, the Trust can be called upon in cases of default to purchase the defaulter's interest at current market value. The 15 (17) properties included in the scheme are subject to mortgages with a collective loan balance of \$0.310m (\$0.321m). The Tenant's share of the value of the properties subject to mortgage is estimated to be \$2.028m (\$2.154m), based on the Valuer-General's overall capital value.

Rental Purchase and Sale Under Agreement House Purchase Schemes

The rental purchase and sale under agreement portfolio was transferred to HomeStart Finance on 10 December 1993 and due to conditions in some of the agreements, the Trust remains responsible to make good for loss or damage to the subject properties for specific events. There are 8 (12) properties currently under this scheme. The Trust remains the

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legal owner of these properties until they are transferred to the purchasers upon completion of this agreement. The properties included in the scheme that are subject to indemnity clauses have a collective estimated replacement value of \$1.628m (\$2.290m). These properties together with the Trust's rental properties are subject to an agency agreement with South Australian Government Financing Authority, SAICORP Division (SAICORP) and in the event of a claim will be indemnified by the Treasurer so as to limit the exposure of the Trust to \$1.0m.

Bond Guarantee Scheme

Under the bond guarantee scheme a guarantee for the bond is given to the landlord. In the event of a claim by a landlord, the Office of Consumer and Business Services makes a payment. The Trust then reimburses the Office of Consumer and Business Services and the private rental customer becomes liable to the Trust for the amount. The value of bond guarantees issued and outstanding at 30 June 2016 is \$55.550m (\$50.178m). The value of claims made this financial year is \$7.853m (\$7.955m).

The Trust pays interest at an agreed market determined rate to the Office of Consumer and Business Services based on the daily outstanding balance of bond guarantees issued.

Equity Shares

The *South Australian Co-operative and Community Housing Act 1991* provided for members of Housing Co-operatives and tenants of Associations to acquire equity in the properties they occupy, by the Co-operative or Association issuing equity shares to members. The equity shares reflect a proportional interest in the value of a specific Co-operative or Association property. The Trust is obliged to repurchase the equity shares from holders who leave relevant Co-operatives or Associations at a value reflecting their proportion of the current value of the property at the time the equity shares are redeemed. The value of these equity shares at 30 June 2016 is \$10.031m (\$9.751m).

Note 33 Transferred Functions

The following assets and liabilities were transferred to Renewal SA:

	2016	2015
	\$'000	\$'000
Transferred Out		
Non Current Assets		
Property, Plant and Equipment	637	-
Total Non Current Assets	637	-
Total Net Assets Transferred Out	637	-

Transfer of properties to Renewal SA

On 21 April 2016, pursuant to the provisions of Section 23 of The Act, a transfer of properties from the Trust to the Urban Renewal Authority (URA), trading as Renewal SA, was effected by Government Gazette.

Note 34 Unexpended Funding Commitments

Unspent Grant Commitments

The following table shows grant revenue received which remains unspent as at 30 June 2016 and 30 June 2015.

	2016	2015
	\$'000	\$'000
<i>Unspent SA Government Revenues</i>		
2014 State Election Commitments	7 440	8 382
Public Housing Stimulus	9 299	20 000
Street to Home Integrated Homelessness Program	46	-
Coober Pedy Homelessness & Support Service	15	-
Mobility Response Program	38	-
National Partnership Agreement: Homelessness	-	293
Total Unspent SA Government Commitments	16 838	28 675
<i>Unspent Commonwealth Revenues</i>		
Kurlana Tangkuinya 'New Dreams' Project	105	229
Local Support Coordinator	79	-
National Partnership Agreement: Homelessness (A Place to Call Home)	-	14
Total Unspent Commonwealth Grant Commitments	184	243
Total Unspent Grants	17 022	28 918

Most grants are subject to written agreements outlining the conditions of the funding, including the objectives, outcomes, performance criteria and reporting obligations. Non-compliance with these conditions may result in the Commonwealth or State recovering parts of the funding in accordance with the Implementation Plans (where applicable) for each agreement. The conditions attached to these grants can be summarised as:

2014 State Election Commitments

Funding for the cost of commitments made by the state government during the 2014 election. The specific initiatives being funded are: the establishment of a new disability respite facility in Adelaide, to be developed and managed in partnership with the private and non-government sectors; and the installation of solar hot water systems in more than 1,000 Trust properties, replacing electric and LPG hot water heaters.

Public Housing Stimulus

Funding to enable the Trust to progress planning and delivery of a number of projects and programs to help stimulate activity in the state's housing construction sector and improve the quality of public housing.

Kurlana Tangkuinya 'New Dreams' Project (formerly the Sturt Street Project)

Funding has been provided by the Commonwealth Government for the purpose of providing intensive support for 6 Indigenous women/family groups at any one time for 3-6 months in purpose-built transitional accommodation in Sturt Street Adelaide and other support services. The project will also provide post-transition support to the groups for up to 6-12 months after they exit the accommodation.

Street to Home Integrated Homelessness Program

Funding to enable the Trust staff to work in collaboration with the Street to Home service to facilitate the provision of shelter to those sleeping rough in and around the Adelaide Central Business District.

Coober Pedy Homelessness & Support Service

A homelessness response for transitional Aboriginal people from regional and remote communities presenting in Coober Pedy and Adelaide, who are at risk of rough sleeping or contributing to overcrowding in existing tenancies.

Aboriginal Mobility Response Program

Funding for a project which aims to address the risk and vulnerability associated with individuals and families from regional and remote South Australian communities who travel to metropolitan Adelaide.

Local Support Coordinator

Funding for the engagement of a Local Support Coordinator to coordinate support and services for women affected by domestic and family violence.

National Partnership Agreement: Homelessness (State Matching Funds)

A matching contribution by the State Government to assist in implementing programs that reduce homelessness in key groups including rough sleepers, people escaping violence, indigenous people, and people exiting social housing, institutional care or adult prisons.

National Partnership Agreement: Homelessness (A Place to Call Home)

The Commonwealth Government provides grants to assist in implementing programs that reduce homelessness in key groups including rough sleepers, people escaping violence, indigenous people, and people exiting social housing, institutional care or adult prisons. This is supported by the state matching component.

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Note 35 Cash Flow Reconciliation

	2016	2015
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Statement of Cash Flows	397 198	271 389
Statement of Financial Position	397 198	271 389
Reconciliation of Net Cash Inflows from Operating Activities to Net (Revenue from)/Cost of Providing Services:		
Net Cash provided by/(used in) Operating Activities	105 602	(249)
Less Receipts from SA Government	(81 175)	(180 865)
	<u>24 427</u>	<u>(181 114)</u>
Add/Less non cash items		
Depreciation and Amortisation	(88 779)	(87 336)
Loss/Gain on Revaluation of Non-current Assets	87	510
Net (loss)/gain from disposal of assets	7 592	(1 409)
Donated Assets	-	(669)
Buildings and Other Assets Written Off	(11 182)	(8 986)
Construction Variance, surplus on property	(70)	(314)
Allowance for Doubtful Debts	(683)	371
Assets received free of charge	-	20
Provision adjustment	(1 296)	242
Loan Amortisation	243	243
	<u>(94 088)</u>	<u>(97 328)</u>
Changes in Assets / Liabilities		
(Decrease) Increase in Receivables	7 079	(19 911)
(Decrease) Increase in Property, Plant and Equipment	(42 054)	(14 279)
Decrease (Increase) in Payables	(126 542)	28 687
(Increase) Decrease in Staff Entitlements	(1 702)	(1 690)
Decrease (Increase) in Provisions	1 642	1 263
(Increase) Decrease in Other Liabilities	(4 000)	(53)
	<u>(165 577)</u>	<u>(5 983)</u>
Net Revenue from/(Cost of) Providing Services	(235 238)	(284 425)

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Note 36 Financial Instruments/Financial Risk Management

Table 36.1 Categorisation of financial instruments

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

Category of financial assets	Note	Statement of Financial Position line item	Carrying Amount 2016 \$'000	Fair Value 2016 \$'000	Carrying Amount 2015 \$'000	Fair Value 2015 \$'000
Financial Assets						
Cash and cash equivalents	21	Cash and cash equivalents	397 198	397 198	271 389	271 389
Loans and Receivables	22	Receivables (at cost)	20 360	20 360	14 409	14 409
Financial Liabilities						
Payables	27	Payables (at cost)	35 285	35 285	42 647	42 647
Borrowings	30	Other Liabilities	4 082	4 082	4 318	4 318

Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables

Credit risk

Credit risk arises when there is the possibility of the Trust's debtors defaulting on their contractual obligations resulting in financial loss to the Trust. The Trust measures credit risk on a fair value basis and monitors risk on a regular basis.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently the Trust does not hold any collateral as security to any of its financial assets.

Table 36.2 Ageing analysis of financial assets

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

2016	Overdue for < 30 days \$'000	Overdue for 30 - 90 days \$'000	Overdue for > 90 days \$'000	Total \$'000
Not Impaired				
Receivables	999	148	7 132	8 279
Impaired				
Receivables	1 855	274	13 246	15 375
2015				
Not Impaired				
Receivables	897	189	6 696	7 782
Impaired				
Receivables	1 666	351	12 436	14 453

Receivable amounts disclosed here exclude amounts relating to statutory receivables.

Table 36.3: Maturity analysis of financial assets and liabilities

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

2016	Carrying Amount \$'000	<1 year \$'000	1-5 years \$'000	> 5 years \$'000
Financial Assets				
Cash & cash equivalents	397 198	397 198	-	-
Receivables ⁽⁴⁾	20 360	20 360	-	-
Total financial assets	417 558	417 558	-	-
Financial Liabilities				
Payables	35 285	35 285	-	-
Other Liabilities	4 082	2 807	972	303
Total financial liabilities	39 367	38 092	972	303

2015	Carrying Amount \$'000	<1 year \$'000	1-5 years \$'000	> 5 years \$'000
Financial Assets				
Cash & cash equivalents	271 389	271 389	-	-
Receivables ⁽⁴⁾	14 409	14 409	-	-
Total financial assets	285 798	285 798	-	-
Financial Liabilities				
Payables	42 647	42 647	-	-
Other Liabilities	4 318	2 800	972	546
Total financial liabilities	46 965	45 447	972	546

⁽⁴⁾ The total value of receivables, net of the provision for doubtful debts is \$15.806m (\$10.960m). Of this amount \$5.127m (\$0.968m) is SA Government debtors which are considered current. The remaining \$10.679m (\$9.992m) of non-SA Government debtors is a figure derived based on the application of an actuarial assessment of provisions which makes no judgement regarding age. Therefore any attempt to age this figure is problematical.

Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables

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Note 37 Fair Value Measurement

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Trust categorises non-financial assets measured at fair value into hierarchies based on the level of inputs used in measurement as follows:

	2016 \$'000	Level 2 \$'000	Level 3 \$'000
Fair Value Measurements at 30 June 2016			
Recurring fair value measurement			
Land (Note 25)	5 527 730	5 527 730	-
Buildings (Note 25)	3 962 633	3 962 633	-
Vacant Land (Note 25)	44 296	44 296	-
Leasehold Improvements (Note 25)	1 010	-	1 010
Plant and Equipment (Note 25)	4 151	-	4 151
Remote Indigenous Leased Properties (Note 25)	213 259	-	213 259
Capital Works in Progress (Note 25)	151 348	151 348	-
Total recurring fair value measurements	9 904 427	9 686 007	218 420
Non-recurring fair value measurement			
Land held for sale (Note 24) ⁽⁵⁾	11 351	11 351	-
Buildings held for sale (Note 24) ⁽⁵⁾	6 014	6 014	-
Total non-recurring fair value measurements	17 365	17 365	-
TOTAL	9 921 792	9 703 372	218 420

	2015 \$'000	Level 2 \$'000	Level 3 \$'000
Fair Value Measurements at 30 June 2015			
Recurring fair value measurement			
Land (Note 25)	5 440 711	5 440 711	-
Buildings (Note 25)	3 952 773	3 952 773	-
Vacant Land (Note 25)	51 709	51 709	-
Leasehold Improvements (Note 25)	781	-	781
Plant and Equipment (Note 25)	4 064	-	4 064
Remote Indigenous Leased Properties (Note 25)	214 034	-	214 034
Capital Works in Progress (Note 25)	100 915	100 915	-
Total recurring fair value measurements	9 764 987	9 546 108	218 879
Non-recurring fair value measurement			
Land held for sale (Note 24) ⁽⁵⁾	16 675	16 675	-
Buildings held for sale (Note 24) ⁽⁵⁾	12 574	12 574	-
Total non-recurring fair value measurements	29 249	29 249	-
TOTAL	9 794 236	9 575 357	218 879

⁽⁵⁾ The Trust has measured land and buildings held for sale at fair value less costs to sell in accordance with AASB 5 because the assets' fair value less costs to sell is lower than its carrying amount. Refer to Note 24

The Trust's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. Valuation techniques used to derive level 2 and 3 fair values are at Note 2

During 2016 and 2015, the Trust 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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Reconciliation of fair value measurements – Level 3

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

	Plant & Equipment	Leasehold Improvements	Remote Indigenous Properties
	2016 \$'000	2016 \$'000	2016 \$'000
Opening balance at the beginning of the period	4 064	781	214 034
Acquisitions	9	391	-
Transfer into level 3 ⁽⁶⁾	681	327	7 258
Transfer out of level 3 ⁽⁶⁾	-	(327)	(2 766)
Disposals	(26)	(67)	110
Total gains (losses) for the period recognised in net result:			
Depreciation and Amortisation expenses	(577)	(95)	(5 377)
Carrying amount at the end of the period	4 151	1 010	213 259

	Plant & Equipment	Leasehold Improvements	Remote Indigenous Properties
	2015 \$'000	2015 \$'000	2015 \$'000
Opening balance at the beginning of the period	5 122	792	121 826
Acquisitions	70	378	-
Transfer into level 3 ⁽⁶⁾	-	-	12 838
Transfer out of level 3 ⁽⁶⁾	-	(15)	(2 270)
Disposals	(530)	(247)	15
Total gains (losses) for the period recognised in net result:			
Depreciation and Amortisation expenses	(598)	(127)	(4 301)
Total gains (losses) for the period recognised in other comprehensive income			
Revaluation increments	-	-	85 926
Carrying amount at the end of the period	4 064	781	214 034

⁽⁶⁾ Transfers into and out of level 3 relate to transfers from and to other asset classes disclosed in different fair value hierarchy levels.

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Note 38 Reconciliation of Property, Plant and Equipment

The following table shows the movement of Property, Plant and Equipment during 2015-16 and 2014-15:

	Rental Properties – Land		Rental Properties – Buildings		Admin Properties – Land	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Carrying Amount as at 1 July	4 781 145	4 775 948	3 400 601	3 347 018	1 957	2 031
Additions	-	-	-	-	-	-
Transfer In from other asset category	30 628	61 641	37 673	102 181	-	81
Maintenance Upgrades	-	-	13 592	18 586	-	-
Assets Classified as Held for Sale	5 704	(1 293)	6 560	(2 733)	-	-
Disposals	(63 704)	(70 464)	(36 439)	(40 148)	-	-
Transfer out to other asset category	(197 032)	(41 561)	(82 154)	(13 455)	(21)	(163)
Assets transferred due to Admin restructure	(411)	-	(226)	-	-	-
Revaluation Increment (Decrement) ⁽⁷⁾	168 795	56 874	69 013	57 165	18	8
Depreciation and Amortisation expenses	-	-	(68 211)	(68 523)	-	-
Depreciation and Amortisation on disposals	-	-	444	510	-	-
Carrying Amount as at 30 June	4 725 125	4 781 145	3 340 853	3 400 601	1 954	1 957

	Admin Properties – Buildings		Admin Properties – Leasehold Improvements		Commercial Properties – Land	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Carrying Amount as at 1 July	3 509	3 383	781	792	167	306
Additions	-	-	391	378	-	-
Transfer In from other asset category	-	248	327	-	-	-
Maintenance Upgrades	-	-	-	-	-	-
Assets Classified as Held for Sale	-	-	-	-	-	-
Disposals	(80)	-	(206)	(247)	-	-
Transfer out to other asset category	-	(157)	(327)	(15)	-	-
Assets transferred due to Admin restructure	-	-	-	-	-	-
Revaluation Increment (Decrement) ⁽⁷⁾	297	180	-	-	27	(139)
Depreciation and Amortisation expenses	(161)	(161)	(95)	(127)	-	-
Depreciation and Amortisation on disposals	3	16	139	-	-	-
Carrying Amount as at 30 June	3 568	3 509	1 010	781	194	167

	Commercial Properties – Buildings		Assets Under Arrangement – Land		Assets Under Arrangement – Buildings	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Carrying Amount as at 1 July	1 682	1 110	657 442	650 304	546 981	548 182
Additions	-	-	-	-	-	-
Transfer In from other asset category	-	-	127 266	2 229	66 719	3 303
Maintenance Upgrades	-	-	-	-	-	-
Assets Classified as Held for Sale	-	-	-	-	-	-
Disposals	-	-	(274)	(953)	(558)	(177)
Transfer out to other asset category	-	-	(7 076)	(3 745)	(1 974)	(1 219)
Assets transferred due to Admin restructure	-	-	-	-	-	-
Revaluation Increment (Decrement) ⁽⁷⁾	60	649	23 099	9 607	17 493	8 030
Depreciation and Amortisation expenses	(118)	(77)	-	-	(12 103)	(11 148)
Depreciation and Amortisation on disposals	-	-	-	-	30	10
Carrying Amount as at 30 June	1 624	1 682	800 457	657 442	616 588	546 981

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	Vacant Land – Land		Remote Indigenous Leased Properties		Plant and Equipment	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying Amount as at 1 July	51 709	53 566	214 034	121 826	4 064	5 122
Additions	461	93	-	-	9	70
Transfer In from other asset category	5 900	3 934	7 258	12 838	681	-
Maintenance Upgrades	-	-	-	-	-	-
Assets Classified as Held for Sale	-	-	-	-	-	-
Disposals	(1 891)	(273)	-	-	(91)	(683)
Transfer out to other asset category	(5 632)	(9 359)	(2 766)	(2 270)	-	-
Assets transferred due to Admin restructure	-	-	-	-	-	-
Revaluation Increment (Decrement) ⁽⁷⁾	(6 251)	3 748	-	85 926	-	-
Depreciation and Amortisation expenses	-	-	(5 377)	(4 301)	(577)	(598)
Depreciation and Amortisation on disposals	-	-	110	15	65	153
Carrying Amount as at 30 June	44 296	51 709	213 259	214 034	4 151	4 064

	Capital Work in Progress		Total Property, Plant and Equipment	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Carrying Amount as at 1 July	100 915	150 814	9 764 987	9 660 402
Additions	81 178	98 431	82 039	98 972
Transfer In from other asset category	97 400	54 111	373 852	240 566
Maintenance Upgrades	-	-	13 592	18 586
Assets Classified as Held for Sale	-	-	12 264	(4 026)
Disposals	-	-	(103 242)	(112 945)
Transfer out to other asset category	(128 145)	(202 441)	(425 128)	(274 385)
Assets transferred due to Admin restructure	-	-	(637)	-
Revaluation Increment (Decrement) ⁽⁷⁾	-	-	272 551	222 048
Depreciation and Amortisation expenses	-	-	(86 642)	(84 935)
Depreciation and Amortisation on disposals	-	-	791	704
Carrying Amount as at 30 June	151 348	100 915	9 904 427	9 764 987

⁽⁷⁾ Of the total \$272.551 million revaluation increment, \$272.464 million applied as an increase in revaluation surplus and \$0.087 million is recognised as a gain on revaluation.

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Note 39 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 30 June 2016, 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						
6	Staffing Costs	3 622	3 537	71 574	66 101	75 196	69 638
7	Supplies and Services						
	Accommodation Expenses	1 173	1 366	1 238	1 785	2 411	3 151
	Administration Expenses	402	404	1 710	1 924	2 112	2 328
	Agent Fees	-	-	524	643	524	643
	Audit Fees - Auditor-General's Department	445	413	-	-	445	413
	Brokerage	-	-	97	87	97	87
	Charged to Capital Program	-	-	(1 619)	(2 616)	(1 619)	(2 616)
	Communications	467	475	451	469	918	944
	Computer Expenses	190	211	4 032	4 035	4 222	4 246
	Consultants	-	-	436	83	436	83
	Contractors	-	-	3 060	2 755	3 060	2 755
	Debt Management	596	522	326	266	922	788
	Fleet Management	1 944	2 115	30	25	1 974	2 140
	Insurance	2 729	213	2 993	6 127	5 722	6 340
	Leased Property Expenses	893	1 871	659	506	1 552	2 377
	Operating Lease	6 443	6 426	382	819	6 825	7 245
	Other Customer Related Expenses	-	-	360	479	360	479
	Printing, Stationery and Postage	-	-	1 553	1 452	1 553	1 452
	Renewal SA Recharges	2 978	3 591	-	-	2 978	3 591
	Staff Development	-	-	445	298	445	298
	Tenant Relocation	-	-	400	799	400	799
	Travel and Accommodation	-	-	743	774	743	774
8	Business Service Fees	18 981	18 460	-	-	18 981	18 460
9	Rental Property Expenses	-	-	-	-	-	-
	Construction Variances	-	-	70	314	70	314
	Council Rates	-	-	45 003	45 088	45 003	45 088
	Emergency Services Levy	124	255	-	-	124	255
	Land Tax Equivalent	178 475	175 523	-	-	178 475	175 523

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Note		SA Government		Non-SA Government		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
	Maintenance	-	-	111 016	115 723	111 016	115 723
	Property Expenses	185	-	296	348	481	348
	Stamp Duty & Search Fees	-	-	15	16	15	16
	Water Rates	38 167	35 345	26	9	38 193	35 354
10	Depreciation and Amortisation	-	-	88 779	87 336	88 779	87 336
11	Grants and Subsidies						
	Affordable Housing Grants	627	630	-	-	627	630
	Community Housing Construction Stimulus	-	-	-	7 923	-	7 923
	Community Housing Organisation Maintenance Liability	-	-	-	22	-	22
	Crisis Accommodation Millers Court	-	-	2 046	-	2 046	-
	Emergency Accommodation Assistance	-	-	2 398	2 149	2 398	2 149
	Emergency Management Grants	-	-	816	713	816	713
	Funding Contribution to City of Playford	-	-	-	240	-	240
	Funding Contribution to Woodville West Project (Renewal SA)	-	4 772	-	-	-	4 772
	Homes for Homes Initiative	-	-	200	200	200	200
	Indigenous Community Housing Program	-	-	-	43	-	43
	National Affordable Housing Agreement: Specialist Homelessness Services	-	1 261	-	36 803	-	36 804
	National Partnership Agreement: Homelessness	581	627	-	16 226	581	16 853
	National Partnership Agreement: Remote Indigenous Housing	-	334	222	531	222	865
	National Rental Affordability Scheme Subsidies	-	-	8 277	6 177	8 277	6 177
	Other Recurrent Grants	-	-	8	1	8	1
	Private Rental Assistance	9 145	9 228	7 259	7 671	16 404	16 899
	Subsidies to Community Housing Organisations	-	-	7	21	7	21
	Subsidies to Other Housing Providers	-	-	-	2 397	-	2 397
	Upgrade of Disability SA Housing	-	-	14	26	14	26
12	Impairment Expenses (Incl doubtful debts)						
	Asset Write-offs	-	-	-	-	-	-
	Doubtful Debts Expense	-	-	10 568	8 007	10 568	8 007
	Assets Held for Sale	-	-	11 366	8 738	11 366	8 738
13	Net Gain from Disposal of Assets	-	-	614	979	614	979
	Donated Assets	-	-	-	1 409	-	1 409
		-	-	-	669	-	669
	TOTAL EXPENSES	268 167	267 579	378 394	436 590	646 561	704 169

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Note		SA Government		Non-SA Government		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
	INCOME						
14	Rental Income	-	-	280 078	287 168	280 078	287 168
15	Interest Revenue	7 863	6 608	25	30	7 888	6 638
16	Recoveries						
	General Service Recoveries	406	-	390	92	796	92
	Grant Recoveries	-	-	-	37	-	37
	GST Recoveries	-	-	3 871	-	3 871	-
	Homelessness Services Recoveries	4 125	-	-	-	4 125	-
	Insurance	-	1 618	435	-	435	1 618
	Maintenance	-	-	6 166	5 069	6 166	5 069
	Other	124	141	58	17	182	158
	Private Rental Assistance	-	-	8 097	8 258	8 097	8 258
	TVSP Recoveries	-	104	-	-	-	104
	Water charges	-	-	11 696	11 856	11 696	11 856
17	Recurrent Commonwealth Revenues	-	-	73 582	92 905	73 582	92 905
18	Other Revenue						
	Assets Received Free of Charge	-	-	-	20	-	20
	Bad Debts Recovered	-	-	5 383	4 933	5 383	4 933
	Shared Value Mortgages	-	-	452	-	452	-
	Sundry Revenue	-	-	893	378	893	378
19	Recurrent Revenues from SA Government	76 735	150 166	-	-	76 735	150 166
20	Capital Revenues from SA Government	4 440	28 500	-	-	4 440	28 500
13	Net Gain from Disposal of Assets	-	-	7 592	-	7 592	-
	Gain on revaluation of non-current assets	87	510	-	-	87	510
	TOTAL INCOME	93 780	187 647	398 718	410 763	492 498	598 410
	FINANCIAL ASSETS						
21	Cash and Cash Equivalents	395 824	270 040	1 374	1 349	397 198	271 389
22	Receivables						
	Accrued revenues	721	559	3 832	2 890	4 553	3 449
	Receivables	5 127	968	10 680	9 992	15 807	10 960
	TOTAL FINANCIAL ASSETS	401 672	271 567	15 886	14 231	417 558	285 798
	FINANCIAL LIABILITIES						

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Note		SA Government		Non-SA Government		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
27	Payables						
	Accrued expenses	2 363	3 560	15 016	12 714	17 379	16 274
	Creditors	3 894	11 999	14 012	14 374	17 906	26 373
30	Other Financial Liabilities						
	Deposits Held	-	-	2 564	2 557	2 564	2 557
	Managed House Scheme	1 518	1 761	-	-	1 518	1 761
	TOTAL FINANCIAL LIABILITIES	7 775	17 320	31 592	29 645	39 367	46 965

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached general purpose financial statements for the South Australian Housing 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 Trust; and
- present a true and fair view of the financial position of the 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 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.



M Patetsos
Chair
South Australian Housing Trust Board



J Hanlon
Chief Executive
Renewal SA



D De Luca
General Manager, Corporate Services
Renewal SA

Date... 15/9/16

INDEPENDENT AUDITOR'S REPORT



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Auditor-General's Department

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To the Chair South Australian Housing Trust

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 27(4) of the *South Australian Housing Trust Act 1995*, I have audited the accompanying financial report of the South Australian Housing 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
- Disaggregated Disclosures - Expenses and Revenues 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 Chair, South Australian Housing Trust Board, Chief Executive, Renewal SA and the General Manager, Corporate Services, Renewal SA.

The Members of the South Australian Housing Trust responsibility for the financial report

The members of the South Australian Housing 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 South Australian Housing 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.

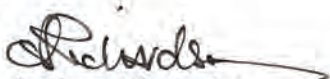
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.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

22 September 2016

South Australian
Metropolitan Fire Service

Financial report
for the year ended
30 June 2016

South Australian Metropolitan Fire Service
Statement of Comprehensive Income
for the year ended 30 June 2016

		2016	2015
	Note	\$'000	\$'000
Expenses			
Employee benefits	5	130 918	115 651
Supplies and services	6	13 555	13 300
Grants and subsidies	7	185	-
Depreciation and amortisation	8	7 539	7 227
Net loss from disposal of non-current assets	9	28	79
Total expenses		152 225	136 257
Income			
Fees and charges	10	4 443	4 400
Grants and contributions	11	1 176	1 145
Interest	12	82	204
Other	13	715	1 387
Total income		6 416	7 136
Net cost of providing services		145 809	129 121
Revenues from SA Government			
Revenues from SA Government	14	136 444	124 914
Total revenues from SA Government		136 444	124 914
Net result		(9 365)	(4 207)
Total comprehensive result		(9 365)	(4 207)

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

South Australian Metropolitan Fire Service
Statement of Financial Position
as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	15	2 916	6 355
Receivables	16	942	951
Non-current assets held for sale	17	254	40
Total current assets		4 112	7 346
Non-current assets			
Property, plant and equipment	18	141 818	140 701
Intangible assets	19	95	119
Total non-current assets		141 913	140 820
Total assets		146 025	148 166
Current liabilities			
Payables	21	5 338	5 572
Employee benefits	22	12 078	14 415
Provisions	23	6 020	2 565
Total current liabilities		23 436	22 552
Non-current liabilities			
Payables	21	1 894	1 685
Employee benefits	22	20 294	18 643
Provisions	23	11 372	6 892
Total non-current liabilities		33 560	27 220
Total liabilities		56 996	49 772
Net assets		89 029	98 394
Equity			
Asset revaluation surplus	24	98 445	98 445
Retained earnings	24	(9 416)	(51)
Total equity		89 029	98 394
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

South Australian Metropolitan Fire Service
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		98 445	4 156	102,601
Net result for 2014-15		-	(4,207)	(4,207)
Total comprehensive result for 2014-15		-	(4 207)	(4 207)
Balance at 30 June 2015	24	98 445	(51)	98 394
Net result for 2015-16		-	(9,365)	(9,365)
Total comprehensive results for 2015-16		-	(9 365)	(9 365)
Balance at 30 June 2016	24	98 445	(9 416)	89 029

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

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

South Australian Metropolitan Fire Service
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		(122 673)	(113 372)
Supplies and services payments		(16 116)	(15 514)
Payments for paid Parental Leave Scheme		(54)	(40)
Grants and subsidies payments		(185)	-
Cash used in operations		(139 028)	(128 926)
Cash inflows			
Fees and charges		4 903	5 324
Receipts from grants and contributions		1 176	1 145
Interest received		88	212
GST recovered from the Australian Taxation Office		1 735	1 474
Receipts for paid Parental Leave Scheme		50	44
Other receipts		682	1 378
Cash generated from operations		8 634	9 577
Cash flows from SA Government			
Contributions from Community Emergency Services Fund		136 443	123 845
Other receipts from SA Government		1	1 069
Cash generated from SA government		136 444	124 914
Net cash provided by operating activities	25	6 050	5 565
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(9 461)	(10 054)
Payments for the disposal of property		(33)	-
Cash used in investing activities		(9 494)	(10 054)
Cash inflows			
Proceeds from the sale of property, plant and equipment		5	-
Cash generated from investing activities		5	-
Net cash used in investing activities		(9 489)	(10 054)
Net increase/(decrease) in cash and cash equivalents		(3 439)	(4 489)
Cash and cash equivalents at the beginning of the period		6 355	10 844
Cash and cash equivalents at the end of the period	15	2 916	6 355

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

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1 Objectives and funding

Objectives

The South Australian Metropolitan Fire Service (MFS) is established under the *Fire and Emergency Services Act 2005* (the Act) and is responsible under the Act for the following functions:

- to provide services with a view to preventing the outbreak of fires, or reducing the impact of fires, in any fire district
- to provide efficient and responsive services in any fire district for the purpose of fighting fires, dealing with other emergencies or undertaking any rescue
- to protect life, property and environmental assets from fire and other emergencies occurring in any fire district
- to develop and maintain plans to cope with the effects of fires or emergencies in any fire district
- to provide services or support to assist with recovery in the event of a fire or other emergency in a fire district
- to perform any other function assigned to MFS by or under this or any other Act.

Funding arrangements

Funding of MFS is primarily derived from the Community Emergency Services Fund (the Fund), in accordance with the *Emergency Services Funding Act 1998*.

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*.

MFS has applied Australian Accounting Standards that are applicable to not-for-profit entities as MFS is a not-for-profit entity.

Except for AASB 2015-7 which MFS 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 MFS 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 judgment in the process of applying MFS'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, 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 may be utilised. MFS has elected not to utilise this threshold; that is all revenue, expense, financial assets and liabilities relating to SA Government have been separately disclosed

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2 (b) Basis of preparation (continued)

- (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/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.

MFS'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.

(c) Reporting entity

Under the Act, MFS is a separate body corporate acting on behalf of the Crown and part of the consolidated emergency services sector.

The financial statements include all the controlled activities of MFS. MFS does not control any other entity and has no interests in unconsolidated structured entities.

MFS has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

(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. 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 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

MFS is not subject to income tax. MFS is liable for payroll tax, fringe benefits tax (FBT) and goods and services tax (GST).

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

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2 (g) Taxation (continued)

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

The net amount of GST recoverable from, or payable to, the 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.

(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 provide information about conditions that existed at 30 June.

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

(i) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to MFS 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 SA Government

Contributions from the Fund and other receipts from SA Government are recognised as an asset and income when MFS obtains control over the funding. Control over funding is normally obtained upon receipt.

Grants and contributions

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

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

- Contributions with unconditional stipulations - this will be when the agreement becomes enforceable; that is 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.

All contributions received by MFS have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2 (i) Income (continued)

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.

Other income

Other income consists of rent received, miscellaneous expense recoveries and other minor revenues.

(j) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from MFS 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 MFS to the superannuation plan in respect of current services of current MFS staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole of government financial statements for all Government managed funds.

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.

Loss from disposal of non-current assets

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

Any loss on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deducting the cost of the asset from the proceeds at that time.

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.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2 (j) Expenses (continued)

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

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

Class of asset	Useful life (years)
Buildings	50
Vehicles	15
Communications equipment	10
Plant and equipment	10
Computer equipment	5
Intangibles	5

(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 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, MFS 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 include cash at bank and on hand and short-term highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Receivables

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

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

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

Non-current assets held for sale

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

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2 (l) Assets (continued)

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.

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. On an ongoing basis, revaluations are made in accordance with related policies whereby independent valuations are obtained every six years and carrying amounts are adjusted accordingly.

If at any time management considers that the carrying amount of an asset materially differs from its fair value, the asset is revalued regardless of when the last valuation took place.

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

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

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

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

Impairment

All non-current tangible and intangible assets are 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 costs. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

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

Intangible assets

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

The useful lives of intangible assets are assessed to be either finite or indefinite. MFS 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.

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

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2 (l) Assets (continued)

Subsequent expenditure on intangible assets has not been capitalised. This is because MFS has been unable to attribute this expenditure to the intangible asset rather than to MFS 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.

MFS 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 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 active market and are derived from unobservable inputs.

Non-financial assets

In determining fair value, MFS 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 (i.e. physically possible, legally permissible, financially feasible).

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

Refer note 20 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets

MFS does not recognise any financial assets 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, employment on-costs and Paid Parental Leave Scheme.

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 MFS.

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 MFS has received from the Commonwealth Government to forward onto eligible employees via MFS's standard payroll processes. That is, MFS 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 superannuation contributions, WorkCover levies and payroll tax in with respect of outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2 (m) Liabilities (continued)

MFS 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 and externally managed superannuation schemes.

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

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

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by 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 the police and emergency services sector across government.

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.

(n) Provisions

Provisions are recognised when MFS 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 MFS 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.

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 MFS personnel as required under current legislation.

MFS is responsible for the payment of workers compensation claims.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2 Summary of significant accounting policies (continued)

(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.

3 New and revised accounting standards and policies

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

Except for AASB 2015-7 which MFS 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 MFS for the period ending 30 June 2016. MFS has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on accounting policies or the financial statements of MFS 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 in the statement of financial position to be recognised 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 MFS at the time, significant assets and liabilities could be recognised and amortised over the lease terms.

4 Activities of South Australian Metropolitan Fire Service

In achieving its objectives, MFS provides services within six general areas: leadership, prevention, preparedness, response, and recovery and business excellence. These services are classified under one activity titled 'metropolitan fire service'.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

5 Employee benefits expenses

	2016	2015
	\$'000	\$'000
Salaries and wages	81 415	78 221
Annual leave	10 430	9 982
Skills and experience retention leave	803	747
Long service leave	4 448	3 874
Employment on-costs - superannuation	11 972	11 433
Payroll tax	5 386	5 144
Workers compensation	16 041	5 819
Other employment related expenses	423	431
Total employee benefits expenses	130 918	115 651

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	N/A	6
\$145 001 – \$155 000	12	21
\$155 001 – \$165 000	12	12
\$165 001 – \$175 000	8	1
\$175 001 – \$185 000	3	5
\$185 001 – \$195 000	6	-
\$195 001 – \$205 000	-	3
\$205 001 – \$215 000	-	1
\$245 001 – \$255 000	1	1
\$255 001 – \$265 000	1	-
\$265 001 – \$275 000	1	-
\$305 001 – \$315 000	1	-
\$565 001 – \$575 000 [^]	-	1
Total	45	51

[^] This band includes an early termination payment in 2015

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 FBT paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$7.8 million (2015: \$8.6 million).

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

6 Supplies and services

	2016	2015
	\$'000	\$'000
Accommodation	254	229
Auditor's remuneration	28	29
Communications	529	541
Computing costs	866	914
Consultancy, contractors and legal fees	843	994
Consumables	908	948
Energy	661	643
Government radio network	1 765	1,722
Insurance premiums	299	307
Minor plant and equipment	559	515
Operating lease costs	537	647
Operational costs	81	206
Repairs and maintenance	3 325	2,777
Travel and training	731	730
Uniforms and protective clothing	1 373	1,265
Other expenses	796	833
Total supplies and services	13 555	13 300

Consultants

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

	2016	2015	2016	2015
	Number	Number	\$'000	\$'000
Below \$10 000	5	5	25	19
Above \$10 000	1	1	18	23
Total paid/payable to consultants engaged	6	6	43	42

Auditor's remuneration

	2016	2015
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's		
Department relating to the audit of financial statements	28	29
Total audit fees	28	29

Other services

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

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

7 Grants and subsidies

	2016	2015
	\$'000	\$'000
Grants and subsidies	185	-
Total grants and subsidies	185	-

8 Depreciation and amortisation expense

	2016	2015
	\$'000	\$'000
Depreciation		
Buildings	2 529	2,390
Vehicles	4 513	4,439
Computers	84	11
Plant	207	187
Communications	182	200
Total depreciation	7 515	7 227
Amortisation		
Software	24	-
Total amortisation	24	-
Total depreciation and amortisation	7 539	7 227

9 Net loss from disposal of non-current assets

	2016	2015
	\$'000	\$'000
Land and buildings		
Less costs of disposal	(33)	(1)
Net loss from disposal of land and buildings	(33)	(1)
Vehicles		
Proceeds from disposal	5	-
Net gain from disposal of vehicles	5	-
Communication equipment		
Less net book value of assets disposed	-	(78)
Net loss from disposal of communication equipment	-	(78)
Total assets		
Total proceeds from disposal	5	-
Less total value of assets disposed	-	(78)
Less total costs of disposal	(33)	(1)
Total net loss from disposal of non-current assets	(28)	(79)

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

10 Revenues from fees and charges

	2016	2015
	\$'000	\$'000
Fire alarm attendance fees	1 998	2 074
Fire safety fees	320	324
Fire alarm monitoring fees	2 075	1 994
Incident cost recoveries	22	-
Training and other recoveries	5	-
Salary recoveries	23	8
Total fees and charges	4 443	4 400

11 Grants and contributions

	2016	2015
	\$'000	\$'000
Commonwealth Government	1 081	1,054
State Government	82	80
Private industry and local government	13	11
Total grants and contributions	1 176	1 145

Commonwealth grant funding for MFS relates mainly to the cost of providing fire and emergency services to Commonwealth properties as well as payments in accordance with guidelines for Australian Apprenticeships Incentive Program.

There is a Memorandum of Understanding in relation to the Commonwealth contribution for the provision of fire and emergency services to Commonwealth properties. Conditions to other funding are based on completion of claim requests of actual expenditure.

12 Interest revenues

	2016	2015
	\$'000	\$'000
Interest on deposit accounts	82	204
Total interest revenues	82	204

13 Other income

	2016	2015
	\$'000	\$'000
Rent received	389	1 046
Insurance recoveries	22	-
Assets received free of charge	20	-
Other	284	341
Total other income	715	1 387

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

14 Revenues from SA Government

	2016	2015
	\$'000	\$'000
Revenues from SA Government		
Contributions from Community Emergency Services Fund	136 443	123 845
Other revenues from SA Government	1	1 069
Total revenues from SA Government	136 444	124 914

Revenues from SA Government consist of \$128.181 million (2015: \$118.041 million) for operational funding and \$8.263 million (2015: \$6.873 million) for capital projects.

For details on the expenditure associated with the operational funding and capital funding refer note 5, 6, 7, 18 and 19.

15 Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Cash on hand	6	7
Deposits with the Treasurer	2 910	6 348
Total cash and cash equivalents	2 916	6 355

Interest rate risk

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

16 Receivables

	2016	2015
	\$'000	\$'000
Current		
Receivables	619	489
Less: Allowance for doubtful debts	(77)	(32)
	542	457
Accrued revenues	16	23
GST input tax recoverable	384	471
Total current receivables	942	951

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (i.e. 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.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

16 Receivables (continued)

Movements in the allowance for doubtful debts (impairment loss)	2016	2015
	\$'000	\$'000
Carrying amount at the beginning of the period	(32)	(49)
Amounts written off	2	31
Increase in the allowance	(47)	(14)
Carrying amount at the end of the period	(77)	(32)

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 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.

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information

Refer note 32.

17 Non-current assets held for sale

	2016	2015
	\$'000	\$'000
Land held for sale	240	40
Building held for sale	14	-
Total non-current assets held for sale	254	40

Due to the opening of a new fire station at Salisbury, the former Salisbury fire station site is surplus to requirements at balance date.

The Burra site has been withdrawn from held for sale and will transition to the South Australian State Emergency Service during 2016-17.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

18 Property, plant and equipment

	2016 \$'000	2015 \$'000
Land		
At valuation	46 679	46 879
Total land	46 679	46 879
Buildings		
At valuation	55 390	55 462
At cost (deemed fair value)	9 584	392
Less accumulated depreciation	(6 065)	(3 594)
Total buildings	58 909	52 260
Vehicles		
At valuation	32 077	32 076
At cost (deemed fair value)	8 217	3 058
Less accumulated depreciation	(11 100)	(6 586)
Total vehicles	29 194	28 548
Communications (Comms.) equipment		
At valuation	804	804
At cost (deemed fair value)	503	503
Less accumulated depreciation	(443)	(261)
Total communication equipment	864	1 046
Computer equipment		
At valuation	4	4
At cost (deemed fair value)	593	353
Less accumulated depreciation	(96)	(12)
Total computer equipment	501	345
Plant and equipment		
At valuation	675	676
At cost (deemed fair value)	1 572	607
Less accumulated depreciation	(485)	(279)
Total plant and equipment	1 762	1 004
Capital work in progress		
At cost (deemed fair value)	3 909	10 619
Total capital work in progress	3 909	10 619
Total property, plant and equipment	141 818	140 701

Valuation of Assets

As at 30 June 2016 in accordance with South Australian Fire and Emergency Services Commission (SAFECOM) policy, a review of the valuations were undertaken by a suitability qualified officer of SAFECOM which indicated that there was no material difference between the fair value and carrying amount of the assets. Consequently it was determined no revaluation adjustment were required at this time.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

18 Property, plant and equipment (continued)

At 1 January 2014 independent valuations for land, buildings, vehicles, communication, computer, plant and equipment assets were undertaken by Liquid Pacific, Mr M Burns, MRICS, AAPI (CPV). The fair value of all vehicles, communications, computer and plant and equipment items was determined by identifying a market buying price, estimated as written down modern equivalent replacement cost. The fair value of land and buildings was based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

Impairment

There were no indications of impairment for property, plant and equipment as at 30 June 2016.

Movement reconciliation of property, plant and equipment

2016

	Land	Buildings	Vehicles	Comms. Equipment	Computer Equipment	Plant & equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	46 879	52 260	28 548	1 046	345	1 004	10 619	140 701
Acquisitions	-	-	-	-	-	-	8 826	8 826
Transfers to/(from) capital WIP	-	9 192	5 139	-	240	965	(15 536)	-
Transfers to assets held for sale	(200)	(14)	-	-	-	-	-	(214)
Assets received free of charge	-	-	20	-	-	-	-	20
Depreciation expense	-	(2 529)	(4 513)	(182)	(84)	(207)	-	(7 515)
Carrying amount at the end of the period	46 679	58 909	29 194	864	501	1 762	3 909	141 818

2015

	Land	Buildings	Vehicles	Comms. Equipment	Computer Equipment	Plant & equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	46 879	54 309	31 546	1 117	3	774	3 373	138 001
Transfer between classes	-	-	-	-	-	-	(119)	(119)
Acquisitions	-	-	-	-	-	-	10 124	10 124
Transfers to/(from) capital WIP	-	341	1 441	207	353	417	(2 759)	-
Depreciation expense	-	(2 390)	(4 439)	(200)	(11)	(187)	-	(7 227)
Disposals	-	-	-	(78)	-	-	-	(78)
Carrying amount at the end of the period	46 879	52 260	28 548	1 046	345	1 004	10 619	140 701

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

19 Intangible Assets

	2016	2015
	\$'000	\$'000
Computer software	443	443
Less accumulated amortisation	(348)	(324)
Total intangible assets	95	119

	2016	2015
	\$'000	\$'000
Movement reconciliation of intangible assets		
Carrying amount at the beginning of the period	119	-
Transfers from Capital WIP	-	119
Amortisation expense	(24)	-
Carrying amount at the end of the period	95	119

Asset details and amortisation

Intangible assets detailed above relate to computer software externally acquired.

Impairment

There were no indications of impairment of intangible assets at 30 June 2016.

20 Fair value measurement

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purpose. MFS categorises non-financial assets measured at fair value into hierarchy bases 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. MFS had no valuations categorised into level 1.

	Level 2	Level 3	2016
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land (note 18)	5 350	41 329	46 679
Buildings (note 18)	382	58 527	58 909
Vehicles (note 18)	-	29 194	29 194
Communication equipment (note 18)	-	864	864
Computer equipment (note 18)	-	501	501
Plant and equipment (note 18)	-	1 762	1 762
Total recurring fair value measurements	5 732	132 177	137 909
Non-recurring fair value measurements			
Land held for sale (note 17)	-	240	240
Building held for sale (note 17)	-	14	14
Total non-recurring fair value measurements	-	254	254
Total	5 732	132 431	138 163

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

Fair value measurements at 30 June 2015

	Level 2	Level 3	2015
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land (note 18)	5 310	41 569	46 879
Buildings (note 18)	390	51 870	52 260
Vehicles (note 18)	-	28 548	28 548
Communication equipment (note 18)	-	1 046	1 046
Computer equipment (note 18)	-	345	345
Plant and equipment (note 18)	-	1 004	1 004
Total recurring fair value measurements	5 700	124 382	130 082
Non-recurring fair value measurements			
Land held for sale (note 17)	40	-	40
Total non-recurring fair value measurements	40	-	40
Total	5 740	124 382	130 122

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2016. MFS's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Refer to APF III Asset Accounting Framework for guidance in determining the applicable fair value hierarchy disclosure level.

Valuation techniques and inputs

Valuation techniques and inputs used to derive level 2 and 3 fair values are at note 18. There were no changes in the valuation techniques during 2016.

Land subject to restricted use is considered within Input Level 3.

Buildings that are specialised are classified as Input Level 3.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Reconciliation of Level 3 recurring fair value measurement at 30 June 2016

	Land	Buildings	Vehicles	Comms. Equip	Computer equip	Plant & equip	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	41 569	51 870	28 548	1 046	345	1 004	124 382
Assets reclassified to assets held for sale	(240)	(14)	-	-	-	-	(254)
Capitalised subsequent expenditure	-	9 192	5 139	-	240	965	15 536
Assets received free of charge	-	-	20	-	-	-	20
Depreciation	-	(2 521)	(4 513)	(182)	(84)	(207)	(7 507)
Total gains/(losses) recognised in net result	(240)	6 657	646	(182)	156	758	7 795
Carrying amount at the end of the period	41 329	58 527	29 194	864	501	1 762	132 177

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

Reconciliation of Level 3 recurring fair value measurement at 30 June 2015

	Land \$'000	Buildings \$'000	Vehicles \$'000	Comms. equip \$'000	Computer equip \$'000	Plant & equip \$'000	Total \$'000
Opening balance at the beginning of the period	41 569	54 258	31 546	1 117	3	774	129 267
Capitalised subsequent expenditure	-	-	1 441	207	353	417	2 418
Depreciation	-	(2 388)	(4 439)	(200)	(11)	(187)	(7 225)
Disposals	-	-	-	(78)	-	-	(78)
Total gains/(losses) recognised in net result	-	(2 388)	(2 998)	(71)	342	230	(4 885)
Carrying amount at the end of the period	41 569	51 870	28 548	1 046	345	1 004	124 382

21 Payables

	2016 \$'000	2015 \$'000
Current		
Accrued expenses	602	1 973
Creditors	1 616	991
Paid Parental Leave Scheme payable	-	4
Employment on-costs	3 120	2 604
Total current payables	5 338	5 572
Non-current		
Creditors	2	2
Employment on-costs	1 892	1 683
Total non-current payables	1 894	1 685

Employment on-costs

The actuarial assessment performed by the Department of Treasury and Finance has resulted in the percentage of the proportion of long service leave taken increasing from 2015 (37%) to 2016 (40%) and the average factor for the calculation of employer superannuation cost on-cost has decreased from 2015 (10.3%) to 2016 (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 \$0.054 million and employee benefit expense of \$0.054 million. The estimated impact on future periods is not expected to be materially different to the effect on the current period as shown above.

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.

Maturity analysis of payables and categorisation of financial instruments and risk exposure information

Refer note 32.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
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22 Employee benefits

	2016	2015
	\$'000	\$'000
Current		
Accrued Salaries and Wages	477	3 427
Annual Leave	8 593	8 132
Skills and experience retention leave	1 045	940
Long Service Leave	1 963	1 916
Total employee benefits current	12 078	14 415
Non-current		
Long service leave	20 294	18 643
Total employee benefits non-current	20 294	18 643

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.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$1.541 million and employee benefits expense of \$1.541 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.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

23 Provisions

	2016	2015
	\$'000	\$'000
Current		
Provision for workers compensation	6 020	2 565
Total current provisions	6 020	2 565
Non-current		
Provision for workers compensation	11 372	6 892
Total non-current provisions	11 372	6 892
Total provisions	17 392	9 457
Provision movement		
Carrying amount at the beginning of the period	9 457	9 898
Additional provisions recognised	16 036	5 812
Reductions arising from payments	(8 101)	(6 253)
Carrying amount at the end of the period	17 392	9 457

Presumptive workers compensation coverage for firefighters for a range of cancers came into effect from 1 July 2013. The workers compensation provision as at 30 June 2016 is based on a valuation prepared by an actuary that assesses all known claims. While further firefighters may be eligible to make a claim, a reliable estimate of further liabilities cannot be presently made to satisfy the conditions for recognition of liabilities under accounting standards. A contingent liability disclosure has been made at note 27 to the financial statements. Consequently, there may be a significant increase in the workers compensation provision in future years as further claims are received and assessed.

24 Equity

	2016	2015
	\$'000	\$'000
Retained earnings	(9 416)	(51)
Asset revaluation surplus	98 445	98 445
Total equity	89 029	98 394

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.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
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25 Cash flow reconciliation

	2016 \$'000	2015 \$'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	2,916	6 355
Balance as per the Statement of Cash Flows	2,916	6 355
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by operating activities	6,050	5 565
Less revenues from SA Government	(136,444)	(124 914)
Add/(less) non-cash items		
Depreciation and amortisation	(7,539)	(7 227)
Assets received free of charge	20	-
Net loss from disposal of non-current assets	(28)	(79)
Movements in assets and liabilities		
(Decrease) / increase in receivables	(9)	(196)
(Increase) / decrease in payables	(610)	(562)
Decrease / (increase) in employee benefits	686	(2 149)
(Increase) / decrease in provisions	(7,935)	441
Net cost of providing services	(145 809)	(129 121)

26 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
Within one year	295	314
Later than one year but not later than five years	209	305
Total operating lease commitments	504	619

The above-mentioned operating lease payments are not recognised in the financial statements as liabilities. These non-cancellable leases relate to vehicle leases.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

26 Unrecognised contractual commitments (continued)

Capital commitments

Capital expenditure 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	2 795	-
Total capital commitments	2 795	-

These capital commitments are for property and vehicles.

Expenditure commitments

Expenditure 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	294	215
Later than one year but not later than five years	19	354
Total expenditure commitments	313	569

Contractual commitments relate to information technology, system and building maintenance contracts.

27 Contingent assets and liabilities

Contingent assets

MFS is aware of a contingent asset in relation to the repair of an appliance for an amount of approximately \$30 000.

Contingent liabilities

Presumptive workers compensation coverage to MFS for firefighters for a range of cancers came into effect from 1 July 2013. The workers compensation provision as at 30 June 2016 recognises a liability for all known claims based on a valuation prepared by an actuary. Further firefighters may be eligible to make a claim, however, a reliable estimate of the liability relating to those potential claims cannot be presently made.

MFS is not aware of any other contingent liabilities.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
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28 Remuneration of board and committee members

Members of boards and committees during 2016 were:

South Australian Metropolitan Fire Service Disciplinary Committee

Brendan West *
 Charles Bailes
 Christopher Smith *
 Michael Vander-Jeugd *

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

	2016 No. of members	2015 No. of members
\$nil	3	3
\$1 - \$9 999	1	1
	4	4

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 \$5 369 (2015: \$5 000).

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

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

For the purposes of this table, travel allowances and other out-of-pocket expenses paid to members have not been included as remuneration as it is considered to be reimbursement of direct expenses incurred by relevant members.

29 Events after the reporting period

There were no events after the reporting period affecting the financial statements.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
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30 Transactions with SA Government

	Note	SA Government		Non-SA Government		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses							
Employee benefits expenses	5	21 949	11 409	108 969	104 242	130 918	115 651
Supplies and services	6						
Accommodation		243	219	11	10	254	229
Auditor's remuneration		28	29	-	-	28	29
Communications		2	-	527	541	529	541
Computing costs		390	332	476	582	866	914
Consultancy, contractors and legal fees		70	87	773	907	843	994
Consumables		1	-	907	948	908	948
Energy		-	-	661	643	661	643
Government radio network		1 765	1 722	-	-	1 765	1 722
Insurance premiums		298	304	1	3	299	307
Minor plant and equipment		-	-	559	515	559	515
Operating lease costs		483	567	54	80	537	647
Operational costs		-	-	81	206	81	206
Repairs and maintenance		1 796	1 426	1 529	1 351	3 325	2 777
Travel and training		241	159	490	571	731	730
Uniforms and protective clothing		1	-	1 372	1 265	1 373	1 265
Other expenses		237	215	559	618	796	833
Grants and subsidies	7	-	-	185	-	185	-
Depreciation and amortisation expense	8	-	-	7 539	7 227	7 539	7 227
Net loss from disposal of non-current assets	9	28	-	-	79	28	79
Total expenses		27 532	16 469	124 693	119 788	152 225	136 257
Income							
Revenues from fees and charges	10						
Fire alarm attendance fees		385	407	1 613	1 667	1 998	2 074
Fire safety fees		12	12	308	312	320	324
Fire alarm monitoring fees		214	195	1 861	1 799	2 075	1 994
Incident cost recoveries		22	-	-	-	22	-
Training and other recoveries		5	-	-	-	5	-
Salary recoveries		13	-	10	8	23	8
Grants and contributions	11						
Commonwealth Government		-	-	1 081	1 054	1 081	1 054
State Government		82	80	-	-	82	80
Private industry and local government		-	-	13	11	13	11
Interest revenues	12	82	204	-	-	82	204
Other income	13						
Rent received		-	500	389	546	389	1 046
Insurance recoveries		5	-	17	-	22	-
Assets received free of charge		-	-	20	-	20	-
Other		-	24	284	317	284	341
Revenues from SA Government	14	136 444	124 914	-	-	136 444	124 914
Total income		137 264	126 336	5 596	5 714	142 860	132 050

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

30 Transactions with SA Government (continued)

	Note	SA Government		Non-SA Government		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assets							
Receivables	16						
Receivables		45	54	497	403	542	457
Accrued revenues		8	12	8	11	16	23
GST input tax recoverable		-	-	384	471	384	471
Total financial assets		53	66	889	885	942	951
Financial liabilities							
Payables	21						
Accrued expenses		467	759	135	1,214	602	1,973
Creditors		357	273	1,261	720	1,618	993
Paid Parental Leave Scheme payable		-	-	-	4	-	4
Employment on-costs		2,344	2,164	2,668	2,123	5,012	4,287
Total financial liabilities		3 168	3 196	4 064	4 061	7 232	7 257

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

31 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 budget amount and 5% of original budgeted total expenses.

	Note	Original budget ¹ 2016 \$'000	Actual 2016 \$'000	Variance \$'000
Statement of Comprehensive Income				
Expenses				
Employee benefits	(a)	111 428	130 918	19 490
Supplies and services		11 845	13 555	1 710
Grants and subsidies		-	185	185
Depreciation and amortisation		8 541	7 539	(1 002)
Net loss from disposal of non-current assets		-	28	28
Total expenses		131 814	152 225	20 411
Income				
Fees and charges		4 218	4 443	225
Grants and contributions		982	1 176	194
Interest		112	82	(30)
Other	(b)	288	715	427
Total income		5 600	6 416	816
Net cost of providing services		126 214	145 809	19 595
Revenues from / payments to SA government				
Revenues from SA government		130 532	136 444	5 912
Total revenues from / payments to SA Government		130 532	136 444	5 912
Total comprehensive result		4 318	(9 365)	(13 683)

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budget financial statements in respect of the reporting period (2015-16 Budget Paper 4). These original budget 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.

- (a) Employee benefit expenses were higher than original budget due to the 2015-16 Budget initiative for emergency services sector support for SACAD, expenditure related to workers compensation and increases in the provisions for annual leave and long service leave.
- (b) Other income was higher than original budget primarily due to leases for a portion of Angle Park Training Centre and Murray Bridge.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

31 Budgetary reporting and explanations of major variances between budget and actual amounts (continued)

		Original budget ¹ 2016 \$'000	Actual 2016 \$'000	Variance \$'000
	Note			
Investing expenditure summary				
Total new projects	(c)	3 570	5 519	1 949
Total existing projects		200	118	(82)
Total annual programs	(d)	3 953	3 189	(764)
Total investing expenditure		7 723	8 826	1 103

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budget financial statements in respect of the reporting period (2015-16 Budget Paper 4). These amounts have not been adjusted to reflect revised budgets.

- (c) Actual expenditure included budget of \$1.2 million pulled forward from 2016-17 for the aerial firefighting appliances due to suppliers delivering ahead of schedule, a carryover of \$0.2 million for the aerial firefighting appliances from 2014-15 into 2015-16 and a transfer of \$0.5 million from annual programs for the extension of the aerial firefighting appliances major project.
- (d) Expenditure was lower than original budget due to the transfer of \$0.5 million from annual programs for the extension of the aerial firefighting appliances major project.

32 Financial risk management/financial instruments

32.1 Financial risk management

Risk management is managed by MFS 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*.

MFS 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.

32.2 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 32.3 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.

MFS 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, 16 and 21).

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

32 Financial risk management/financial instruments (continued)

32.3 Liquidity risk

Liquidity risk arises from the possibility that MFS is unable to meet its financial obligations as they fall due. MFS is funded principally from the Fund. MFS works with the Fund to determine the cash flows associated with its government approved program of work to ensure funding meets the expected cash flows.

MFS 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.

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

The carrying amount recorded in table 32.3 represent MFS's maximum exposure.

The following table discloses the carrying amount of each category of financial instrument held by MFS including the contractual maturity analysis for financial assets and liabilities (i.e. 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.

Table 32.3 Categorisation and maturity analysis of financial assets and liabilities

Category of financial asset and financial liability	Notes	2016 Carrying amount/Fair value \$'000	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2016						
Financial assets						
Cash and cash equivalents	15	2 916	2 916	-	-	-
Receivables ⁽¹⁾⁽²⁾	16	557	557	-	-	-
Total financial assets		3,473	3,473	-	-	-
Financial liabilities						
Payables ⁽¹⁾	21	2 086	2 084	-	-	2
Total financial liabilities		2,086	2,084	-	-	2

Category of financial asset and financial liability	Notes	2015 Carrying amount/Fair value \$'000	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2015						
Financial assets						
Cash and cash equivalents	15	6 355	6 355	-	-	-
Receivables ⁽¹⁾⁽²⁾	16	491	491	-	-	-
Total financial assets		6,846	6,846	-	-	-
Financial liabilities						
Payables ⁽¹⁾	21	2 939	2 937	-	-	2
Total financial liabilities		2,939	2,937	-	-	2

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

32 Financial risk management/financial instruments (continued)

⁽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.

⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 16 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.

32.4 Credit risk

Credit risk arises when there is the possibility of MFS's debtors defaulting on their contractual obligations resulting in financial loss to the department. MFS measures credit risk on a fair value basis and monitors risk on a regular basis.

MFS has minimal concentration of credit risk. MFS has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. MFS 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 MFS.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 16 for information on the allowance for impairment in relation to receivables.

The carrying amount of financial assets as detailed in note 32.3 represents MFS's maximum exposure to credit risk.

Table 32.4 Ageing analysis of financial assets

The following table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets.

	Current (Not overdue) \$'000	Overdue for < 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for > 60 days \$'000	Total \$'000
2016					
Not impaired					
Receivables ⁽¹⁾	331	46	27	76	480
Impaired					
Receivables	-	-	-	77	77
2015					
Not impaired					
Receivables ⁽¹⁾	353	63	21	22	459
Impaired					
Receivables	-	-	-	32	32

⁽¹⁾ The receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing from Government taxes). They are carried at cost.

South Australian Metropolitan Fire Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

32 Financial risk management/financial instruments (continued)

32.5 Market risk

MFS has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). MFS's exposure to market risk and cash flow interest risk is minimal. There is minimal exposure to foreign currency or other price risks.

MFS does not trade in foreign currency, enter into transactions for speculative purpose nor for hedging. MFS 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 T1 23 *Management of Foreign Currency Exposures*.

Sensitivity disclosure analysis

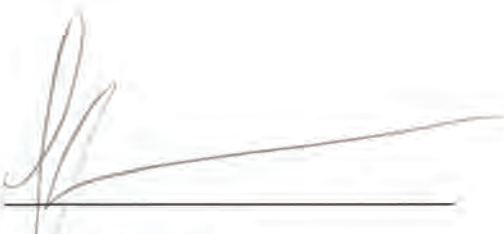
A sensitivity analysis has not been undertaken for the interest rate risk of MFS as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

South Australian Metropolitan Fire Service Certification of the Financial Statements

We certify that the attached general purpose financial statements for the South Australian Metropolitan Fire Service:

- 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 South Australian Metropolitan Fire Service; and
- present a true and fair view of the financial position of the South Australian Metropolitan Fire Service 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 South Australian Metropolitan Fire Service for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Gregory Crossman
Chief Officer
South Australian Metropolitan Fire Service
16/09/2016



Lisa Lew
Business Manager
South Australian Metropolitan Fire Service
16/09/2016



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To the Chief Officer South Australian Metropolitan Fire Service

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and subsection 52(2) of the *Fire and Emergency Services Act 2005*, I have audited the accompanying financial report of the South Australian Metropolitan Fire Service 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 Chief Officer and the Business Manager.

The Chief Officer's responsibility for the financial report

The Chief Officer 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 Officer 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.

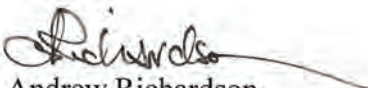
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.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

South Australian State Emergency Service

Financial report
for the year ended
30 June 2016

South Australian State Emergency Service
Statement of Comprehensive Income
for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Expenses			
Employee benefits	5	5 377	4 608
Supplies and services	6	7 818	6 798
Grants and subsidies	7	242	442
Depreciation and amortisation	8	1 992	1 450
Net loss from disposal of non-current assets	9	132	10
Total expenses		15 561	13 308
Income			
Grants and contributions	10	163	630
Interest revenues	11	32	36
Other	12	147	132
Total income		342	798
Net cost of providing services		15 219	12 510
Revenues from SA Government			
Revenues from SA Government	13	16 351	15 037
Total revenues from SA Government		16 351	15 037
Net result		1 132	2 527
Total comprehensive result		1 132	2 527

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

South Australian State Emergency Service
Statement of Financial Position
as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	14	2 170	2 115
Receivables	15	406	327
Other financial assets	16	391	340
Total current assets		2 967	2 782
Non-current assets			
Property, plant and equipment	17	37 733	36 334
Total non-current assets		37 733	36 334
Total assets		40 700	39 116
Current liabilities			
Payables	20	1 776	1 442
Employee benefits	21	624	491
Provisions	22	133	126
Total current liabilities		2 533	2 059
Non-current liabilities			
Payables	20	90	73
Employee benefits	21	972	812
Provisions	22	196	395
Total non-current liabilities		1 258	1 280
Total liabilities		3 791	3 339
Net assets		36 909	35 777
Equity			
Asset revaluation surplus	23	5 152	5 152
Retained earnings	23	31 757	30 625
Total equity		36 909	35 777

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	25
Contingent assets and liabilities	26

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

South Australian State Emergency Service
Statement of Changes in Equity
for the year ended 30 June 2016

		Asset Revaluation Surplus	Retained Earnings	Total
	Note	\$'000	\$'000	\$'000
Balance at 30 June 2014		5 152	28 098	33,250
Net result for 2014-15		-	2,527	2,527
Total comprehensive result for 2014-15		-	2 527	2 527
Balance at 30 June 2015	23	5 152	30 625	35 777
Net result for 2015-16		-	1,132	1,132
Total comprehensive results for 2015-16		-	1 132	1 132
Balance at 30 June 2016	23	5 152	31 757	36 909

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

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

South Australian State Emergency Service
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		(5 228)	(4 641)
Supplies and services payments		(8 553)	(7 390)
Grants and subsidies payments		(242)	(442)
Cash used in operations		(14 023)	(12 473)
Cash inflows			
Receipts from grants and contributions		163	630
Interest received		32	36
GST recovered from the Australian Taxation Office		859	900
Other receipts		249	116
Cash generated from operations		1 303	1 682
Cash flows from SA Government			
Contributions from Community Emergency Services Fund	13	16 290	14 794
Other receipts from SA Government	13	61	243
Cash generated from SA government		16 351	15 037
Net cash provided by operating activities	24	3 631	4 246
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(3 654)	(3 600)
Purchase of investment		(51)	(6)
Cash used in investing activities		(3 705)	(3 606)
Cash inflows			
Proceeds from the sale of property, plant and equipment		129	39
Cash generated from investing activities		129	39
Net cash used in investing activities		(3 576)	(3 567)
Net increase/(decrease) in cash and cash equivalents		55	679
Cash and cash equivalents at the beginning of the period		2 115	1 436
Cash and cash equivalents at the end of the period	14	2 170	2 115

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

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1 Objectives and funding

Objectives

The South Australian State Emergency Service (SES) was established on 1 October 2005 under the *Fire and Emergency Services Act 2005* (the Act) with the following objectives:

- to assist the Commissioner of Police, South Australian Metropolitan Fire Service and South Australian Country Fire Service in dealing with any emergency
- to assist the State Co-ordinator, in accordance with the State Emergency Management Plan, in carrying out prevention, preparedness, response or recovery operations under the *Emergency Management Act 2004*
- to deal with any emergency where the emergency is caused by flood or storm damage, or where there is no other body or person with lawful authority to assume control of operations for dealing with the emergency
- to deal with any emergency until such time as anybody or person that has the lawful authority to assume control of operations for dealing with the emergency
- to respond to emergency calls and where appropriate, provide assistance in any situation of need whether or not the situation constitutes an emergency
- to undertake rescues.

Funding arrangements

Funding of SES is primarily derived from the Community Emergency Services Fund (the Fund), in accordance with the *Emergency Services Funding Act 1998*.

Funds generated by Units through fund raising activities are held locally for expenditure in the local community.

These funds are recognised as part of the 'other income' within SES's financial statements.

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*.

SES has applied Australian Accounting Standards that are applicable to not-for-profit entities as SES is a not-for-profit entity.

Except for AASB 2015-7 which SES 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 SES for the reporting period ending 30 June 2016 (refer note 3).

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2 Summary of significant accounting policies (continued)

(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 SES'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, 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 may be utilised. SES has elected not to utilise this threshold; that is all revenue, expense, financial assets and liabilities relating to SA Government have been separately disclosed
 - (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.

SES'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.

(c) Reporting entity

Under the Act, SES is a separate body corporate acting on behalf of the Crown and part of the consolidated emergency services sector.

The financial statements include all the controlled activities of SES.

SES does not control any other entity and has no interest in unconsolidated structured entities. In forming this view, SES considered its involvement with various volunteer marine rescue organisations and determined that it does not control these entities.

In making this assessment, SES considered its power over the entities, its exposure or rights (e.g. protective and substantive rights) to variable returns from involvement with the entities and the ability to use its power to affect returns amounts (e.g. ability to direct relevant major activities).

SES has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

2 Summary of significant accounting policies (continued)

(d) Trust funds

SES administers, but does not control, certain activities on behalf of the Australian Council of State and Territory Emergency Services. It is accountable for the transactions relating to those trust activities but does not have the discretion, for example, to deploy the resources for the achievement of SES's own objectives.

Transactions and balances relating to the trust assets are not recognised as SES's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as 'Trust Funds.'

The accrual basis of accounting and applicable accounting standards has been adopted.

(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). 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. 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.

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

SES is not subject to income tax. SES is liable for payroll tax, fringe benefits tax (FBT) 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 GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the 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.

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2 Summary of significant accounting policies (continued)

(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 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 SES 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 SA Government

Contributions from the Fund and other receipts from SA Government are recognised as an asset and income when SES obtains control over the funding. Control over funding is normally obtained upon receipt.

Grants and contributions

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

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

- Contributions with unconditional stipulations - this will be when the agreement becomes enforceable; that is 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.

All contributions received by SES have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

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.

Other income

Other income consists of donations received, unit fundraising and other minor revenues.

(k) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from SES 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.

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

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 SES to the superannuation plan in respect of current services of current SES staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole of government financial statements for all Government managed funds.

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.

Loss from disposal of non-current assets

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

Any loss on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deducting the cost of the asset from the proceeds at that time.

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.

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	40
Vehicles	20
Communications equipment	10
Plant and equipment	10
Computer equipment	5
Intangibles	5

Grants and Subsidies

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

All contributions paid by SES have been contributions with unconditional stipulations attached.

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2 Summary of significant accounting policies (continued)

(l) 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 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, SES 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 and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Receivables

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

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

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

Other financial assets

SES measures other financial assets at cost. All assets in this category are either short or medium term cash deposits.

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.

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. On an ongoing basis, revaluations are made in accordance with related policies whereby independent valuations are obtained every six years and carrying amounts are adjusted accordingly.

South Australian State Emergency Service
Notes to and forming part of the financial statements
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2 (m) Assets (continued)

If at any time management considers that the carrying amount of an asset materially differs from its fair value, the asset is revalued regardless of when the last valuation took place.

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

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

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

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

Impairment

All non-current tangible and intangible assets are 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 costs. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

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

Intangible assets

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

The useful lives of intangible assets are assessed to be either finite or indefinite. SES 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 SES has been unable to attribute this expenditure to the intangible asset rather than to SES 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.

SES 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 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 active market and are derived from unobservable inputs.

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016
2 (m) Assets (continued)

Non-financial assets

In determining fair value, SES 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 (i.e. physically possible, legally permissible, financially feasible).

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

Refer note 19 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets

SES does not recognise any financial assets 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 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 SES.

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

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

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

SES 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 and externally managed superannuation schemes.

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

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

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2 (n) Liabilities (continued)

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 the police and emergency services sector across government.

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.

(o) Provisions

Provisions are recognised when SES 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 SES 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.

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.

SES is responsible for the payment of workers compensation claims.

(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.

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.

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

3 New and revised accounting standards and policies

SES did not voluntarily change any of its accounting policies during 2015-16

Except for AASB 2015-7 which SES 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 SES for the period ending 30 June 2016. SES has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on accounting policies or the financial statements of SES 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 in the statement of financial position to be recognised 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 SES at the time, significant assets and liabilities could be recognised and amortised over the lease terms.

4 Activities of South Australian State Emergency Service

In achieving its objectives, SES provides these services classified under one activity titled 'state emergency service'.

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

5 Employee benefits expenses

	2016	2015
	\$'000	\$'000
Salaries and wages	3 945	3 457
Annual leave	407	282
Skills and experience retention leave	14	17
Long service leave	219	159
Employment on-costs - superannuation	458	395
Payroll tax	225	188
Workers compensation	61	52
Other employment related expenses	48	58
Total employee benefits expenses	5 377	4 608

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	N/A	2
\$145 001 – \$155 000	1	1
\$155 001 – \$165 000	2	1
\$195 001 – \$205 000	-	1
\$205 001 – \$215 000	1	-
\$245 001 – \$255 000	1	1
Total	5	6

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 \$0.9 million (2015: \$1.0 million).

South Australian State Emergency Service
Notes to and forming part of the financial statements
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6 Supplies and services

	2016	2015
	\$'000	\$'000
Accommodation	31	33
Auditor's remuneration	28	28
Communications	304	278
Computing costs	437	381
Consultancy, contractors and legal fees	366	165
Consumables	303	325
Energy	133	143
Government radio network	2 067	2,017
Insurance premiums	191	105
Minor plant and equipment	896	445
Operating lease costs	732	660
Operational costs	249	170
Repairs and maintenance	860	804
Travel and training	617	590
Uniforms and protective clothing	287	233
Other expenses	317	421
Total supplies and services	7 818	6 798

Consultants

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

	2016	2015	2016	2015
	Number	Number	\$'000	\$'000
Below \$10 000	1	1	9	5
Total paid/payable to consultants engaged	1	1	9	5

Auditor's remuneration

	2016	2015
	\$'000	\$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of financial statements	28	28
Total audit fees	28	28

Other services

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

7 Grants and subsidies

	2016	2015
	\$'000	\$'000
Grants and subsidies	242	442
Total grants and subsidies	242	442

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

8 Depreciation and amortisation

	2016	2015
	\$'000	\$'000
Depreciation		
Buildings	701	665
Vehicles	689	439
Computers	196	2
Plant and equipment	172	140
Communications	234	204
Total depreciation and amortisation	1 992	1 450

9 Net loss from disposal of non-current assets

	2016	2015
	\$'000	\$'000
Vehicles		
Proceeds from disposal	129	39
Less net book value of assets disposed	(261)	(49)
Net loss from disposal of vehicles	(132)	(10)
Total assets		
Total proceeds from disposal	129	39
Less total value of assets disposed	(261)	(49)
Total net loss from disposal of non-current assets	(132)	(10)

10 Grants and contributions

	2016	2015
	\$'000	\$'000
Commonwealth Government	18	-
State Government	145	630
Total grants and contributions	163	630

Commonwealth Government grants and contributions consist of funding for National Emergency Management Projects.

SA Government grants and contributions consist of National Disaster Resilience Program funding for SES State Emergency Management Workforce Mapping Project, SES Extreme Weather and Heatwave Risk Mitigation Project and grants received to support the 2015-16 Community Flood Safe Program.

11 Interest revenues

	2016	2015
	\$'000	\$'000
Interest on deposit accounts	32	36
Total interest revenues	32	36

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

12 Other income

	2016	2015
	\$'000	\$'000
Donations	1	1
Unit fundraising	86	-
Other	60	131
Total other income	147	132

13 Revenues from SA Government

	2016	2015
	\$'000	\$'000
Revenues from SA Government		
Contributions from Community Emergency Services Fund	16 290	14 794
Other revenues from SA Government	61	243
Total revenues from SA Government	16 351	15 037

Revenues from SA Government consist of \$12.758 million (2015: \$11.473 million) for operational funding, \$3.580 million (2015: \$3.551million) for capital projects and \$0.013 million (2015: \$0.013 million) Volunteer Marine Rescue Council funding.

For details on the expenditure associated with the operational funding and capital funding refer notes 5, 6, 7, 17 and 18.

14 Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Cash on hand	1	-
Deposits with the Treasurer	1 242	1 224
Cash at bank	141	141
Cash at bank - Units	690	682
Short-term deposits - Units	49	20
Short-term deposits	47	48
Total cash and cash equivalents	2 170	2 115

Short term deposits

Short-term deposits are made for varying periods of between one day and three months. The deposits are lodged with various financial institutions at their respective short-term deposit rates.

Interest rate risk

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

South Australian State Emergency Service
Notes to and forming part of the financial statements
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15 Receivables

	2016	2015
	\$'000	\$'000
Current		
Receivables	32	97
	32	97
Accrued revenues	2	3
GST input tax recoverable	372	227
Total current receivables	406	327

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 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.

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information

Refer note 30.

16 Other financial assets

	2016	2015
	\$'000	\$'000
Medium term deposits - Units	391	340
Total other financial assets	391	340

Maturity analysis of receivables and categorisation of financial instruments and risk exposure information

Refer note 30.

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

17 Property, plant and equipment

	2016	2015
	\$'000	\$'000
Land		
At valuation	3 546	3 546
Total land	3 546	3 546
Buildings		
At valuation	15 770	15 770
At cost (deemed fair value)	2 727	2 726
Less accumulated depreciation	(1 691)	(990)
Total buildings	16 806	17 506
Vehicles		
At valuation	9 158	9 459
At cost (deemed fair value)	2 182	2 016
Less accumulated depreciation	(1 583)	(935)
Total vehicles	9 757	10 540
Communications (Comms.) equipment		
At valuation	1 089	1 089
At cost (deemed fair value)	813	616
Less accumulated depreciation	(524)	(291)
Total communications equipment	1 378	1 414
Computer equipment		
At valuation	2	2
At cost (deemed fair value)	1 059	978
Less accumulated depreciation	(197)	(2)
Total computer equipment	864	978
Plant and equipment		
At valuation	899	899
At cost (deemed fair value)	435	435
Less accumulated depreciation	(384)	(212)
Total plant and equipment	950	1 122
Capital work in progress		
At cost (deemed fair value)	4 432	1 228
Total capital work in progress	4 432	1 228
Total property, plant and equipment	37 733	36 334

South Australian State Emergency Service
Notes to and forming part of the financial statements
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17 Property, plant and equipment (continued)

Valuation of assets

As at 30 June 2016 in accordance with South Australian Fire and Emergency Services Commission (SAFECOM) policy, a review of the valuations were undertaken by a suitability qualified officer of SAFECOM which indicated that there was no material difference between the fair value and carrying amount of the assets. Consequently it was determined no revaluation adjustment were required at this time.

At 1 January 2014 independent valuations for land, buildings, vehicles, communication, computer, plant and equipment assets were undertaken by Liquid Pacific, Mr M Burns, MRICS, AAPI (CPV). The fair value of all vehicles, communications, computer and plant and equipment items was determined by identifying a market buying price, estimated as written down modern equivalent replacement cost. The fair value of land and buildings was based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

Impairment

There were no indications of impairment for property, plant and equipment as at 30 June 2016.

Movement reconciliation of property, plant and equipment

2016	Land	Buildings	Vehicles	Comms. Equip	Computer Equip	Plant & equip	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	3 546	17 506	10 540	1 414	978	1 122	1 228	36 334
Acquisitions	-	-	-	-	-	-	3 652	3 652
Transfers to/(from) capital WIP	-	1	167	198	82	-	(448)	-
Depreciation expense	-	(701)	(689)	(234)	(196)	(172)	-	(1 992)
Disposals	-	-	(261)	-	-	-	-	(261)
Carrying amount at the end of the period	3 546	16 806	9 757	1 378	864	950	4 432	37 733

2015	Land	Buildings	Vehicles	Comms. Equip	Computer Equip	Plant & equip	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	3 546	15 473	9 428	1 308	2	840	3 445	34 042
Acquisitions	-	-	60	-	-	-	3 732	3 792
Transfers to/(from) capital WIP	-	2 698	1 541	310	978	422	(5 949)	-
Depreciation expense	-	(665)	(439)	(204)	(2)	(140)	-	(1 450)
Disposals	-	-	(50)	-	-	-	-	(50)
Carrying amount at the end of the period	3 546	17 506	10 540	1 414	978	1 122	1 228	36 334

South Australian State Emergency Service
Notes to and forming part of the financial statements
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18 Intangible Assets

	2016	2015
	\$'000	\$'000
Computer software	328	328
Less accumulated amortisation	(328)	(328)
Total intangible assets	-	-

Intangible assets detailed above relate to computer software externally acquired.

19 Fair value measurement

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purpose. SES categorises non-financial assets measured at fair value into hierarchy bases 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.

SES had no valuations categorised into level 1.

Fair value measurements at 30 June 2016

	Level 2	Level 3	2016
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land (note 17)	1 249	2 297	3 546
Buildings (note 17)	5 127	11 679	16 806
Vehicles (note 17)	-	9 757	9 757
Communication equipment (note 17)	-	1 378	1 378
Computer equipment (note 17)	-	864	864
Plant and equipment (note 17)	-	950	950
Total recurring fair value measurements	6 376	26 925	33 301

Fair value measurements at 30 June 2015

Fair value measurements at 30 June 2015

	Level 2	Level 3	2015
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land (note 17)	1 249	2 297	3 546
Buildings (note 17)	5 295	12 211	17 506
Vehicles (note 17)	-	10 540	10 540
Communication equipment (note 17)	-	1 414	1 414
Computer equipment (note 17)	-	978	978
Plant and equipment (note 17)	-	1 122	1 122
Total recurring fair value measurements	6 544	28 562	35 106

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2016. SES's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Refer to APF III Asset Accounting Framework for guidance in determining the applicable fair value hierarchy disclosure level.

Valuation techniques and inputs

Valuation techniques and inputs used to derive level 2 and 3 fair values are at note 17. There were no changes in the valuation techniques during 2016.

South Australian State Emergency Service
Notes to and forming part of the financial statements
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19 Fair value measurement (continued)

Land subject to restricted use is considered within Input Level 3.

Buildings that are specialised are classified as Input Level 3.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Reconciliation of Level 3 recurring fair value measurement at 30 June 2016

	Land	Buildings	Vehicles	Comms. Equipmen t	Computer Equipmen t	Plant & equipmen t	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	2 297	12 211	10 540	1 414	978	1 122	28 562
Acquisitions	-	-	167	198	82	-	447
Depreciation	-	(532)	(689)	(234)	(196)	(172)	(1 823)
Disposals	-	-	(261)	-	-	-	(261)
Total losses recognised in net result	-	(532)	(783)	(36)	(114)	(172)	(1 637)
Carrying amount at the end of the period	2 297	11 679	9 757	1 378	864	950	26 925

Reconciliation of Level 3 recurring fair value measurement at 30 June 2015

Opening balance at the beginning of the period	2 297	12 750	9 428	1 308	2	840	26 625
Acquisitions	-	-	60	-	-	-	60
Capitalised subsequent expenditure	-	-	1 541	310	978	422	3 251
Depreciation	-	(539)	(439)	(204)	(2)	(140)	(1 324)
Disposals	-	-	(50)	-	-	-	(50)
Total gains/(losses) recognised in net result	-	(539)	1 112	106	976	282	1 937
Carrying amount at the end of the period	2 297	12 211	10 540	1 414	978	1 122	28 562

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

20 Payables

	2016	2015
	\$'000	\$'000
Current payables		
Accrued expenses	345	364
Creditors	1 322	988
Employment on-costs	109	90
Total current payables	1 776	1 442
Non-current payables		
Employment on-costs	90	73
Total non-current payables	90	73

Employment on-costs

The actuarial assessment performed by the Department of Treasury and Finance, has resulted in the percentage of the proportion of long service leave taken increasing from 2015 (37%) to 2016 (40%), and the average factor for the calculation of employer superannuation cost on-cost has decreased from 2015 (10.3%) to 2016 (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 \$0.002 million and employee benefit expense of \$0.002 million. The estimated impact on future periods is not expected to be materially different to the effect on the current period as shown above.

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.

Maturity analysis of payables and categorisation of financial instruments and risk exposure information

Refer note 30.

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

21 Employee benefits

	2016	2015
	\$'000	\$'000
Employee benefits current		
Accrued salaries and wages	81	30
Annual leave	486	401
Skills and experience retention leave	30	30
Long service leave	27	30
Total employee benefits current	624	491
Employee benefits non-current		
Long service leave	972	812
Total employee benefits non-current	972	812

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.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$0.071 million and employee benefits expense of \$0.071 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.

22 Provisions

	2016	2015
	\$'000	\$'000
Current liabilities		
Provision for workers compensation	133	126
Total current provisions	133	126
Non-current liabilities		
Provision for workers compensation	196	395
Total non-current provisions	196	395
Total provisions	329	521
Provision movement		
Carrying amount at the beginning of the period	521	702
Additional provisions recognised	61	51
Reductions arising from payments	(253)	(232)
Carrying amount at the end of the period	329	521

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

22 Provisions (continued)

SES has reported a liability 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).

23 Equity

	2016	2015
	\$'000	\$'000
Retained earnings	31 757	30 625
Asset revaluation surplus	5 152	5 152
Total equity	36 909	35 777

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.

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

24 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	2,170	2 115
Balance as per the Statement of Cash Flows	2,170	2 115
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by operating activities	3,631	4 246
Less revenues from SA Government	(16,351)	(15 037)
Add/(less) non-cash items		
Depreciation and amortisation	(1,992)	(1 450)
Net loss from disposal of non-current assets	(132)	(10)
Movements in assets and liabilities		
Increase/(decrease) in receivables	79	21
(Increase)/decrease in payables	(353)	(336)
(Increase)/decrease in employee benefits	(293)	(125)
Decrease/(increase) in provisions	192	181
Net cost of providing services	(15 219)	(12 510)

25 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	2015
	\$'000	\$'000
Within one year	746	681
Later than one year but not later than five years	1 585	1 875
Later than five years	528	1 071
Total operating lease commitments	2 859	3 627

The above-mentioned operating lease payments are not recognised in the financial statements as liabilities. These non-cancellable leases relate to vehicle and property leases, with rental payable monthly. Contingent rental provisions within the lease agreements require the minimum lease payments to be increased annually based on consumer price index movement.

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

25 Unrecognised contractual commitments (continued)

Capital commitments

Capital expenditure 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	360	143
Total capital commitments	360	143

Prior period commitments were for property.

Expenditure commitments

Expenditure 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	115	53
Later than one year but not later than five years	-	80
Total expenditure commitments	115	133

Contractual commitments relate to information technology contract.

26 Contingent assets and liabilities

Contingent assets

SES is not aware of any contingent assets.

SES has previously reported that in 2009-10, prepayment were made for capital works project of \$ 0.2 million for works that did not materialise and that recovery of the prepayments had been sought. Recovery of the amount is now no longer possible.

Contingent liabilities

SES is not aware of any contingent liabilities.

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

27 Events at the end of the reporting period

There were no events after the reporting period affecting the financial statements.

28 Transactions with SA Government

	Note	SA Government		Non-SA Government		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses							
Employee benefits expenses	5	344	300	5,033	4,308	5 377	4,608
Supplies and services	6						
Accommodation		14	15	17	18	31	33
Auditor's remuneration		28	28	-	-	28	28
Communications		39	37	265	241	304	278
Computing costs		96	70	341	311	437	381
Consultancy, contractors and legal fees		75	11	291	154	366	165
Consumables		4	6	299	319	303	325
Energy		30	36	103	107	133	143
Government radio network		2 067	2 017	-	-	2 067	2 017
Insurance premiums		174	90	17	15	191	105
Minor plant and equipment		-	-	896	445	896	445
Operating lease costs		624	509	108	151	732	660
Operational costs		2	8	247	162	249	170
Repairs and maintenance		54	43	806	761	860	804
Travel and training		8	7	609	583	617	590
Uniforms and protective clothing		-	-	287	233	287	233
Other expenses		118	107	199	314	317	421
Grants and subsidies	7	-	-	242	442	242	442
Depreciation and amortisation expense	8	-	-	1,992	1,450	1 992	1,450
Net loss from disposal of non-current assets	9	-	-	132	10	132	10
Total expenses		3 677	3 284	11 884	10 024	15 561	13 308

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

28 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							
Grants and contributions	10						
Commonwealth Government		-	-	18	-	18	-
State Government		145	630	-	-	145	630
Interest revenues	11	32	36	-	-	32	36
Other income	12						
Donations		-	-	1	1	1	1
Unit fundraising		-	-	86	-	86	-
Other		-	2	60	129	60	131
Revenues from SA Government	13	16 351	15 037	-	-	16,351	15,037
Total income		16 528	15 705	165	130	16 693	15 835
Financial assets							
Receivables	15						
Receivables		-	81	32	16	32	97
Accrued revenues		2	3	-	-	2	3
GST input tax recoverable		-	-	372	227	372	227
Other financial assets	16	-	-	391	340	391	340
Total financial assets		2	84	795	583	797	667
Financial liabilities							
Payables	20						
Accrued expenses		219	91	126	273	345	364
Creditors		320	193	1 002	795	1 322	988
Employment on-costs		98	83	101	80	199	163
Total financial liabilities		637	367	1 229	1 148	1 866	1 515

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

29 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 the original budgeted total expenses.

		Original Budget ¹ 2016 \$'000	Actual 2016 \$'000	Variance \$'000
Statement of Comprehensive Income				
Expenses				
Employee benefits	(a)	4 889	5 377	488
Supplies and services	(b)	7 079	7 818	739
Grants and subsidies		-	242	242
Depreciation and amortisation	(c)	2 316	1 992	(324)
Net loss from disposal of non-current assets		-	132	132
Total expenses		14 284	15 561	1,277
Income				
Grants and contributions		-	163	163
Interest revenues		23	32	9
Other		85	147	62
Total income		108	342	234
Net cost of providing services		14 176	15 219	1,043
Revenues from / payments to SA government				
Revenues from SA government		16 102	16 351	249
Total revenues from / payments to SA Government		16 102	16 351	249
Total comprehensive result		1 926	1 132	(794)

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budget financial statements in respect of the reporting period (2015-16 Budget Paper 4). These original budget 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.

- (a) Employee benefits were higher than budget due to new programs announced in the 2015-16 Budget initially funded under SAFECOM (funding transferred to SES during the year).
- (b) Supplies and Services were higher than budget due to new programs announced in the 2015-16 Budget initially funded under SAFECOM (funding transferred to SES during the year), Natural Disaster Resilience Programs and the Pinery Fires.
- (c) Depreciation and amortisation expenses are lower than original budget due to the increase in assessment of useful life of vehicles from 15 years to 20 years.

		Original Budget ¹ 2016 \$'000	Actual 2016 \$'000	Variance \$'000
Investing expenditure summary				
Total annual program		3 889	3 652	(237)
Total investing expenditure		3 889	3 652	(237)

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

29 Budgetary reporting and explanations of major variances between budget and actual amounts (continued)

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budget financial statements in respect of the reporting period (2015-16 Budget Paper 4). These amounts have not been adjusted to reflect revised budgets.

There were no variances where the variance exceeds the greater of 10% of the original budget amount and 5% of original budgeted total investing expenditure.

30 Financial risk management/financial instruments

30.1 Financial risk management

Risk management is managed by SES 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*.

SES 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 30.3 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.

SES 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, 15 and 20).
- Held-to-maturity investments are initially recognised at fair value, then subsequently held at amortised cost. This is the most representative of fair value in the circumstances (refer notes 2 and 16).

30.3 Liquidity risk

Liquidity risk arises from the possibility that SES is unable to meet its financial obligations as they fall due. SES is funded principally from the Fund. SES works with the Fund to determine the cash flows associated with its government approved program of work to ensure funding meets the expected cash flows.

SES 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.

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

The carrying amount recorded in table 30.3 represent SES's maximum exposure.

The following table discloses the carrying amount of each category of financial instrument held by SES including the contractual maturity analysis for financial assets and liabilities (i.e. 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.

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

30 Financial risk management/financial instruments (continued)

Table 30.3 Categorisation and maturity analysis of financial assets and liabilities

Category of financial asset and financial liability	Notes	2016 Carrying amount/Fair value \$'000	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2016						
Financial assets						
Cash and cash equivalents	14	2 170	2 170	-	-	-
Receivables ⁽¹⁾⁽²⁾	15	19	19	-	-	-
Other financial assets	16	391	391	-	-	-
Total financial assets		2,580	2,580	-	-	-
Financial liabilities						
Payables ⁽¹⁾	20	1 627	1 627	-	-	-
Total financial liabilities		1,627	1,627	-	-	-

Category of financial asset and financial liability	Notes	2015 Carrying amount/Fair value \$'000	Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2015						
Financial assets						
Cash and cash equivalents	14	2 115	2 115	-	-	-
Receivables ⁽¹⁾⁽²⁾	15	99	99	-	-	-
Other financial assets	16	340	340	-	-	-
Total financial assets		2,554	2,554	-	-	-
Financial liabilities						
Payables ⁽¹⁾	20	1 325	1 325	-	-	-
Total financial liabilities		1,325	1,325	-	-	-

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.

² Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 15 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.

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

30 Financial risk management/financial instruments (continued)

30.4 Credit risk

Credit risk arises when there is the possibility of SES's debtors defaulting on their contractual obligations resulting in financial loss to the department. SES measures credit risk on a fair value basis and monitors risk on a regular basis.

SES has minimal concentration of credit risk. SES has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. SES 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 SES.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 15 for information on the allowance for impairment in relation to receivables.

The carrying amount of financial assets as detailed in note 30.3 represents SES's maximum exposure to credit risk.

Table 30.4 Ageing analysis of financial assets

The following table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets.

	Current (Not overdue) \$'000	Overdue for < 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for > 60 days \$'000	Total \$'000
2016					
Not impaired					
Receivables ⁽¹⁾	19	-	-	-	19
Other financial assets	391	-	-	-	391
2015					
Not impaired					
Receivables ⁽¹⁾	83	-	-	16	99
Other financial assets	340	-	-	-	340

¹ The receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing from Government taxes). They are carried at cost.

30.5 Market risk

SES has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). SES's exposure to market risk and cash flow interest risk is minimal. There is minimal exposure to foreign currency or other price risks.

SES does not trade in foreign currency, enter into transactions for speculative purpose nor for hedging. SES 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 SES as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

South Australian State Emergency Service
Notes to and forming part of the financial statements
for the year ended 30 June 2016

31 Trust funds

	2016	2015
	\$'000	\$'000
Cash at bank	350	337
Total trust fund	350	337

The trust funds represent funds held by the Australian Council of State Emergency Services. The funds will be utilised to meet expenses incurred by each of the State Emergency Services Headquarters in Australia. SES will administer these funds until they are fully expended. In 2015-16, total income earned by the Council was \$0.058 million and expenses incurred totalled \$0.030 million.

South Australian State Emergency Service Certification of the Financial Statements

We certify that the attached general purpose financial statements for the South Australian State Emergency Service:

- 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 South Australian State Emergency Service; and
- present a true and fair view of the financial position of the South Australian State Emergency Service 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 South Australian State Emergency Service for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Chris Beattie
Chief Officer
South Australian State Emergency Service
16/09/2016



Julie Best
Business Manager
South Australian State Emergency Service
16/09/2016

INDEPENDENT AUDITOR'S REPORT



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Auditor-General's Department

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To the Chief Officer South Australian State Emergency Service

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and subsection 120(2) of the *Fire and Emergency Services Act 2005*, I have audited the accompanying financial report of the South Australian State Emergency Service 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 Chief Officer and the Business Manager.

The Chief Officer's responsibility for the financial report

The Chief Officer 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 Officer 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.

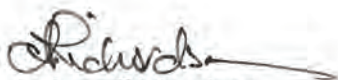
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.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



Andrew Richardson

Auditor-General

19 September 2016

South Australian Tourism Commission

Financial report
for the year ended
30 June 2016

SOUTH AUSTRALIAN TOURISM COMMISSION
STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2016

		2016	2015
	Note	\$'000	\$'000
EXPENSES			
Employee benefits expenses	5	13 857	10 210
Advertising and promotion	6	37 430	21 091
Industry assistance	7	9 857	11 052
Administration and accommodation	8	9 344	6 100
Event operations	9	38 042	11 310
Depreciation expense	10	1 896	497
TOTAL EXPENSES		110 426	60 260
INCOME			
Sponsorship and participation	11	10 025	5 426
Entry fees, sales and commission	12	15 017	1 387
Refunds and recoups		736	636
Interest		360	-
Other income	13	1 280	435
Net gain from the disposal of non-current assets	14	-	1
TOTAL INCOME		27 418	7 885
NET COST OF PROVIDING SERVICES		83 008	52 375
REVENUES FROM SA GOVERNMENT			
Revenues from SA Government	15	83 101	54 483
TOTAL REVENUES FROM SA GOVERNMENT		83 101	54 483
NET RESULT		93	2 108
OTHER COMPREHENSIVE INCOME			
Changes in plant and equipment revaluation reserve	18	-	146
TOTAL OTHER COMPREHENSIVE INCOME		-	146
TOTAL COMPREHENSIVE RESULT		93	2 254

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.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	16	10 819	4 410
Receivables	17	1 853	1 049
Other current assets		239	-
TOTAL CURRENT ASSETS		12 911	5 459
NON-CURRENT ASSETS			
Plant and equipment	18	13 007	1 869
Other non-current assets		22	-
TOTAL NON-CURRENT ASSETS		13 029	1 869
TOTAL ASSETS		25 940	7 328
LIABILITIES			
CURRENT LIABILITIES			
Payables	20	4 258	2 717
Other current liabilities	21	1 519	154
Employee benefits	22	1 214	1 050
Provisions	23	13	11
TOTAL CURRENT LIABILITIES		7 004	3 932
NON-CURRENT LIABILITIES			
Payables	20	131	120
Other non-current liabilities	21	472	321
Employee benefits	22	1 859	1 530
Provisions	23	23	25
TOTAL NON-CURRENT LIABILITIES		2 485	1 996
TOTAL LIABILITIES		9 489	5 928
NET ASSETS		16 451	1 400
EQUITY			
Contributed capital		64	64
Retained earnings		13 737	1 190
Asset revaluation surplus		2 650	146
TOTAL EQUITY	24	16 451	1 400
The total equity is attributable to the SA Government as owner.			
Unrecognised contractual commitments	25		

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	Contributed Capital \$'000	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total Equity \$'000
BALANCE AT 30 JUNE 2014		64	-	(918)	(854)
Net result for 2014-15		-	-	2 108	2 108
Gain on revaluation of plant and equipment during 2014-15	18	-	146	-	146
Total comprehensive result for 2014-15		-	146	2 108	2 254
BALANCE AT 30 JUNE 2015		64	146	1 190	1 400
Net result for 2015-16		-	-	93	93
Total comprehensive result for 2015-16		-	-	93	93
Transactions with SA Government as owner					
Net assets received from an administrative restructure	27	-	2 504	12 454	14 958
BALANCE AT 30 JUNE 2016	24	64	2 650	13 737	16 451
All changes in equity are attributed to the SA Government as owner.					

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

		2016	2015
		Inflows	Inflows
		(Outflows)	(Outflows)
	Note	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH OUTFLOWS			
Employee benefits payments		(13 614)	(9 914)
Payments for supplies and services		(100 347)	(52 831)
Payments for Paid Parental Leave scheme		(80)	(54)
CASH USED IN OPERATIONS		(114 041)	(62 799)
CASH INFLOWS			
Receipts from the sale of goods and services		27 180	8 413
Interest received		360	-
GST recovered from the ATO		5 371	3 126
Receipts for Paid Parental Leave scheme		80	60
CASH GENERATED FROM OPERATIONS		32 991	11 599
CASH FLOWS FROM SA GOVERNMENT			
Receipts from SA Government		83 101	54 483
CASH GENERATED FROM SA GOVERNMENT		83 101	54 483
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	29	2 051	3 283
CASH FLOWS FROM INVESTING ACTIVITIES			
CASH OUTFLOWS			
Purchase of plant and equipment		(449)	(161)
CASH USED IN INVESTING ACTIVITIES		(449)	(161)
CASH INFLOWS			
Proceeds from sale of plant and equipment		2	1
CASH GENERATED FROM INVESTING ACTIVITIES		2	1
NET CASH USED IN INVESTING ACTIVITIES		(447)	(160)
CASH FLOWS FROM FINANCING ACTIVITIES			
CASH INFLOWS			
Cash received from restructuring activities	27	4 805	-
CASH GENERATED FROM FINANCING ACTIVITIES		4 805	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		4 805	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		6 409	3 123
CASH AND CASH EQUIVALENTS AT 1 JULY		4 410	1 287
CASH AND CASH EQUIVALENTS AT 30 JUNE	16	10 819	4 410

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

DISAGGREGATED DISCLOSURES – EXPENSES AND INCOME

FOR THE YEAR ENDED 30 JUNE 2016

(Refer to Note 4)

	Tourism Development		Tourism Events		Tourism Marketing		Total
	2016	2015	2016	2015	2016	2015	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
EXPENSES							
Employee benefits expenses	3 482	1 390	5 714	2 696	4 661	6 124	13 857
Advertising and promotion	930	748	7 005	2 582	29 495	17 761	37 430
Industry assistance	3 279	1 776	5 562	6 475	1 016	2 801	9 857
Administration and accommodation	988	687	4 965	1 510	3 391	3 903	9 344
Event operations	112	89	37 929	10 994	1	227	38 042
Depreciation expense	46	44	1 709	234	141	219	1 896
TOTAL EXPENSES	8 837	4 734	62 884	24 491	38 705	31 035	110 426
INCOME							
Sponsorship and participation	-	-	9 705	4 391	320	1 035	10 025
Entry fees, sales and commission	-	-	14 994	1 363	23	24	15 017
Refunds and recoups	139	2	590	304	7	330	736
Interest	-	-	360	-	-	-	360
Other income	77	78	1 001	70	202	287	1 280
Net gain from the disposal of non-current assets	-	-	-	-	-	1	1
TOTAL INCOME	216	80	26 650	6 128	552	1 677	27 418
NET COST OF PROVIDING SERVICES	8 621	4 654	36 234	18 363	38 153	29 358	52 375
REVENUES FROM SA GOVERNMENT							
Revenues from SA Government	9 297	4 809	36 009	19 360	37 795	30 314	83 101
TOTAL REVENUES FROM SA GOVERNMENT	9 297	4 809	36 009	19 360	37 795	30 314	83 101
NET RESULT	676	155	(225)	997	(358)	956	2 108
OTHER COMPREHENSIVE INCOME							
Changes in plant and equipment revaluation reserve	-	18	-	41	-	87	146
TOTAL OTHER COMPREHENSIVE INCOME	-	18	-	41	-	87	146
TOTAL COMPREHENSIVE RESULT	676	173	(225)	1 038	(358)	1 043	93
							2 254

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the South Australian Tourism Commission

The purpose of the South Australian Tourism Commission (the Commission) established under the *South Australian Tourism Commission Act 1993* is to assist in securing economic and social benefits for the people of South Australia through the promotion of South Australia as a tourism destination and the further development and improvement of the State's tourism industry. The principal goals of the Commission are to:

- add value to the efforts of the tourism industry and other government agencies, by ensuring a coordinated approach to the promotion of South Australia which results in an increase in visitor numbers to all regions of the State thereby increasing the value of tourism to the economy and generating employment for South Australians;
- attract, develop, own and support major and strategic events that generate substantial economic and social benefits for South Australia and promote the image and profile of Adelaide and South Australia;
- ensure the development of South Australia's tourism resources in a socially responsible way with emphasis on the continued maintenance and preservation of South Australia's environmental and cultural heritage and the profitability and effective utilisation of infrastructure; and
- achieve a strong corporate team and positive corporate culture that uses its resources in the most effective and efficient manner.

The functions and powers of the Commission in relation to motor sport are established under the *South Australian Motor Sport Act 1984*, and include the promotion of motor sport events and the establishment of a motor racing circuit on a temporary basis.

2. Summary of Significant Accounting Policies

(a) Statement of Compliance

The Commission 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 and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

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

Except for AASB 2015-7 which the Commission 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 Commission 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 judgement in the process of applying the Commission's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies to be 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 transaction 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 the 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 Commission 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 Commission's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

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

The financial statements have been prepared 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 Commission is a statutory authority of the State of South Australia, established pursuant to the *South Australian Tourism Commission Act 1993*.

The financial statements and accompanying notes include all the controlled activities of the Commission. The Commission does not control any other entity and has no interests in unconsolidated structured entities. In forming this view, the Commission considered its involvement with Australian Tourism Data Warehouse Limited (ATDW) and determined that it does not control ATDW. In making this assessment, the Commission considered its power over ATDW, its exposure or rights including protective and substantive rights to variable returns from its involvement with ATDW and the ability to use its power to affect return amounts (that is the ability to direct relevant major activities).

The Commission has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

(d) Financial Arrangements

The Commission's principal source of funding consists of monies appropriated by Parliament. The Commission is reliant on the continued provision of funding by SA Government. The financial activities of the Commission are primarily conducted through a Special Deposit Account pursuant to section 21 of the *Public Finance and Audit Act 1987*.

(e) Transferred Functions

The *Statutes Amendment (Boards and Committees – Abolition and Reform) Act 2015* dissolved the South Australian Motor Sport Board (SAMSAB) and vested its assets and liabilities at 1 July 2015 in the Commission. By notice in the Government Gazette all employees of SAMSAB were transferred to employment by the employing authority under the *South Australian Tourism Commission Act 1993* from 1 July 2015. Refer to note 27.

(f) 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 is not budgeted for on the same basis and is 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 or machinery of government changes. The budget process is not subject to audit.

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

(h) Rounding

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

(i) Taxation

The Commission is not subject to income tax. The Commission 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 (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an expense item as 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 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 are disclosed on a gross basis.

(j) Events after the Reporting Period

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

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

(k) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to the Commission 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 transactions or other event.

The following are specific recognition criteria:

Contributions received

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

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

- Contributions with unconditional stipulations - this will be when the agreement becomes enforceable, that is, the earlier of when the receiving entity has formally been advised that the contribution has been approved; the 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 Commission have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Revenues from SA Government

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

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

Sponsorship and participation

The Commission earns income from participants in the tourism industry through cooperative marketing schemes, sponsorship of events, subscriptions and training fees.

Entry fees, sales and commission

Income from entry fees, licence fees, car parking and merchandise sales is derived in respect of events owned and managed by the Commission. Commission consists of income earned on online sales made through the Commission's website (southaustralia.com).

Other income

Other income consists of rental income, gain on foreign exchange and sundry income.

Net gain from the disposal of non-current assets

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

(l) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Commission 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 salaries and wages, 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 Commission to the superannuation plan in respect of current services of current Commission staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole of government financial statements.

Industry assistance

For contributions payable, the contribution will be recognised as a liability and expense when the entity has a present obligation to pay the contribution and the expense recognition criteria are met. All contributions paid by the Commission have been contributions with unconditional stipulations attached.

Depreciation

All non-current assets, having limited useful lives, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential. Assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, on an annual basis. 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 fitouts is amortised over the estimated useful life of each fitout, or the unexpired period of the relevant lease, whichever is shorter.

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

<i>Class of asset</i>	<i>Useful life (years)</i>
General and events plant and equipment	5-10
Pageant plant and equipment	5-33
Fitouts	3-10
Motor sport plant and equipment	2-20

(m) 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.

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

(n) 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 recovered within twelve months and more than twelve months, the Commission 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 and in other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Receivables

Receivables include amounts receivable from goods and services, GST input tax credits recoverable, 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 and services have been provided under a contractual arrangement.

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

Other Assets

Other assets consists of a lease incentive received in the form of rent-free periods. As such it is capitalised as an asset and amortised over the terms of the rent-free period.

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.

All non-current tangible assets with a value equal to or in excess of \$10 000 are capitalised. All Pageant Floats, regardless of their value, are recognised as non-current assets in the Statement of Financial Position. Pageant Floats are recorded at historic cost less accumulated depreciation.

Non-current assets acquired at no or nominal value as part of an administrative restructure are recognised at book value, that is the amount recorded by the transferor public authority immediately prior to the restructure.

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 Commission revalues its fitouts using internal estimates based on indices or recent transactions. A valuation appraisal by a 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.

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 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.

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 Commission 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 at each reporting date.

Non-financial assets

In determining fair value, the Commission has taken into account the characteristic of the asset, such as the 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 and financially feasible). The Commission's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Commission has not identified 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 which was less than \$1 million, or an estimated useful life that was less than three years, are deemed to approximate fair value. Refer to notes 18 and 19 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Financial assets/liabilities

The Commission does not recognise any financial assets or financial liabilities at fair value.

(o) 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 Commission has separately disclosed the amounts expected to be settled after more than twelve months.

Payables

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

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

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 had not been received.

The Paid Parental Leave scheme payable represents amounts which the Commission has received from the Commonwealth Government to forward onto eligible employees via the Commission's standard payroll processes. That is, the Commission 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, workers compensation levies and superannuation contributions in respect to outstanding liabilities for salary and wages, long service leave, annual leave and skills and experience retention leave.

The Commission 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.

Leases

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

Operating leases

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

Lease incentives

All incentives for the operating lease for office accommodation are recognised as an integral part of the net consideration agreed for the use of the leased accommodation. Incentives received to enter into operating leases are recognised as a liability.

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

Lease incentives received are in the form of fitouts and rent-free periods, and as such are capitalised as assets and depreciated or amortised over the remaining term of the lease, estimated useful life of the asset or terms of the rent-free periods, whichever is shorter.

Employee Benefits

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

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

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

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

Long service leave

The liability for long service leave is 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 services. 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 periods on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

Current long service leave reflects the portion of leave expected to be settled within the next twelve months based on previous experience. All other long service leave is classified as non-current.

Provisions

Provisions are recognised when the Commission 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 Commission 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.

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2016 provided by a consulting actuary engaged 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 Commission is responsible for the payment of workers compensation claims.

(p) Unrecognised Contractual Commitments and Contingent Assets and Liabilities

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

Contingent assets and liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of 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.

(q) Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Associated currency gains and losses, where material, are disclosed separately in note 8 and note 13 to the Statement of Comprehensive Income.

3. New and Revised Accounting Standards and Policies

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

Except for AASB 2015-7 which the Commission 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 Commission for the period ending 30 June 2016. The Commission 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 Commission 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 Commission at the time, it is estimated that significant assets and liabilities could be recognised and amortised over the lease terms.

4. Activities of the Commission

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

Activity 1: Tourism Development

Promote and assist tourism development, improve visitor access into and around the state, and advise industry in terms of research, policy and planning.

Activity 2: Tourism Events

To strategically build and promote the state's event calendar by developing and attracting new events and managing and growing existing events.

Activity 3: Tourism Marketing

Develop and implement marketing activities and campaigns to increase the number of international, national and local visitors to and within South Australia.

The disaggregated disclosures schedule presents expenses and income information attributable to each of the activities for the years ended 30 June 2016 and 30 June 2015. Expenses and income attributed to the Commission as a whole have been proportionally allocated to each of the activities on the basis of full time equivalent employees in each of the activities. A disaggregated disclosure of the Commission's assets and liabilities has not been provided as the information is not reliably available.

5. Employee Benefits Expenses

	2016 \$'000	2015 \$'000
Salaries and wages	10 566	7 747
TVSPs (refer below)	148	-
Long service leave	401	317
Annual leave	862	680
Skills and experience retention leave	36	20
Employment on-costs – superannuation	1 042	809
Employment on-costs – other	632	480
Board fees	153	157
Other employment related expenses	17	-
Total employee benefits expenses	13 857	10 210

Targeted Voluntary Separation Packages (TVSPs)

	2016 \$'000	2015 \$'000
Amount paid during the reporting period to separated employees:		
TVSPs	148	-
Annual leave and long service leave paid to those employees	79	-
Net cost to the Commission	227	-

The number of employees who received a TVSP during the reporting period was 3 (0).

Remuneration of Employees

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

	2016 Number	2015 Number
\$145 001 – \$155 000	1	1
\$155 001 – \$165 000	1	-
\$165 001 – \$175 000	1	1
\$175 001 – \$185 000	1	-
\$185 001 – \$195 000	1	1
\$195 001 – \$205 000	1	-
\$205 001 – \$215 000	-	1
\$215 001 – \$225 000	1	-
\$345 001 – \$355 000	-	1
\$395 001 – \$405 000	1	-
\$475 001 – \$485 000	1	-
Total number of employees	9	5

The table includes all employees whose normal remuneration was equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment and includes salaries and wages, termination payments, TVSPs, 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 \$2 132 000 (\$1 063 000).

6. Advertising and Promotion	2016	2015
	\$'000	\$'000
Consumer advertising	14 043	7 265
Cooperative consumer marketing	9 030	3 334
Familiarisations	1 795	1 501
Other consumer marketing	383	247
Production	5 664	3 514
Marketing research	1 114	922
Trade marketing	796	1 401
Other advertising and promotion	4 605	2 907
Total advertising and promotion	37 430	21 091
7. Industry Assistance	2016	2015
	\$'000	\$'000
Sponsorship of events	6 180	7 600
Tourism infrastructure grants	12	231
Tourism marketing boards/information centre grants	371	354
Marketing/industry support	3 234	2 798
Trade show subsidies/membership of tourism industry bodies	60	69
Total industry assistance	9 857	11 052
8. Administration and Accommodation	2016	2015
	\$'000	\$'000
Communication and computing	2 138	1 971
Stationery, postage, couriers and freight	164	101
Contractors and consultants	259	246
Motor vehicles, taxis and car parking	280	246
Domestic and international travel	847	578
Seminars, courses and training	89	118
Accommodation and service costs	2 969	2 067
Bad and doubtful debts expense	534	-
Loss on foreign exchange	257	20
Insurance	376	173
Audit, legal and other fees	546	410
Plant and equipment derecognised	629	-
Other	256	170
Total administration and accommodation	9 344	6 100
Consultants	2016	2015
The number and dollar amount of consultancies paid/payable (included in administration and accommodation) that fell within the following bands:	No.	\$'000
Below \$10 000	1	3
\$10 000 and above	5	200
Total paid/payable to the consultants engaged	6	203
9. Event Operations	2016	2015
	\$'000	\$'000
Event facilities	8 471	1 749
Construction	6 208	-
Catering and entertainment	4 945	744
Communications	936	463
Transport	329	198
Participants and contractors	9 734	5 292
Television and media	3 016	1 898
Event management	4 403	966
Total event operations	38 042	11 310

10. Depreciation Expense	2016	2015
	\$'000	\$'000
General plant and equipment	15	88
Pageant plant and equipment	146	132
Motor sport plant and equipment	1 371	-
Fitouts	364	277
Total depreciation expense	1 896	497
11. Sponsorship and Participation	2016	2015
	\$'000	\$'000
Sponsorship income	8 334	4 319
Cooperative marketing/advertising	249	260
Industry participation fees	187	563
In-kind income	1 255	284
Total participation fees	10 025	5 426
12. Entry Fees, Sales and Commission	2016	2015
	\$'000	\$'000
Event entry fees	12 459	824
Licence fees	2 468	530
Sale of merchandise	90	28
Commission on sales	-	5
Total entry fees, sales and commission	15 017	1 387
13. Other Income	2016	2015
	\$'000	\$'000
Gain on foreign exchange	225	286
Gain on derecognition of financial liabilities	934	-
Rental income	79	78
Sundry income	42	71
Total other income	1 280	435
14. Net Gain from the Disposal of Non-Current Assets	2016	2015
	\$'000	\$'000
Plant and equipment		
Proceeds from disposal	2	1
Net book value of assets disposed	(2)	-
Total net gain from the disposal of non-current assets	-	1
15. Revenues from SA Government	2016	2015
	\$'000	\$'000
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	69 495	53 335
Other revenues from SA Government	13 606	1 148
Total revenues from SA Government	83 101	54 483

Total revenues from SA Government consist of \$82 131 000 (\$54 353 000) of operational funding and \$970 000 (\$130 000) for capital purposes. For details on the expenditure associated with the operational and capital funding received refer to notes 5 to 10 and note 18. There was no material variance between the amount appropriated and the expenditure associated with this appropriation.

The original amount appropriated to the Commission under the annual *Appropriation Act* was \$69 007 000 (\$50 502 000). An additional \$488 000 (\$2 833 000) was received from the Treasurer via the Governor's Appropriation Fund.

16. Cash and Cash Equivalents

	2016 \$'000	2015 \$'000
Cash on hand	4	3
Cash at bank	8 873	2 859
Deposits with the Treasurer	1 942	1 548
Total cash and cash equivalents	10 819	4 410

Deposits with the Treasurer

Includes funds held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use, and can only be used in accordance with the Treasurer's or Under Treasurer's approval.

Interest Rate Risk

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

Non-cash Financing and Investing Activities

During the reporting period the Commission assumed the liabilities of SAMSB amounting to \$4 202 000. The assumption of liabilities is not reflected in the Statement of Cash Flows.

17. Receivables

	2016 \$'000	2015 \$'000
Current:		
Receivables	1 533	317
Allowance for doubtful debts	(534)	-
	999	317
GST input tax recoverable	651	630
Accrued revenues	41	-
Prepayments	162	102
Total receivables	1 853	1 049

Movement in the Allowance for Doubtful Debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (that is, 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 under "administration and accommodation" in the Statement of Comprehensive Income for specific debtors for which such evidence exists.

	2016 \$'000	2015 \$'000
Movement in the allowance for doubtful debts (allowance for impairment loss)		
Carrying amount at 1 July	-	-
Increase in the allowance	534	-
Increase as a result of an administrative restructure	5	-
Amounts written off	(5)	-
Carrying amount at 30 June	534	-

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.

Refer to note 32 for categorisation of financial instruments, maturity analysis of receivables and risk exposure information.

18. Plant and Equipment

	2016 \$'000	2015 \$'000
General plant and equipment		
At cost (deemed fair value)	349	348
Accumulated depreciation at the end of the period	(325)	(309)
Total general plant and equipment	24	39
Pageant plant and equipment		
At cost (deemed fair value)	1 900	1 804
Accumulated depreciation at the end of the period	(1 004)	(930)
Total Pageant plant and equipment	896	874
Motor sport infrastructure		
At cost (deemed fair value)	1 379	-
Accumulated depreciation at the end of the period	(929)	-
At fair value	13 214	-
Accumulated depreciation at the end of the period	(2 496)	-
Total motor sport infrastructure	11 168	-
Fitouts		
At cost (deemed fair value)	805	373
Accumulated depreciation at the end of the period	(513)	(316)
At fair value	899	899
Accumulated depreciation at the end of the period	(272)	-
Total fitouts	919	956
Total plant and equipment	13 007	1 869

Carrying Amount of Plant and Equipment

In accordance with APF III all items of plant and equipment that had a fair value at the time of acquisition which was less than \$1 million or an estimated useful life less than three years have not been revalued. The carrying values of these items are deemed to approximate fair value. These assets are classified in level 3 as there have been no subsequent adjustments to their value, except for management assumptions about the assets' condition and remaining useful life.

Plant and equipment includes \$1 131 000 (\$410 000) of fully depreciated plant and equipment still in use.

Impairment

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

Reconciliation of Non-Current Assets

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

2016	General Plant & Equipment \$'000	Pageant Plant & Equipment \$'000	Motor Sport Infrastructure \$'000	Fitouts \$'000	Total \$'000
Carrying amount at 1 July	39	874	-	956	1 869
Additions	-	170	202	77	449
Acquisition through an administrative restructure	22	-	12 944	250	13 216
Disposals	-	(2)	-	-	(2)
Derecognition of plant and equipment	(22)	-	(607)	-	(629)
Depreciation	(15)	(146)	(1 371)	(364)	(1 896)
Carrying amount at 30 June	24	896	11 168	919	13 007

The following table shows the movement of non-current assets during 2014-15

2015	General Plant & Equipment \$'000	Pageant Plant & Equipment \$'000	Motor Sport Infrastructure \$'000	Fitouts \$'000	Total \$'000
Carrying amount at 1 July	127	845	-	1 087	2 059
Additions	-	161	-	-	161
Revaluation increment	-	-	-	146	146
Depreciation	(88)	(132)	-	(277)	(497)
Carrying amount at 30 June	39	874	-	956	1 869

19. 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 Commission 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 Commission had no valuations categorised into level 1 or level 2.

	2016 \$'000	2015 \$'000
Level 3		
Recurring fair value measurements		
General plant and equipment	24	39
Pageant plant and equipment	896	874
Motor sport plant and equipment	11 168	-
Fitouts	919	956
Total recurring fair value measurements	13 007	1 869

Valuation Techniques and Inputs

Valuation techniques used to derive level 3 fair values are at note 2(n). There were no changes in valuation techniques during 2016.

Reconciliation of Level 3 Recurring Fair Value Measurements

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3)

	2016 \$'000	2015 \$'000
Plant and Equipment		
Opening balance at 1 July	1 869	2 059
Capitalised subsequent expenditure	449	161
Acquisition through an administrative restructure	13 216	-
Disposals	(2)	-
Losses for the period recognised in net result		
Depreciation	(1 896)	(497)
Derecognition of plant and equipment	(629)	
Gains for the period recognised in other comprehensive result		
Revaluation increment	-	146
Carrying amount at 30 June	13 007	1 869

20. Payables

	2016 \$'000	2015 \$'000
Current:		
Creditors	1 484	1 579
Accrued expenses	2 550	963
Employment on-costs	218	169
Paid Parental Leave scheme payable	6	6
Total current payables	4 258	2 717
Non-Current:		
Employment on-costs	131	120
Total non-current payables	131	120
Total payables	4 389	2 837

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the average proportion of long service leave taken as leave at a whole of government level increased from an estimate of 37% (2015) to 40% (2016). In accordance with APF IV, management has determined that the Commission's experience has been sufficiently different over several years to render the use of this average unreliable. The percentage of long service leave taken as leave is 19.4% (26.7%). The average factor for the calculation of employer superannuation contribution on-cost decreased from 10.3% (2015) to 10.2% (2016). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in employment on-costs of \$17 000. The estimated impact on 2017 and 2018 is \$18 000 and \$19 000 respectively.

Interest Rate and Credit Risk

Creditors and accruals are raised for 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.

Refer to note 32 for categorisation of financial instruments, maturity analysis of payables and risk exposure information.

21. Other Liabilities	2016 \$'000	2015 \$'000
Current:		
Lease incentive	198	154
Unclaimed monies	19	-
Unearned revenue	1 143	-
Foreign exchange forward contracts	159	-
Total current other liabilities	1 519	154
Non-Current:		
Lease incentive	472	321
Total non-current other liabilities	472	321
Total other liabilities	1 991	475

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

22. Employee Benefits	2016 \$'000	2015 \$'000
Current:		
Annual leave	707	598
Long service leave	279	259
Skills and experience retention leave	46	31
Accrued salaries and wages	182	162
Total current employee benefits	1 214	1 050
Non-Current:		
Long service leave	1 859	1 530
Total non-current employee benefits	1 859	1 530
Total employee benefits	3 073	2 580

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability. An actuarial assessment performed by the Department of Treasury and Finance has provided the 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 3.0% (2015) to 2.0% (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 of the change in the bond rate in the current financial year is an increase in the long service leave liability of \$148 000, employment on-costs payables of \$11 000 and employee benefits expense of \$159 000. The impact in future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions, of which 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 4.0% for long service leave and 3.0% for annual leave and skills and experience retention leave. As a result there is no net financial effect.

23. Provisions	2016 \$'000	2015 \$'000
Current:		
Provision for workers compensation	13	11
Total current provisions	13	11
Non-Current:		
Provision for workers compensation	23	25
Total non-current provisions	23	25
Total provisions	36	36
Carrying amount at 1 July	36	65
Additional provisions recognised	12	7
Reductions resulting from re-measurement or settlement without cost	(12)	(36)
Carrying amount at 30 June	36	36

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.

24. Equity

	2016 \$'000	2015 \$'000
Contributed capital	64	64
Retained earnings	13 737	1 190
Asset revaluation surplus	2 650	146
Total equity	16 451	1 400

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

25. Unrecognised Contractual Commitments

(a) 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
Within one year	1 793	1 657
Later than one year but not longer than five years	3 631	3 158
Later than five years	1 549	-
Total operating lease commitments	6 973	4 815

The Commission's operating leases are for office accommodation and warehousing. These commitments have been calculated at rates specified in the lease agreements. The leases are non-cancellable with terms ranging up to 11 years with some leases having the right of renewal. Rent is payable monthly in advance.

(b) Expenditure Commitments

Expenditure commitments in existence at the reporting date but not recognised as liabilities are payable as follows:	2016 \$'000	2015 \$'000
Within one year	22 519	8 143
Later than one year but not longer than five years	25 819	6 218
Total other commitments	48 338	14 361

The Commission's commitments arise from agreements for marketing services, circuit construction, event operations, event sponsorship and other cooperative and service contracts. There are no purchase options available to the Commission.

26. Auditor's Remuneration

	2016 \$'000	2015 \$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of financial statements	132	123
Total auditor's remuneration	132	123

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

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of audit, legal and other fees in note 8.

27. Transferred Functions

The *Statutes Amendment (Boards and Committees – Abolition and Reform) Act 2015* dissolved the SAMSB and vested its assets and liabilities at 1 July 2015 in the Commission. By notice in the Government Gazette all employees of SAMSB were transferred to employment by the employing authority under the *South Australian Tourism Commission Act 1993* from 1 July 2015.

The functions and powers of the Commission in relation to motor sport are established under the *South Australian Motor Sport Act 1984*, and include the promotion of motor sport events and the establishment of a motor racing circuit on a temporary basis.

The expenses and income of the transferred functions are attributable to the Commission's Motor Sport Group division. Total income and expenses for the transferred functions are attributable to the Commission for the whole year.

On transfer of the SAMSB the Commission recognised the following assets and liabilities:

As at 1 July 2015
\$'000

ASSETS

CURRENT ASSETS

Cash and cash equivalents
Receivables

4 805
383

TOTAL CURRENT ASSETS

5 188

NON-CURRENT ASSETS

Receivables
Plant and equipment

756
13 216

TOTAL NON-CURRENT ASSETS

13 972

TOTAL ASSETS

19 160

LIABILITIES

CURRENT LIABILITIES

Payables
Other current liabilities
Employee benefits
Provisions

2 330
1 591
218
1

TOTAL CURRENT LIABILITIES

4 140

NON-CURRENT LIABILITIES

Payables
Employee benefits
Provisions

8
53
1

TOTAL NON-CURRENT LIABILITIES

62

TOTAL LIABILITIES

4 202

TOTAL NET ASSETS TRANSFERRED

14 958

Net assets assumed by the Commission 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. Net assets transferred are treated as a contribution by the Government as owner.

During the reporting period assets and liabilities assumed by the Commission on transfer which did not meet the recognition criteria were derecognised. The carrying amount of plant and equipment derecognised was \$629 000 and is shown as a loss in note 8. The carrying amount of financial liabilities derecognised was \$934 000 and is shown as a gain in note 13.

28. Remuneration of Board Members

Members of the Board during the 2015-16 financial year were:

South Australian Tourism Commission Board

S Keenihan	J Irving	J Bates (from 1 October 2015)	B Hayes (until 30 September 2015)
A Ford	J Smith	J Collins (from 1 October 2015)	M Jeffreys (until 7 April 2016)
I Horne	M Young	A Hele (from 21 April 2016)	J Turbill (until 30 September 2015)

The number of members whose total remuneration received or receivable falls within the following bands:	2016	2015
	Number	Number
\$0 - \$9 999	4	2
\$10 000 - \$19 999	7	7
\$20 000 - \$29 999	1	1
Total number of members	12	10

Remuneration of members reflects all costs of performing board 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 \$168 000 (\$172 000). Amounts paid to a superannuation plan for board members was \$15 000 (\$15 000).

In accordance with Premier and Cabinet Circular PC016, government employees did not receive any remuneration for board duties during the financial year. Unless otherwise disclosed, transactions between members and the Commission are on conditions no more favourable than those that it is reasonable to expect the Commission would have adopted if dealing with the related party at arm's length in the same circumstances.

29. Cash Flow Reconciliation

	2016 \$'000	2015 \$'000
Reconciliation of cash and cash equivalents at 30 June:		
Cash and cash equivalents disclosed in the Statement of Financial Position	10 819	4 410
Balance as per the Statement of Cash Flows	10 819	4 410
Reconciliation of net cash provided by (used in) operating activities to net cost of providing services:		
Net cash provided by (used in) operating activities	2 051	3 283
Revenues from SA Government	(83 101)	(54 483)
Non cash items		
Depreciation expense	(1 896)	(497)
Net gain (loss) from disposal of non-current assets	-	1
Derecognition of plant and equipment	(629)	-
Movement in assets and liabilities		
Receivables	(335)	(262)
Other assets	261	-
Employee benefits	(222)	(298)
Provisions	2	29
Other liabilities	75	218
Payables	786	(366)
Net cost of providing services	(83 008)	(52 375)

30. Transactions with SA Government

The following table discloses revenue, 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.

	2016 \$'000	2015 \$'000
EXPENSES		
Employee benefits expenses	629	478
Advertising and promotion	1	171
Industry assistance	25	610
Administration and accommodation	1 938	1 745
Event operations	2	292
TOTAL EXPENSES	2 595	3 296
INCOME		
Sponsorship and participation	-	330
Refunds and recoups	34	91
TOTAL INCOME	34	421
NET COST OF PROVIDING SERVICES	2 561	2 875
REVENUES FROM SA GOVERNMENT		
Revenues from SA Government	83 101	54 483
TOTAL REVENUES FROM SA GOVERNMENT	83 101	54 483
NET RESULT	80 540	51 608
TOTAL COMPREHENSIVE RESULT	80 540	51 608
FINANCIAL ASSETS		
Receivables		
Receivables	57	-
Accrued revenues	40	-
TOTAL FINANCIAL ASSETS	97	-
FINANCIAL LIABILITIES		
Payables		
Creditors	14	48
Accrued expenses	182	149
Employment on-costs	215	169
TOTAL FINANCIAL LIABILITIES	411	366

31. Budgetary Reporting and Explanations of Major Variances between Budget and Actual Amounts

The following table discloses variances between original budget and actual amounts. Explanations are provided where the variance exceeds the greater of 10% of the original budgeted amount and 5% of the original budgeted total expenses.

2016	Note	Original Budget⁽¹⁾ \$'000	Actual \$'000	Variance \$'000
EXPENSES				
Employee benefits expenses	(a)	9 589	13 857	4 268
Advertising and promotion		35 126	37 430	2 304
Industry assistance		10 153	9 857	(296)
Administration and accommodation		5 798	9 344	3 546
Event operations	(b)	14 329	38 042	23 713
Depreciation expense		494	1 896	1 402
TOTAL EXPENSES		75 489	110 426	34 937
INCOME				
Sponsorship and participation	(b)	4 891	10 025	5 134
Entry fees, sales and commission	(b)	1 521	15 017	13 496
Refunds and recoups		116	736	620
Interest		-	360	360
Other income		299	1 280	981
TOTAL INCOME		6 827	27 418	20 591
NET COST OF PROVIDING SERVICES		68 662	83 008	14 346
REVENUES FROM SA GOVERNMENT				
Revenues from SA Government	(c)	69 007	83 101	14 094
TOTAL REVENUES FROM SA GOVERNMENT		69 007	83 101	14 094
NET RESULT		345	93	(252)
TOTAL COMPREHENSIVE RESULT		345	93	(252)

(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.

- (a) Employee benefits expenses were greater than budgeted primarily due to the *Statutes Amendment (Boards and Committees – Abolition and Reform) Act 2015* which dissolved the SAMSB and transferred its employees to employment by the Commission.
- (b) Event operations, sponsorship and participation and entry fees, sales and commission were higher than the original budget mainly due to the functions of the former SAMSB which were transferred to the Commission from 1 July 2015 pursuant to the *Statutes Amendment (Boards and Committees – Abolition and Reform) Act 2015*.
- (c) Revenues from SA Government were higher than originally budgeted predominantly due to the transfer of funding to the Commission from the former SAMSB upon its dissolution.

2016		Original Budget⁽²⁾ \$'000	Actual \$'000	Variance \$'000
INVESTING EXPENDITURE SUMMARY				
Total annual programs	(d)	133	449	316
TOTAL INVESTING EXPENDITURE		133	449	316

(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). These amounts have not been adjusted to reflect revised budgets or administrative restructures.

- (d) Investing expenditure was higher than the original budget mainly due to the transfer of motor sport functions pursuant to the *Statutes Amendment (Boards and Committees – Abolition and Reform) Act 2015*.

32. Financial Instruments / Financial Risk Management**(a) Financial Risk Management**

Risk management is managed by the Commission's Finance and Business Services group. 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 Commission 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 Summary of Significant Accounting Policies.

The Commission does not recognise any financial assets or financial liabilities at fair value. The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to their short-term nature. All of the resulting fair value estimates are included in level 2 as all significant inputs are observable.

(c) Liquidity Risk

Liquidity risk arises where the Commission is unable to meet its financial obligations as they are due to be settled. The Commission is funded principally from appropriation by the SA Government. The Commission 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 Commission settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made within 30 days from the date of resolution.

The Commission's exposure to liquidity risk is insignificant based on past experience and current assessment of risk. The carrying amount of financial liabilities recorded in table 32.1 represents the Commission's maximum exposure.

The following table discloses the carrying amount of each category of financial instrument held by the Commission. The Commission has assessed the maturity of its financial assets and financial liabilities as being less than one year.

Table 32.1 Categorisation of Financial Assets and Financial Liabilities

Category of financial asset and financial liability	Statement of Financial Position line item	Note	Carrying Amount	
			2016 \$'000	2015 \$'000
Financial assets				
Cash and cash equivalents	Cash and cash equivalents	16,29	10 819	4 410
Loans and receivables	Receivables ⁽¹⁾⁽²⁾	17	1 477	317
	Total financial assets		12 296	4 727
Financial liabilities				
Financial liabilities at cost	Payables ⁽²⁾	20	3 816	2 345
	Other current liabilities	21	1 320	-
	Total financial liabilities		5 136	2 345

⁽¹⁾ Receivables and payables 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 and audit receivables/payables they are 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 prepayments 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.

(d) Credit Risk

Credit risk arises when there is the possibility of the Commission's debtors defaulting on their contractual obligations resulting in financial loss to the Commission. The Commission measures credit risk on a fair value basis and monitors risk on a regular basis. The carrying amount of financial assets as detailed in table 32.1 represents the Commission's maximum exposure to credit risk. No collateral is held as security and no credit enhancements relate to financial assets held by the Commission.

The Commission has minimal concentration of credit risk. The Commission has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Commission does not engage in high risk hedging for its financial assets.

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

Table 32.2 Ageing Analysis of Financial Assets

	Past due by <30 days \$'000	Past due by 30-60 days \$'000	Past due by >60 days \$'000	Total \$'000
2016				
Not impaired				
Receivables ⁽¹⁾	331	38	55	424
Impaired				
Receivables	-	-	6	6
2015				
Not Impaired				
Receivables ⁽¹⁾	67	241	1	309
Impaired				
Receivables	-	-	-	-

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

(e) Market Risk

The Commission does not engage in high risk hedging for its financial assets. To manage exchange risk for 2016-17, at 30 June 2016 the Commission had in place 12 (7) foreign exchange forward contracts totalling \$9 017 000 (\$3 512 000). In 2015-16 the Commission had 19 (11) foreign exchange forward contracts mature totalling \$8 897 000 (\$5 412 000). The forward contracts are to cover commitments denominated in foreign currencies, including for the payment of representation fees, event participation fees and global marketing activity. As with all hedges there are financial risks. Cashflows from foreign exchange forward contracts in 2015-16 are included in the Statement of Comprehensive Income, and where material are shown separately as losses in note 8 and as gains in note 13.

(f) Sensitivity Disclosure Analysis

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

(g) Credit Standby Arrangements

The Commission has a \$283 000 (\$283 000) purchasing card facility with the ANZ Bank. The unused portion of this facility as at 30 June 2016 was \$212 000 (\$194 000).

SOUTH AUSTRALIAN TOURISM COMMISSION

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached general purpose financial statements for the South Australian Tourism Commission (the Commission):

- 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 Commission; and
- present a true and fair view of the financial position of the Commission 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 Commission for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.

Signed in accordance with a resolution of the board members.



S. Keenihan
Chairman

South Australian Tourism
Commission Board

15 / 9 / 2016



R. Harrex
Chief Executive Officer

South Australian Tourism
Commission

14/09/2016



C. Miller
General Manager
Finance and Business Services
South Australian Tourism
Commission

14 / 9 / 2016



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**To the Chairman
South Australian Tourism Commission**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 23(3) the *South Australian Tourism Commission Act 1993*, I have audited the accompanying financial report of the South Australian Tourism Commission 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 Certificate from the Chairman, Chief Executive Officer and the General Manager Finance and Business Services.

The Board of Directors' responsibility for the financial report

The Board of Directors 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 Board of Directors 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.

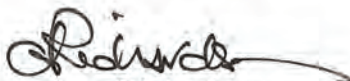
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.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