



Government
of South Australia

Report
of the
Auditor-General
Annual Report
for the
year ended 30 June 2017

Tabled in the House of Assembly and ordered to be published, 17 October 2017

Second Session, Fifty-Third Parliament

Appendix to the Annual Report
Volume 1

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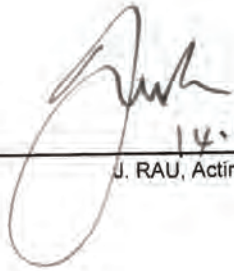
Treasurer's Statements

Financial report
for the year ended
30 June 2017

TREASURER'S STATEMENTS — STATEMENT A

SUMMARY OF THE CONSOLIDATED
ACCOUNT FOR THE YEAR ENDED 30 JUNE 2017
(Section 22 (a) (i) *Public Finance and Audit Act 1987*)
(Prepared on a Cash Basis)

	Budget \$	Actual \$
RECEIPTS		
Taxation	3 918 396 000	4 034 832 595
Commonwealth general purpose grants	6 100 500 000	5 920 240 445
Commonwealth specific purpose grants	304 349 000	303 525 485
Commonwealth National Partnership payments	58 661 000	11 785 115
Contributions from state undertakings	249 911 000	269 511 602
Fees and charges	545 137 000	502 696 554
Recoveries	709 881 000	871 543 426
Royalties	251 538 000	214 103 816
Other receipts	152 566 000	200 433 172
	<u>12 290 939 000</u>	<u>12 328 672 210</u>
Total Receipts		
PAYMENTS		
Appropriation Act	13 163 633 000	12 838 915 460
Specific appropriation authorised in various Acts	106 359 000	107 323 265
	<u>13 269 992 000</u>	<u>12 946 238 725</u>
Total Payments		
	<u>979 053 000</u>	<u>617 566 515</u>
CONSOLIDATED ACCOUNT DEFICIT		


14.9.17
J. RAU, Acting Treasurer

TREASURER'S STATEMENTS — STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL RECEIPTS TO THE CONSOLIDATED ACCOUNT OF THE GOVERNMENT OF SOUTH AUSTRALIA FOR THE YEAR ENDED 30 JUNE 2017 (Section 22 (a) (i) *Public Finance and Audit Act 1987*) (Prepared on a Cash Basis)

	Budget 2016-17	Actual 2016-17
Receipts	\$	\$
Taxation receipts		
Payroll tax	1 391 964 000	1 380 409 543
Commonwealth places mirror payroll tax ^(a)	24 400 000	24 149 000
Stamp duties	1 519 517 000	1 500 699 158
Commonwealth places mirror stamp duties ^(a)	267 000	767 520
Land tax	590 999 000	769 319 678
Commonwealth places mirror land tax ^(a)	1 400 000	1 247 097
Other taxes on property	—	39 546
Gaming machines tax	288 230 000	265 596 663
Contribution from SA Lotteries	79 522 000	73 376 296
Contribution from casino operations	18 800 000	15 865 212
Contribution from South Australian Totalizator Agency Board	700 000	799 080
Contribution from on-course totalizators, bookmakers and small lotteries	2 597 000	2 563 802
Total taxation receipts	3 918 396 000	4 034 832 595
Commonwealth general purpose payments		
GST revenue grants	6 100 500 000	5 920 240 444
Total Commonwealth general purpose payments	6 100 500 000	5 920 240 444
Commonwealth specific purpose payments ^(b)		
Council of Australian Governments funding arrangements	304 349 000	303 525 485
Natural Disaster Relief and recovery arrangements	—	—
Total Commonwealth specific purpose payments	304 349 000	303 525 485
Commonwealth National Partnership payments ^(c)		
Council of Australian Governments funding arrangements	58 661 000	11 785 115
Total Commonwealth National Partnership payments	58 661 000	11 785 115

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

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

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

TREASURER'S STATEMENTS — STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL RECEIPTS TO THE CONSOLIDATED ACCOUNT, 2016-17 — *continued*

	Budget 2016-17	Actual 2016-17
Receipts (continued)	\$	\$
Contributions from state undertakings		
Adelaide Cemeteries Authority		
Local government rate equivalent	—	60 854
Adelaide Venue Management Corporation		
Dividend	1 600 000	1 600 000
Arrangements with private electricity entities		
Local government rate equivalent	243 000	238 381
Department of Planning, Transport and Infrastructure		
Income tax equivalent	2 614 000	588 111
Local government rate equivalent	1 016 000	695 688
Flinders Ports		
Payment in lieu of other taxes	2 561 000	—
Forestry SA		
Dividend	—	3 570 640
Funds SA		
Local government rate equivalent	227 000	242 843
Generation Lessor Corporation		
Dividend	—	2 899 999
HomeStart Finance		
Dividend	6 801 000	7 114 891
Income tax equivalent	4 858 000	5 161 508
Public Trustee Office		
Dividend	475 000	58 900
Income tax equivalent	296 000	—
Renewal SA		
Dividend	2 650 000	2 058 600
Income tax equivalent	—	—
Local government rate equivalent	1 078 000	236 221
South Australian Water Corporation		
Dividend	121 758 000	121 829 000
Income tax equivalent	75 582 000	83 494 326
Local government rate equivalent	1 575 000	1 726 023
Scope Global Pty Ltd (formerly Austraining Pty Ltd)		
Income tax equivalent	600 000	327 182
South Australian Government Employee Residential Properties		
Dividend	1 706 000	—
Income tax equivalent	465 000	799 301
South Australian Government Financing Authority		
Dividend	13 093 000	23 050 000
Income tax equivalent	10 711 000	13 752 534
West Beach Trust		
Income tax equivalent	2 000	6 600
Total contributions from state undertakings	249 911 000	269 511 602

TREASURER'S STATEMENTS — STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL RECEIPTS TO THE CONSOLIDATED ACCOUNT, 2016-17 — *continued*

	Budget 2016-17	Actual 2016-17
Receipts (continued)	\$	\$
Fees and charges ^(d)		
Auditor-General's Department — fees for audit and other sundry receipts	14 701 000	14 882 450
Court fines	57 795 000	76 471 471
Court regulatory fees	36 539 000	22 488 743
Guarantee fees	139 158 000	132 399 989
Infringement notice schemes — expiation fees	62 088 000	66 938 146
Land and business regulations	4 291 000	1 789 000
Land Services regulatory fees	210 364 000	187 644 658
Small lotteries	165 000	—
Sundry fees	36 000	82 098
Total fees and charges	545 137 000	502 696 554
Recoveries		
Adelaide Oval Sublease Fees	200 000	200 000
Department of Planning, Transport and Infrastructure — indentured ports	10 432 000	654 881
Department of Environment, Water and Natural Resources — Qualco Sunlands	250 000	—
Essential Services Commission of South Australia	12 917 000	12 916 836
Fire damage and insurance cost (SAICORP Fund 2)	—	7 200 000
Forfeited Bank Guarantee - Building Sale	—	5 000 000
Helicopter service — recovery of costs and sponsorships	1 040 000	292 844
Independent Gaming Corporation contribution to Gamblers Rehabilitation Fund	2 000 000	2 000 000
Metropolitan Drainage Fund	7 000	7 409
National Tax Equivalent Program	50 000	—
NRM Levy - Treasurer's Water Licences	364 000	313 681
Purchase of key TAFE SA properties by Renewal SA from the Department of State Development	650 000 000	594 590 000
Return of cash to Consolidated Account — cash alignment policy	—	243 178 000
Return of deposit account balances	—	545 909
Return of deposit account balances — superannuation	30 000 000	—
Return to public sector employment - ETSA employees	—	1 628 895
Sale of government publications and subscriptions	206 000	—
Sundry recoupment	156 000	361 755
Unclaimed monies and personal property	2 259 000	2 653 216
Total recoveries	709 881 000	871 543 426

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

TREASURER'S STATEMENTS — STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL RECEIPTS TO THE CONSOLIDATED ACCOUNT, 2016-17 — *continued*

	Budget 2016-17	Actual 2016-17
Receipts (continued)	\$	\$
Royalties		
Department of Premier and Cabinet ^(e)	—	77 495 356
Department of State Development ^(e)	251 538 000	136 608 460
Total royalties	<u>251 538 000</u>	<u>214 103 816</u>
Other receipts		
Interest		
Interest on investments	101 742 000	77 533 297
Interest recoveries from general government entities	1 767 000	971 773
Interest recoveries from non-commercial public trading enterprises	—	—
Interest recoveries from the private sector	177 000	173 707
Repayment of advances		
Administered items for the Department of Planning, Transport and Infrastructure	209 000	301 840
Department for Health and Ageing	3 157 000	3 032 753
Department of Primary Industries and Regions	3 000 000	16 207 291
Renmark Irrigation Trust	79 000	153 935
Royal Zoological Society of South Australia	251 000	251 053
Repayment of equity		
South Australian Water Corporation	—	71 208 000
Other		
Other recoveries	3 359 000	1 451 989
Sale of land and buildings	38 825 000	29 147 536
Total other receipts	<u>152 566 000</u>	<u>200 433 174</u>
Total Consolidated Account receipts	<u>12 290 939 000</u>	<u>12 328 672 211</u>

(e) Refers to the transition of the Resources and Energy Group of the Department of State Development to the Department of the Premier and Cabinet, effective as of 1 April 2017.

TREASURER'S STATEMENTS — STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL PAYMENTS FROM THE CONSOLIDATED ACCOUNT OF THE GOVERNMENT OF SOUTH AUSTRALIA FOR THE YEAR ENDED 30 JUNE 2017 (Section 22 (a) (i) *Public Finance and Audit Act 1987*) (Prepared on a Cash Basis)

	Budget 2016-17	Actual 2016-17
	\$	\$
Payments for which specific appropriation is authorised in various Acts		
Salaries and allowances		
Agent-General — pursuant to <i>Agent-General Act 1901</i>	111 000	138 131
Auditor-General — pursuant to <i>Public Finance and Audit Act 1987</i>	320 000	317 126
Commissioners of Environment, Resource and Development Court — pursuant to <i>Remuneration Act 1990</i>	1 264 000	1 140 682
Commissioner of Police — pursuant to <i>Police Act 1998</i>	456 000	386 808
State Coroner and Deputy Coroner — pursuant to <i>Remuneration Act 1990</i>	895 000	861 172
Electoral Commissioner and Deputy Electoral Commissioner — pursuant to <i>Electoral Act 1985</i>	399 000	295 076
Electoral District Boundaries Commission — pursuant to <i>Constitution Act 1934</i>	280 000	170 000
Governor — pursuant to <i>Constitution Act 1934</i>	347 000	331 231
Health and Community Services Complaints Commissioner — pursuant to <i>Remuneration Act 1990</i>	126 000	105 268
Judges— pursuant to <i>Remuneration Act 1990</i> —		
Chief Justice	717 000	698 966
Judges and Masters	21 936 000	22 191 440
Magistrates — pursuant to <i>Remuneration Act 1990</i>	15 725 000	14 644 233
Members of various standing committees — pursuant to <i>Parliamentary Remuneration Act 1990 and Parliamentary Committees Act 1991</i>	248 000	188 347
Ombudsman — pursuant to <i>Ombudsman Act 1972</i>	399 000	374 715
Parliamentary salaries and electorate other allowances — pursuant to <i>Parliamentary Remuneration Act 1990</i>		
Ministers, officers and members of parliament	18 266 000	17 887 930
Senior Judge and judges of the Industrial Relations Court and Commission — pursuant to <i>Remuneration Act 1990</i>	1 948 000	1 774 353
Solicitor-General — pursuant to <i>Solicitor-General Act 1972</i>	652 000	322 683
South Australian Civil and Administrative Tribunal — pursuant to <i>Remuneration Act 1990</i>	586 000	527 141
Valuer-General — pursuant to <i>Valuation of Land Act 1971</i>	139 000	199 989
Total salaries and allowances	<u>64 814 000</u>	<u>62 555 291</u>
Other		
Compensation for injuries resulting from criminal acts — pursuant to <i>Victims of Crime Act 2001</i>	8 428 000	8 428 000
First Home Owner Grant — pursuant to <i>First Home and Housing Construction Grants Act 2000 (formerly First Home Owner Grant Act 2000)</i>	33 117 000	36 339 974
Total other	<u>41 545 000</u>	<u>44 767 974</u>
Total payments for which specific appropriation is authorised in various Acts	<u><u>106 359 000</u></u>	<u><u>107 323 265</u></u>

TREASURER'S STATEMENTS — STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL PAYMENTS FROM THE CONSOLIDATED ACCOUNT, 2016-17 — *continued*

	Budget			Actual ⁽ⁱ⁾
	(Appropriation Act 2016)			2016-17
	Initial Section 4(1)	Transfers Section 5	Balance	
Payments from Appropriation Act	\$	\$	\$	\$
Attorney-General's Department	118 141 000	—	118 141 000	117 390 000
Administered items for the Attorney-General's Department	101 555 000	—	101 555 000	78 803 000
Auditor-General's Department	16 966 000	—	16 966 000	16 966 000
Courts Administration Authority	93 592 000	—	93 592 000	85 533 000
Defence SA	17 158 000	—	17 158 000	20 808 000
Department for Child Protection ^(f)	—	205 646 000	205 646 000	326 592 000
Department for Communities and Social Inclusion	1 090 488 000	—	1 090 488 000	1 125 583 000
Administered items for the Department for Communities and Social Inclusion	195 310 000	—	195 310 000	190 688 000
Department for Correctional Services	358 031 000	—	358 031 000	379 541 000
Department for Education and Child Development	2 778 732 000	-205 646 000	2 573 086 000	2 524 087 000
Administered items for the Department for Education and Child Development	252 286 000	—	252 286 000	250 638 000
Department for Health and Ageing	3 711 780 000	-2 520 000	3 709 260 000	3 392 296 000
Department of Environment, Water and Natural Resources	144 698 000	—	144 698 000	144 698 000
Administered items for the Department of Environment, Water and Natural Resources	19 193 000	—	19 193 000	18 706 000
Department of Planning, Transport and Infrastructure	806 024 000	—	806 024 000	808 954 000
Administered items for the Department of Planning, Transport and Infrastructure	9 719 000	—	9 719 000	8 669 958
Department of Primary Industries and Regions	127 885 000	—	127 885 000	140 563 334
Administered items for the Department of Primary Industries and Regions	3 989 000	—	3 989 000	3 989 000
Department of the Premier and Cabinet	78 456 000	67 583 000	146 039 000	146 039 000
Administered items for the Department of the Premier and Cabinet	1 930 000	—	1 930 000	1 930 000
Department of State Development	672 950 000	-72 183 000	600 767 000	614 193 000
Administered items for the Department of State Development	10 448 000	—	10 448 000	8 446 000
Department of Treasury and Finance	56 903 000	—	56 903 000	60 827 000
Administered items for the Department of Treasury and Finance	1 582 470 000	—	1 582 470 000	1 453 363 000
Electoral Commission of South Australia	5 228 000	—	5 228 000	4 442 000
Administered items for Electoral Commission of South Australia	93 000	—	93 000	90 906
House of Assembly	7 321 000	—	7 321 000	4 923 001
Independent Gambling Authority	1 809 000	—	1 809 000	1 809 000
Joint Parliamentary Services	12 070 000	—	12 070 000	11 309 486
Administered items for Joint Parliamentary Services	2 586 000	—	2 586 000	2 585 139
Legislative Council	5 504 000	—	5 504 000	4 307 816
Minister for Tourism	4 916 000	—	4 916 000	4 916 000
Nuclear Fuel Cycle Royal Commission Engagement and Response Agency ^(g)	—	4 600 000	4 600 000	7 279 820
South Australian Mental Health Commission ^(h)	—	2 520 000	2 520 000	2 547 000

^(f) Department for Child Protection was formed effective from the 24th October 2016

^(g) Nuclear Fuel Cycle Royal Commission Engagement and Response Agency was formed effective from the 16th of May 2016

^(h) South Australian Mental Health Commission was formed effective from 1 July 2016

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

TREASURER'S STATEMENTS — STATEMENT A

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL PAYMENTS FROM THE CONSOLIDATED ACCOUNT, 2016-17 — *continued*

	Budget			Actual ⁽ⁱ⁾
	(Appropriation Act 2016)			2016-17
	Initial Section 4(1)	Transfers Section 5	Balance	
Payments (continued)	\$	\$	\$	\$
South Australia Police	790 854 000	—	790 854 000	790 854 000
Administered items for South Australia Police	189 000	—	189 000	189 000
South Australian Tourism Commission	80 371 000	—	80 371 000	80 371 000
State Governor's Establishment	3 988 000	—	3 988 000	3 988 000
Total payments appropriated for administrative units, statutory authorities and ministers	13 163 633 000	—	13 163 633 000	12 838 915 460
Payments for which specific appropriation is authorised in various Acts	106 359 000	—	106 359 000	107 323 265
Total Consolidated Account payments	13 269 992 000	—	13 269 992 000	12 946 238 725

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

J. RAU, Acting Treasurer

14.7.17

TREASURER'S STATEMENTS — STATEMENT B

SUMMARY OF MOVEMENTS OF FUNDS OF THE TREASURER DURING THE YEAR ENDED 30 JUNE 2017

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

(Prepared on a Cash Basis)

	2016-17 \$'000	2015-16 \$'000
SOURCE OF FUNDS		
Consolidated Account Receipts —		
Taxation	4 034 833	3 661 564
Commonwealth General Purpose Grants	5 920 240	5 613 934
Commonwealth Specific Purpose Grants	303 525	300 908
Commonwealth National Partnership Payments	11 785	35 330
Contributions from State Undertakings	269 512	387 727
Fees and Charges	502 697	482 281
Recoveries	871 543	319 309
Royalties	214 104	201 395
Other Receipts	200 433	139 638
Total Receipts	<u>12 328 672</u>	<u>11 142 086</u>
Increase in balance of Special Deposit Accounts	1 487 379	689 976
Increase in balance of Deposits lodged with the Treasurer	—	99 711
Increase in borrowings from the South Australian Government Financing Authority ^(a)	617 567	1 154 030
Decrease in cash at bank	10 733	96 125
Decrease in deposits by the Treasurer with LGFA	1 485	1 525
Decrease in the value of cheques drawn but not presented/Deposits not credited	—	194
Decrease in balance of Imprest Accounts	329	—
	<u>14 446 165</u>	<u>13 183 647</u>
APPLICATION OF FUNDS		
Consolidated Account Payments	12 946 239	12 296 116
Decrease in balance of Deposits lodged with the Treasurer	196 733	—
Increase in deposits by the Treasurer with SAFA	1 277 567	887 531
Increase in the value of cheques drawn but not presented/deposits not credited	25 626	—
	<u>14 446 165</u>	<u>13 183 647</u>

^(a) As reported in Statement A and Statement J, the Consolidated Account deficit for 2016-17 was funded by the Treasurer's borrowings from the South Australian Government Financing Authority.

J. RAU, Acting Treasurer

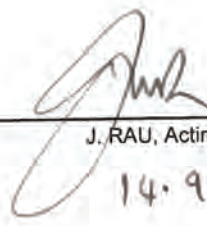
14.9.17

TREASURER'S STATEMENTS — STATEMENT C

FUNDS OF THE TREASURER AS AT 30 JUNE 2017
(Section 22 (a) (xiv) *Public Finance and Audit Act 1987*)

	Jun-17 \$'000	Jun-16 \$'000
BALANCE OF FUNDS		
CONSOLIDATED ACCOUNT — see Statement A	—	—
SPECIAL DEPOSIT ACCOUNT BALANCES — see Statement F	6,039,373	4 551 994
DEPOSITS LODGED WITH THE TREASURER — see Statement G	771 894	968 627
CHEQUES DRAWN BUT NOT PRESENTED/DEPOSITS NOT CREDITED	- 14 237	- 45 176
	<u>6 797 030</u>	<u>5 475 445</u>
REPRESENTED BY		
CASH AT BANK	278 722	289 455
DEPOSITS WITH SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY — see Statement J	6 439 920	5 162 354
DEPOSITS WITH LOCAL GOVERNMENT FINANCING AUTHORITY OF SA — see Statement E	21 819	23 304
DEPARTMENTAL IMPREST ACCOUNTS — see Statement H	3	332
PRIOR YEAR ADJUSTMENT CHEQUES DRAWN BUT NOT PRESENTED/DEPOSITS NOT CREDITED ^(a)	56 566	—
	<u>6 797 030</u>	<u>5 475 445</u>

(a) Prior year adjustment to clear historical differences between clearing accounts in the Treasurer's central general ledger and agency's general ledgers


J. RAU, Acting Treasurer

14.9.17

TREASURER'S STATEMENTS — STATEMENT D

ABSTRACT OF CONSOLIDATED ACCOUNT RECEIPTS AND PAYMENTS FOR OPERATING ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2017 ^(a)

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

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

	\$'000	\$'000	\$'000	\$'000
	Payments	Recoveries	Cost	
Department of the Premier and Cabinet	147 969	—	147 969	
State Governor's Establishment	3 988	—	3 988	
South Australian Tourism Commission	80 371	—	80 371	
Minister for Tourism	4 916	—	4 916	
Auditor-General's Department	16 966	14 882	2 084	
Department of Treasury and Finance	1 509 068	1 072 001	437 067	
Independent Gambling Authority	1 809	—	1 809	
Department of State Development	588 688	613 609	- 24 921	
Defence SA	20 808	—	20 808	
Department of Primary Industries and Regions	128 929	5 427	123 502	
Attorney-General's Department	196 193	76 963	119 230	
Courts Administration Authority	85 533	22 478	63 055	
Department for Correctional Services	331 874	—	331 874	
South Australia Police	791 043	66 315	724 728	
Electoral Commission of South Australia	4 533	38	4 495	
Department for Health and Ageing	3 335 341	—	3 335 341	
Department for Communities and Social Inclusion	1 316 271	—	1 316 271	
Department of Education and Child Development	2 774 725	—	2 774 725	
Department of Environment, Natural Resources and Water	163 404	5 028	158 376	
Department of Planning, Transport and Infrastructure	648 241	191 600	456 641	
Legislature	23 125	—	23 125	
Nuclear Fuel Cycle Royal Commission Engagement and Response Agency	7 280	—	7 280	
South Australian Mental Health Commission	2 547	—	2 547	
Department for Child Protection	326 592	—	326 592	
Payments authorised under various acts	107 323	—	107 323	
Total	12 617 537	2 068 341	10 549 196	

TOTAL NET COST TO CONSOLIDATED ACCOUNT FOR OPERATING ACTIVITIES

10 549 196

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

TREASURER'S STATEMENTS — STATEMENT D - *continued*

ABSTRACT OF CONSOLIDATED ACCOUNT RECEIPTS AND PAYMENTS FOR OPERATING ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2017 ^(a)

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

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

	\$'000	\$'000	\$'000
State Taxation —			
Payroll tax	1 380 410		
Stamp duties	1 500 699		
Land tax	769 320		
Commonwealth places mirror tax	26 162		
Other taxes on property	40		
Gaming machines tax	265 597		
Contribution from Lotteries Commission	73 376		
Contribution from casino operations	15 865		
Contribution from Totalizator Agency Board	799		
Contribution from on-course totalizators, bookmakers and small lotteries	2 564		
Total Receipts from State Taxation		4 034 832	
Commonwealth government general purpose grants		5 920 240	
Royalties		214 104	
Total Direct Receipts			10 169 176
LEAVING A SURPLUS ON ACCOUNT OF OPERATING ACTIVITIES FOR THE YEAR OF			- 380 020
THIS WAS INCREASED BY THE NET OF —			
Payments for investing activities		- 324 842	
Payments for financing activities		- 3 860	
Receipts from investing activities		91 155	
			- 237 547
RESULTING IN A CONSOLIDATED ACCOUNT DEFICIT FOR THE YEAR OF			- 617 567

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

J. RAU, Acting Treasurer

14.9.17

TREASURER'S STATEMENTS — STATEMENT E

ORGANISATIONS (OTHER THAN THE SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY)
WITH WHICH THE TREASURER HAS INVESTED FUNDS DURING
THE YEAR ENDED 30 JUNE 2017

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

Local Government Finance Authority of South Australia

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

At 30 June 2017 the amount invested with the Local Government Finance Authority of South Australia under these arrangements was \$21.8 million.

J. RAU, Acting Treasurer

14.9.17

TREASURER'S STATEMENTS — STATEMENT F

SPECIAL DEPOSIT ACCOUNTS — BALANCES AT 30 JUNE 2017

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

Account	Balance \$
Interest bearing—	
Adelaide Convention Centre Future Asset Replacement Account	13 070 628
Adelaide Convention Centre Operating Account	37 938 257
Adelaide Dolphin Sanctuary Fund	1 402
ANZAC Day Commemoration Fund	38 476
Barossa Wine Industry Fund	1 019 493
Building the Education Revolution	1 862 248
Citrus Growers Fund	64 783
Clare Valley Wine Industry Fund	85 288
Commonwealth Funding for Specific Projects	2 481 307
Community Emergency Services Fund	23 042 415
Community Road Safety Fund	9 734 210
Concessional Loans Schemes Special Deposit Account	10 248 436
Coorong, Lower Lakes and Murray Mouth (CLLMM) Recovery Project	25 743 529
Country Equalisation Scheme	18 240 336
Dog Fence Fund	224 741
Electricity Sale/Lease Proceeds Account	—
Eyre Peninsula Grain Growers Rail Fund	13 374
Farm Finance Concessional Loan Fund	—
Gamblers Rehabilitation Fund	215 654
Governors' Pensions Account	5 854
Grain Industry Fund	2 483 680
Grain Industry Research and Development Fund	539 116
Health, Community and Disability Services Ministerial Council	12 581 691
HIH Builders' Indemnity Assistance Account	2 765 376
Homes for Incurables Trust	436 553
Housing Loans Redemption Fund	11 580 642
Indigenous Program for Specific Projects	36 714 300
Judges' Pensions Account	25 509
Local Government Disaster Fund	4 010 846
Murray Futures Fund	8 046 874
National Landcare Program	430 653
National Rail Safety Reform Account	10 646
Parliamentary Superannuation Scheme Account	346 527
Peter Stephens Trust	70 890
Planning and Infrastructure Urban Growth Fund — Developer Contributions	3 537 697
Police Superannuation Scheme Contribution Account	629 512
Public Trustee Office Operating Account	2 591 185
Rural Finance Account	33 355 028
Rural Industry Adjustment and Development Fund	24 457 514
SA Grape Growers Industry Fund	580 406
South Australian Aboriginal Heritage Fund	1 113 867
South Australian Ambulance Superannuation Scheme	1 019 580
South Australian Local Government Grants Commission Account	1 237 837
South Australian River Murray Sustainability Fund	34 307 204
South Australian Riverland Floodplains Integrated Infrastructure Project	17 344 443
South Australian Superannuation Fund Account	5 912 042
Southern State Superannuation Fund Account	23 012 563

TREASURER'S STATEMENTS — STATEMENT F — *continued*

SPECIAL DEPOSIT ACCOUNTS — BALANCES AT 30 JUNE 2017

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

Account	Balance \$
Interest bearing—<i>continued</i>	
Supported Residential Facilities Indemnity Fund	47 472
Treasury — Asset Management Account	2 719 828
Victims of Crime Fund	273 820 822
Sub-Total	649 760 735
Non-interest bearing—	
Accrual Appropriation Excess Funds	877 226 319
Adelaide Oval Redevelopment	6 798 783
Attorney-General's Administered Items Account	94 821 363
Attorney-General's Operating Account	18 333 535
Auditor-General's Administered Items Account	248 726
Auditor-General's Operating Account	3 769 141
Charitable and Social Welfare Fund	154 672
Child Protection Operating Account	18 874 341
CIMR Transitional Arrangements 1	—
CIMR Transitional Arrangements 2	—
CIMR Transitional Arrangements 3	—
CIMR Transitional Arrangements 4	—
Commonwealth Mirror Taxes on Commonwealth Places Revenue Account	—
Communities and Social Inclusion Administered Items Account	49 699 435
Communities and Social Inclusion Operating Account	21 537 628
Community Development Fund	—
Complementary State Natural Resource Management Program	306 030
Correctional Services Operating Account	50 883 980
Defence SA	8 441 800
Education and Child Development Administered Items Account	35 372 728
Education and Child Development Operating Account	38 523 638
Electoral Commission of South Australia Operating Account	4 683 101
Environment Protection Authority Operating Account	14 660 047
Environment, Water and Natural Resources Administered Items Account	1 291 057
Environment, Water and Natural Resources Operating Account	21 738 507
Essential Services Commission of SA	8 373 655
Health and Ageing Administered Items Account	30 698 691
Health and Ageing Operating Account	106 324 124
Highways Fund	2 909 473 959
Hospitals Fund	—
Industry Financial Assistance Account	32 708 472
Investment Attraction South Australia	12 727 038
Legislature Operating Account	—
Local Government Disaster Fund	21 818 818
Minister for Finance - Super SA Select	—
Motor Vehicles — Clearing Account	70 524 223
NRAH Operating Account	—
Nuclear Fuel Cycle Royal Commission Consultation and Response Agency	—
Planning, Transport and Infrastructure Administered Items Account	2 092 492
Planning, Transport and Infrastructure Operating Account	211 024 761

TREASURER'S STATEMENTS — STATEMENT F — *continued*

SPECIAL DEPOSIT ACCOUNTS — BALANCES AT 30 JUNE 2017

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

Account	Balance \$
Non-interest bearing—<i>continued</i>	
Police and Emergency Services Administered Items Account	14 108 123
Police Operating Account	85 136 385
Premier and Cabinet Administered Items Account	20 993 418
Premier and Cabinet Operating Account	111 096 172
Primary Industries and Regions Administered Items Account	971 743
Primary Industries and Regions Operating Account	37 348 305
Professional Standards Council Fund	201 291
Riverbank Authority Operating Account	3 406 480
SA Lotteries Commission Operations Account	435 372
SA Mental Health Commission Operating Account	1 832 223
Sale of Government Land and Property	5 140 044
Save the River Murray Fund	2 405 660
Save the River Murray Voluntary Contributions Fund	4 415
South Australian Film Corporation Unclaimed Investor Returns Account	55 103
Sport and Recreation Fund	3 322 002
State Development Administered Items Account	1 177 488
State Development Operating Account	113 438 167
State Governor's Establishment Operating Account	802 230
State Procurement Board Account	954 899
Support Services to Parliamentarians	7 944 008
Surplus Cash Working Account	—
TAFE SA	69 717 278
Treasurer's Interest in the National Wine Centre	594 817
Treasury and Finance Administered Items — Intergovernmental Agreement on Federal Financial Relations	11 120 445
Treasury and Finance Administered Items Account	203 247 759
Treasury and Finance Operating Account	20 160 418
Treasury — Working Account	867 006
Sub-Total	5 389 612 315
TOTAL SPECIAL DEPOSIT ACCOUNTS	6 039 373 050

J. RAU, Acting Treasurer

14.9.17

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

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2017 — *continued* (Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Accrual Appropriation Excess Funds	To record all receipts and payments associated with surplus cash balances generated in agencies by the shift to accrual appropriations.
Adelaide Convention Centre Future Asset Replacement Account	To record all receipts and payments associated with surplus cash balances generated by the Adelaide Convention Centre for future asset replacement.
Adelaide Convention Centre Operating Account	To record receipts and disbursements relating to the operation of the Adelaide Convention Centre and borrowings by the Minister of Tourism.
Adelaide Dolphin Sanctuary Fund	To record receipts and payments related to the Adelaide Dolphin Sanctuary Fund in accordance with the <i>Adelaide Dolphin Sanctuary Act 2005</i> .
Adelaide Oval Redevelopment	To record and identify all money made available and expended for the Adelaide Oval redevelopment.
ANZAC Day Commemoration Fund	To record the receipts and payments relating to the ANZAC Day Commemoration Fund in accordance with the <i>ANZAC Day Commemoration Act 2005</i> .
Attorney-General's Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual <i>Appropriation Act</i> and to disburse the associated payments.
Attorney-General's Operating Account	To record all of the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.
Auditor-General's Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual <i>Appropriation Act</i> and to disburse the associated payments.
Auditor-General's Operating Account	To record all activities of the Department (excluding those administered by the Auditor-General's Department) including recurrent expenditure, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Barossa Wine Industry Fund	To record receipts and payments relating to the Barossa wine industry in accordance with the Primary Industries Funding Schemes (Barossa Wine Industry Fund) Regulations.
Building the Education Revolution	To record the activities in relation to the Bilateral Agreement on the Nation Building and Jobs Plan (Building the Education Revolution Program) for government schools.
Charitable and Social Welfare Fund	To record receipts and disbursements associated with the <i>Gaming Machines (Miscellaneous) Amendment Bill 1996</i> relating to supporting the work of not-for-profit charities and community based social welfare organisations.

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

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2017 — *continued* (Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Child Protection Operating Account	To record all the activities of the Department for Child Protection including operating and investing expenditure, revenue from the Consolidated Account, revenue from various activities, receipt of borrowings and receipt of various Commonwealth Grants and associated payments.
CIMR Transitional Arrangements 1	To record all transitional activities associated with Compulsory Third Party Insurance Market Reforms (CIMR).
CIMR Transitional Arrangements 2	To record all transitional activities associated with Compulsory Third Party Insurance Market Reforms (CIMR).
CIMR Transitional Arrangements 3	To record all transitional activities associated with Compulsory Third Party Insurance Market Reforms (CIMR).
CIMR Transitional Arrangements 4	To record all transitional activities associated with Compulsory Third Party Insurance Market Reforms (CIMR).
Citrus Growers Fund	To receive funds and to make payments as prescribed by the <i>Primary Industries Funding Schemes (Citrus Growers Fund) Regulations 2005</i> .
Clare Valley Wine Industry Fund	To record the receipts and payments relating to the Clare Valley wine industry in accordance with the <i>Primary Industries Funding Schemes (Clare Valley Wine Industry Fund) Regulations</i> .
Commonwealth Funding Received for Specific Projects	To record all activities associated with funding provided by the Commonwealth for specific projects (interest bearing).
Commonwealth Mirror Taxes on Commonwealth Places Revenue Account	To receive amounts that are levied pursuant to the <i>Commonwealth Places (Mirror Taxes) Act 1998</i> of the Commonwealth as contemplated by the arrangements entered into by the State and the Commonwealth pursuant to that Act and to the <i>Commonwealth Places (Mirror Taxes Administration) Act 1999</i> of the State, and to deal with those amounts as contemplated by those Acts and arrangements.
Communities and Social Inclusion Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual <i>Appropriation Act</i> and to disburse the associated payments.
Communities and Social Inclusion Operating Account	To record all activities of the Department including recurrent and capital expenditure, revenues from various activities, injections of funds provided from the Consolidated Account and borrowings. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.
Community Development Fund	To record the receipts and disbursements associated with the <i>Gaming Machines (Miscellaneous) Amendment Bill 1996</i> relating to the provision of government health, welfare or education services and financial assistance for non government welfare agencies and community development.
Community Emergency Services Fund	To record all of the activities of the Community Emergency Services Fund as outlined in Parts 3 and 4 of the <i>Emergency Services Funding Act 1998</i> and any amendments as approved by Parliament.

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

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2017 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

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

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

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2017 — *continued* (Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Environment, Water and Natural Resources Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual <i>Appropriation Act</i> and to disburse the associated payments.
Environment, Water and Natural Resources Operating Account	To record all of the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Environment Protection Authority Operating Account	To record all of the activities of the Authority including recurrent and capital expenditures, revenue from various activities, injection of funds provided from Consolidated Account and borrowings.
Essential Services Commission of SA	To record the financial transactions of the Essential Services Commission of South Australia.
Eyre Peninsula Grain Growers Rail Fund	To record all receipts and expenditures related to the Eyre Peninsula Grain Growers Rail Fund as established by the <i>Primary Industry Funding Schemes (Eyre Peninsula Grain Growers Rail Fund) Regulations 2006</i> .
Farm Finance Concessional Loan Fund	To record all of the financial transactions undertaken by PIRSA in respect of loan funds, and funds contributed towards scheme operating costs, received by the South Australian Government from the Federal Government and made available to PIRSA for the purposes of the delivery by PIRSA of the Federal Government's Farm Finance Concessional Loan Scheme, including funds PIRSA receives from and repays to the Consolidated Account and funds PIRSA pays to and receives from recipients of loans under the scheme.
Gamblers Rehabilitation Fund	To record receipts and disbursements relating to programs for the rehabilitation of addicted gamblers, for counselling such gamblers and their families and for the development of early intervention strategies.
Governors' Pensions Account	To record receipts and payments for the Governors' Pensions Scheme.
Grain Industry Fund	To hold and disburse funds collected in accordance with Section 4 of the <i>Primary Industry Funding Scheme (Grain Industry Fund) Regulations 2012</i> .
Grain Industry Research and Development Fund	To hold and disburse funds collected in accordance with the <i>Primary Industry Funding Schemes (Grain Industry Research and Development Fund) Regulations 2013</i> .
Health and Ageing Administered Items Account	To record administered monies received by the Department and their associated disbursement, pursuant to the requirements for their administration.
Health and Ageing Operating Account	To record all of the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings.
Health, Community and Disability Services Ministerial Council	To record receipts and disbursements relating to programs and projects of the Health, Community and Disability Services Ministerial Council.

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

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2017 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Highways Fund	To record all transactions associated with the <i>Highways Act 1926</i> including the receipt of State and Commonwealth funds and expenditure on the construction and maintenance of roads and bridges.
HIH Builders' Indemnity Assistance Account	To account for the expenditure of funds made available from the Budget and from an increase in building work contractor licence fees to assist consumers relying on builders' warranty indemnity insurance with the HIH Group and to cover administrative costs of the assistance scheme.
Homes for Incurables Trust	To record receipts and payments incurred within the terms of the Home for Incurables Trust.
Hospitals Fund	To record receipts from the State Lotteries Commission, Totalizator Agency Board and from Stamp Duty on Third Party Insurance policies to be used for the purpose of maintenance, development and improvement of public hospitals, to refund unclaimed dividends from unauthorised Racing Clubs and to make payments to the Racing Clubs and Trotting Clubs for a share of tax on winning bets made with book-makers.
Housing Loans Redemption Fund	Established under the <i>Housing Loans Redemption Fund Act 1962</i> to control amounts received in respect of a low cost insurance scheme established by the South Australian Government, which is administered through various lending authorities.
Indigenous Program for Specific Projects	To record receipts and expenditure of Commonwealth funds (and associated interest earnings) related to the operation of projects under the <i>Terms and Conditions of Funding Agreement with State/Territory/Local Government Agencies Relating to Indigenous Programs</i> .
Industry Financial Assistance Account	To record the financial transactions of industry financial assistance administered on behalf of the Treasurer, including operating and financing expenditures, revenues from various activities and injection of funds provided by the Consolidated Account.
Investment Attraction South Australia	To record all the activities of Investment Attraction South Australia including operating and investing expenditure, revenue from various activities, injections of funds from either the Commonwealth Government or consolidated account and borrowings.
Judges' Pensions Account	To record receipts and payments for the Judges' Pensions Scheme.
Legislature Operating Account	To record all the activities associated with the Legislature including operating and investing expenditure, revenue from various activities and injections of funds from consolidated account.
Local Government Disaster Fund	To record transactions related to the administration of a local government disaster fund in a manner agreed between the Treasurer, the Minister of Local Government and the Local Government Association of South Australia.
Minister for Finance – Super SA Select	To record receipts and payments relating to the provision of funds from the Minister for Finance to the Southern Select Super Corporation for the purpose of establishing, and assisting in the establishment of Super SA Select Fund.

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

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2017 — *continued* (Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Motor Vehicles – Clearing Account	To record the majority of Motor Registration Division receipts pending clearance at the end of each month.
Murray Futures Fund	To record the activities in relation to the projects funded from the Commonwealth Government's Water for the Future initiative.
National Landcare Program	To receive funds from the Commonwealth, State and other sources for application towards the National Landcare Program.
National Rail Safety Reform Account	To receive revenue associated with the National Rail Safety Reform initiative and to disburse associated payments.
NRAH Operating Account	To record financial transactions of the Minister for Health and the Department of Health in respect of the NRAH PPP and financial arrangements associated with the securitisation structure set out in the NRAH PPP Project Documents.
Nuclear Fuel Cycle Royal Commission Consultation and Response Agency	To record all of the activities of Nuclear Fuel Cycle Royal Commission Consultation and Response Agency including operating and investing expenditure, revenue from various activities, injection of funds provided from Consolidated Account and borrowings.
Parliamentary Superannuation Scheme Account	To record receipts and payments for the Parliamentary Superannuation Scheme.
Peter Stephens Trust	To record receipts and disbursements incurred within the terms of Peter Stephens Trust.
Planning and Infrastructure Urban Growth Fund — Developer Contributions	To record and identify all money made available between the Minister for Transport and Infrastructure and developers of Urban Growth areas regarding the payment and delivery of transport infrastructure to support the proposed urban development.
Planning, Transport and Infrastructure Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual <i>Appropriation Act</i> and to disburse the associated payments.
Planning, Transport and Infrastructure Operating Account	To record the activities of the Department including operating and investing expenditures, revenue from various activities, injections of funds provided from the Consolidated Account and borrowings other than those activities recorded in other specific deposit accounts. This includes the recording of transactions that are consequent to machinery of government changes affecting the agency.
Police and Emergency Services Administered Items Account	To receive administered items appropriation for the Department pursuant to the annual <i>Appropriation Act</i> and to disburse the associated payments.
Police Operating Account	To record all the activities of the Police Department including operating and investing expenditures, revenues from various activities, injections of funds provided from the Consolidated Account and borrowings.
Police Superannuation Scheme Contribution Account	To record receipts and payments for the Police Superannuation Scheme.

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

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2017 — *continued* (Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

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

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

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2017 — *continued* (Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
SA Grape Growers Industry Fund	To record receipts and payments relating to SA grape growers in accordance with the <i>Primary Industries Funding Schemes (SA Grape Growers Industry Fund) Regulations</i> .
SA Lotteries Commission Operations Account	To receipt and dispense funds associated with the Commissioner's regulatory, compliance and Master Agent contract management responsibilities under the <i>State Lotteries Act, 1966</i> and the transaction documents.
SA Mental Health Commission Operating Account	To record all of the activities of Mental Health Commission including operating and investing expenditures, revenue from various activities, injection of funds provided from Consolidated Account and borrowings.
SA Riverland Floodplains Integrated Infrastructure Program	To record receipts and payments relating to the South Australian Riverland Floodplains Integrated Infrastructure Program.
SA River Murray Sustainability Fund	To record receipts and payments relating to the South Australian River Murray Sustainability Fund.
Sale of Government Land and Property	To record all receipts and payments associated with the sale of Crown lands and other Government land and property.
Save the River Murray Fund	To receive the proceeds of the Save the River Murray Levy via Consolidated Account and make payments as prescribed by the <i>Waterworks (Save the River Murray Levy) Amendment Act 2003</i> .
Save the River Murray Voluntary Contributions Fund	To receive voluntary payments and donations in relation to the Save the River Murray Fund and make payments as prescribed by the <i>Waterworks (Save the River Murray Levy) Amendment Act 2003</i> .
South Australian Aboriginal Heritage Fund	To receive funds from the Commonwealth, State and other sources for application towards the protection and preservation of Aboriginal heritage.
South Australian Ambulance Superannuation Scheme	To record receipts and payments for the South Australian Ambulance Service Superannuation Scheme.
South Australian Film Corporation Unclaimed Investor Returns Account	To record all of the activities related to unclaimed investor returns managed by the South Australian Film Corporation.
South Australian Local Government Grants Commission Account	To record all transactions associated with the <i>South Australian Local Government Grants Commission Act 1992</i> including the receipt and payment of Commonwealth funds and expenditure on the administration of the Act.
South Australian Superannuation Fund Account	To record receipts and payments in respect of funds managed by the South Australian Superannuation Board.
Southern State Superannuation Fund Account	To record receipts and payments in respect of the Southern State Superannuation Fund.
Sport and Recreation Fund	To record receipts and disbursements associated with the <i>Gaming Machines (Miscellaneous) Amendment Bill 1996</i> relating to the provision of financial assistance to sporting and recreational organisations.

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

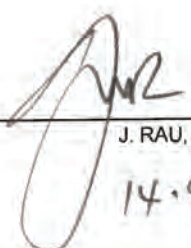
SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2017 — *continued* (Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

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

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

SPECIAL DEPOSIT ACCOUNTS IN OPERATION AT 30 JUNE 2017 — *continued*
(Section 22 (a) (v) (B) *Public Finance and Audit Act 1987*)

Account	Purpose
Treasury – Working Account	To hold charges incurred by the Agent-General in London for semi-Government and non-Government bodies, to record receipts and payments for small lotteries, to record certain receipts and payments arising from various superannuation arrangements, to record certain interest receipts and payments, to effect accounting adjustments and transfers and to hold amounts in suspense pending determination of appropriate treatment.
Victims of Crime Fund	To provide for the receipt of fines, levies and recoveries from offenders and for payment of compensation/costs to victims of crime and any other payments approved by the Attorney-General as being in the interests of victims of crime.

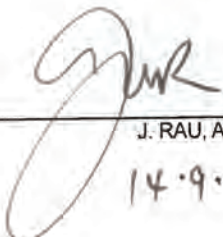

J. RAU, Acting Treasurer

14.9.17

TREASURER'S STATEMENTS — STATEMENT F (2)

SPECIAL DEPOSIT ACCOUNTS OPENED DURING THE YEAR ENDED 30 JUNE 2017
(Section 22 (a) (v) (A) *Public Finance and Audit Act 1987*)

Account	Purpose
Child Protection Operating Account	To record all the activities of the Department for Child Protection including operating and investing expenditure, revenue from the Consolidated Account, revenue from various activities, receipt of borrowings and receipt of various Commonwealth Grants and associated payments.
Legislature Operating Account	To record all the activities associated with Legislature including the operating and investing expenditure, revenue from various activities, injections of funds from consolidated account.
Nuclear Fuel Cycle Royal Commission Consultation and Response Agency	To record all of the activities of Nuclear Fuel Cycle Royal Commission Consultation and Response Agency including operating and investing expenditure, revenue from various activities, injection of funds provided from Consolidated Account and borrowings.
SA Mental Health Commission Operating Account	To record all of the activities of Mental Health Commission including operating and investing expenditures, revenue from various activities, injection of funds provided from Consolidated account and borrowings.


J. RAU, Acting Treasurer

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TREASURER'S STATEMENTS — STATEMENT G

DEPOSITS LODGED WITH THE TREASURER — BALANCES AT 30 JUNE 2017 (Section 22 (a) (vi) *Public Finance and Audit Act 1987*)

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

Account	Balance \$
Interest bearing—	
Adelaide and Mt Lofty Ranges Natural Resources Management Board	10 676 999
Adelaide Festival Centre Trust	8 121 861
Adelaide Hills Wine Industry Fund	495 702
Agents Indemnity Fund	7 194 338
Alinytjara Wilurara Natural Resources Management Board	3 326 112
Aquaculture Resource Management Fund	862 429
Art Gallery Board Account	1 623 289
Australian Council of State Emergency Services Fund	438 719
Bank of Tokyo-Mitsubishi Account	90 157
Bio Innovation SA	1 164 028
Boating Administration — Working Account	15 936 739
Botanic Gardens Board Endowment and Commercial Fund	2 545 031
Carrick Hill Trust	702 557
Cattle Compensation Fund	448 389
Correctional Services Prisoner Compensation Quarantine Fund Account	48 122
Crown Solicitor's Trust Account	4 129 808
CTP Insurance Regulator	14 041 254
Daniel Livingston Scholarship	35 204
Disability Services - Trust Funds, Donations and Bequests	395 942
Distribution Lessor Corporation Account	48 350
District Court Suits' Fund	4 807 502
Dog and Cat Management Fund	1 179 885
Domiciliary Care Services - Trust Funds, Donations and Bequests	591 692
Education Department — Scholarships and Prizes	195 326
Employment and Technical and Further Education — College Council Funds	156 018
Environment Protection Fund	6 940 715
Environment Resources and Development Court Suits Fund	—
Eyre Peninsula Natural Resources Management Board	2 845 620
Facilities Fund (Marine)	7 949 523
Generation Lessor Corporation Account	31 857
Green Industry Fund	108 272 708
History Trust of South Australia	5 027 561
Independent Gambling Authority	4 281 218
Industrial Court Commission	474 014
Kangaroo Island Natural Resources Management Board	610 823
Langhorne Creek Wine Industry Fund	370 168
Legal Practitioners Act	568 952
Libraries Board of South Australia	7 652 259
Lifetime Support Scheme Fund	1 146 161
Local Government Taxation Equivalents Fund	15 799
Market Projects Unit	3 177
McLaren Vale Wine Industry Fund	852 348
Motor Accident Commission Account	1 051 903
Museum Board Account	1 503 429
National Action Plan for Salinity and Water Quality	36 378
National Parks General Reserves Account	1 520 629

TREASURER'S STATEMENTS — STATEMENT G — *continued*

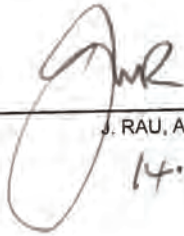
DEPOSITS LODGED WITH THE TREASURER — BALANCES AT 30 JUNE 2017 (Section 22 (a) (vi) *Public Finance and Audit Act 1987*)

Account	Balance \$
Interest bearing—<i>continued</i>	
Native Vegetation Fund	4 843 576
Natural Resources Management Fund	3 472 949
Northern and Yorke Natural Resources Management Board	2 394 137
Outback Areas Community Development Fund	1 113 531
Passenger Transport Research and Development Fund	11 468
Phylloxera and Grape Industry Fund	1 364 795
Planning and Development Fund	29 888 694
Pleuro Pneumonia Fund	15 772
Police Superannuation Fund	174 384
Rail Transport Facilitation Fund	63 658 788
Real Property Act Assurance Fund	7 495 894
Real Property Act Trust Account	80 151
Residential Tenancies Fund	5 542 377
Retail Shop Leases Fund	567 655
Riverland Wine Industry Fund	822 299
SAFECOM Operating Account	23 566 222
SA Health Special Purpose Funds	136 176 996
Second-Hand Vehicles Compensation Fund	2 555 270
South Australian Apiary Industry Fund	287 629
South Australian Arid Lands Natural Resources Management Board	1 248 048
South Australian Country Arts Trust	3 715 784
South Australian Forestry Corporation	2 378 012
South Australian Government Financing Authority	29 706 459
South Australian Housing Trust	59 049 793
South Australian Murray Darling Basin Natural Resources Management Board	4 394 958
South Australian Pig Industry Fund	4 021 086
South Australian Sheep Industry Fund	3 224 706
South East Natural Resources Management Board	2 376 953
State Emergency Relief Fund	66 797
Superannuation Funds Management Corporation Operating Account	9 621 213
Super SA Board	732 254
Super SA Flexible Rollover Product	9 337 405
Super SA Income Stream	10 625 090
Super SA Select	—
Supreme Court Sutors Fund	31 644 457
Teachers' Registration Board	9 954 593
Transmission Lessor Corporation Account	23 152
Urban Renewal Authority	8 524 061
Urban Renewal Authority — Cheltenham Trust Account	302 226
Wildlife Conservation Fund	480 600
Woods, Bagot, Jory and Laybourne-Smith — National War Memorial Account	2 387
Sub-Total	705 873 317

TREASURER'S STATEMENTS — STATEMENT G — *continued*

DEPOSITS LODGED WITH THE TREASURER — BALANCES AT 30 JUNE 2017
(Section 22 (a) (vi) *Public Finance and Audit Act 1987*)

Account	Balance \$
Non-interest bearing—	
Agriculture — Research and Services Grants	12 696 219
Children's Services Office — Capital Assistance Fund	192 235
Coast Protection Fund	513 357
Companies Liquidation Account	94 244
Contractors' Deposits	32 565
Co-operatives Liquidation Account	64 993
Correctional Services — Prisoners' Monies	739 899
Courts Administration Authority	15 974 357
Extractive Areas Rehabilitation Fund	23 686 348
Fisheries — Research and Development Fund	5 365 290
Metropolitan Drainage Maintenance Fund	19 455
Recreation and Sport Fund	1 371 602
South Australian Film Corporation Investors Returns Account	114 300
South Australian Tourism Commission	3 224 674
South Eastern Water Conservation and Drainage Board	262 141
State Heritage Fund	348 710
Unclaimed Salaries and Wages Account	505 097
Workmen's Liens	814 839
Sub-Total	<u>66 020 325</u>
TOTAL DEPOSITS LODGED WITH THE TREASURER	<u><u>771 893 641</u></u>


J. RAU, Acting Treasurer

14.9.17

TREASURER'S STATEMENTS — STATEMENT H

IMPREST ACCOUNTS

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

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

By Whom Held	Agency	Unappropriated Funds Allocated
		\$
Chief Executive	Attorney-General's Department	3 000
TOTAL		3 000

J. RAU, Acting Treasurer

14.9.17

TREASURER'S STATEMENTS — STATEMENT I

INDEBTEDNESS OF THE TREASURER AS AT 30 JUNE 2017

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

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

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

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

As a result of these arrangements all of the Treasurer's indebtedness is to SAFA and the balance as at 30 June 2017 was \$10.917 million. Details on the management of the Treasurer's debt portfolio can be found in SAFA's Annual Report.

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

In 2016-17 the Consolidated Account deficit was \$618 million and was funded by borrowings of that amount from SAFA.

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

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

	2016-17 \$'000	2015-16 \$'000
Loans to State Government Departments		
Department of Primary Industries and Resources—Rural Loans	1 224	3 753
Department of Primary Industries and Resources—Farm Finance Loans	450	450
Department of Primary Industries and Resources—Drought Concessional Loans	24 038	22 093
	<u>25 712</u>	<u>26 296</u>
 Loans to Statutory Authorities and Other Bodies		
Flinders Medical Centre	10 461	13 494
Flinders Medical Centre Foundation	5 000	5 000
Renmark Irrigation Trust	357	511
Royal Adelaide Zoo	1 441	1 692
South Western Suburbs Drainage	291	567
Woodville, Henley and Grange Drainage	62	89
	<u>17 612</u>	<u>21 353</u>

TREASURER'S STATEMENTS — STATEMENT I — *continued*

INDEBTEDNESS OF THE TREASURER AS AT 30 JUNE 2017 — *continued* (Section 22 (a) (viii) *Public Finance and Audit Act 1987*)

	2016-17 \$'000	2015-16 \$'000
Equity Contributions		
Adelaide Convention Centre	78 294	78 294
Adelaide Venue Management	55 536	55 536
Department for Correctional Services	145 305	97 638
Courts Administration Authority	3 140	3 140
Defence SA	101 888	101 888
Distribution Lessor Corporation	28 273	28 273
Electoral Commission of South Australia	1 558	1 558
Generation Lessor Corporation	24 539	24 539
Department for Communities and Social Inclusion	74 325	74 325
Department for Health and Ageing	1 700 853	1 643 898
Department of Premier and Cabinet	916	916
Joint Parliamentary Services	2 903	2 903
National Electricity Administrator	93	93
National Electricity Market Management Company	490	490
SA Water Corporation	102 402	173 610
South Australian Film Corporation	8 460	8 460
South Australian Housing Trust	93 347	83 800
South Australia Police	85 220	85 220
South Australian Tourism Commission	64	64
State Governor's Establishment	160	160
Urban Renewal Authority	356 856	242 938
Department of Treasury and Finance	1 809	547
Department of Planning, Transport and Infrastructure	3 265 713	3 096 330
Department of Environment, Water and Natural Resources	22 612	22 612
Department of State Development	45 689	11 738
	<u>6 200 445</u>	<u>5 838 970</u>
Other Indebtedness		
Debt associated with prior operations of the Consolidated Account	4 673 473	4 334 873
TOTAL TREASURER'S INDEBTEDNESS TO SAFA	<u><u>10 917 242</u></u>	<u><u>10 221 492</u></u>

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

TREASURER'S STATEMENTS — STATEMENT I — *continued*

INDEBTEDNESS OF THE TREASURER AS AT 30 JUNE 2017 — *continued*
(Section 22 (a) (viii) *Public Finance and Audit Act 1987*)

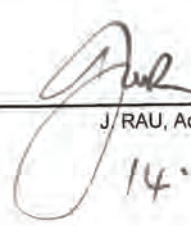
The Treasurer is authorised or required under a number of Acts to guarantee credit arrangements (eg repayment of borrowings) of various bodies. In the event of default, payment is made from the Consolidated Account. There is, therefore, a contingent liability of the Treasurer.

These fall into two main categories:

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

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

The Treasurer has residual liabilities arising from the sale/lease of the State's electricity assets. These liabilities represent prepaid lease rental payments received by the Treasurer on behalf of the Transmission Lessor Corporation, Distribution Lessor Corporation and Generation Lessor Corporation. The Treasurer's liability to the corporations at 30 June 2017 was \$35.2 million. This amount will reduce over the remaining term of the lease, as lease rental revenue is brought to account. No cash payments are anticipated.



J. RAU, Acting Treasurer

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TREASURER'S STATEMENTS — STATEMENT J

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

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

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

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

The overall movement in the Government's indebtedness to SAFA during 2016-17 is summarised as follows—

	\$million
Balance at 30 June 2016	10 221
Add — Consolidated Account borrowings in 2016-17	618
Add — Realised Loss (net)	84
Less — Concessional Loans	2
Less — Repayment of borrowings	4
Balance at 30 June 2017	10 917
Market value at 30 June 2017 ^(a)	11 048

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

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

At 30 June 2017 the Treasurer's deposit with SAFA was \$6 440 million (SAFA's market valuation \$6 449 million).

Statement C shows details of the Treasurer's cash balances at 30 June 2017 and the form in which those balances were held.

SAFA's 2016-17 operating profit before income tax was \$91.5 million. SAFA operates within the Tax Equivalent Regime (TER) and under this arrangement the amount paid to the Consolidated Account in 2016-17, as reported in Statement A, was \$13.8 million.

After taking account of the retained surplus carried forward from previous years and the net profit after tax in 2016-17, the amount of SAFA's surplus potentially available for distribution at 30 June 2017 was \$391 million. The Treasurer determined that the distribution for 2016-17 would be \$23.050 million.

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

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

TREASURER'S STATEMENTS — STATEMENT J — *continued*

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

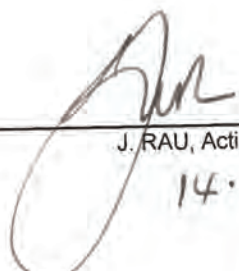
On 1 July 2006 the South Australian Government Insurance Corporation (SAICORP) was amalgamated with SAFA.

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

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

SAICORP Insurance Fund 2 recorded an operating loss of \$2.2 million in 2016-17. The Treasurer has a net receivable from the Fund of \$4.8 million representing its outstanding liability of \$14.2 million as at 2015-16, less payment to Treasurer of \$7.2 million in 2016-17 plus the Treasurer's payable of \$2.2 million for 2016-17.

SAICORP Insurance Fund 3 recorded an operating loss of \$3.7 million in 2016-17. The Treasurer has a net payable to the Fund of \$3.7 million in 2016-17.



J. RAU, Acting Treasurer

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TREASURER'S STATEMENTS — STATEMENT K

STATEMENT OF APPROPRIATION AUTHORITIES

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

\$

361 122 000

Maximum amount that could have been appropriated from the Fund in 2016-17

Purpose of Appropriation

Amounts Issued and Applied

\$

Defence SA	3 650 000
Department for Child Protection	120 946 000
Department for Communities and Social Inclusion	35 427 000
Department for Correctional Services	21 510 000
Department of Planning, Transport & Infrastructure	10 000 000
Department of Primary Industries and Regions	15 000 000
Department of State Development	37 493 000
Department of Treasury & Finance	3 924 000
Nuclear Fuel Cycle Royal Commission Engagement and Response Agency	3 600 000
South Australian Mental Health Commission	27 000
TOTAL	251 577 000

TREASURER'S STATEMENTS — STATEMENT K — *continued*

STATEMENT OF APPROPRIATION AUTHORITIES — *continued*

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

No transfers were made during 2016-17

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

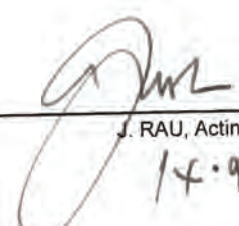
No reductions were made during 2016-17

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

	\$
Administered Items for the Department of Treasury and Finance	36 715 000
TOTAL	<u><u>36 715 000</u></u>

APPROPRIATION AUTHORITIES FOR ACTUAL PAYMENTS FROM THE CONSOLIDATED ACCOUNT, 2016-17 (Section 22 (a) (xiii) *Public Finance and Audit Act 1987*)

	Appropriation Authority	Actual Payments
	\$	\$
<i>Appropriation Act 2016, Section 4</i>	13 163 633 000	12 550 623 460
<i>Public Finance and Audit Act 1987, Section 15</i>	<u>36 715 000</u>	<u>36 715 000</u>
	13 200 348 000	12 587 338 460
 <i>The Governor's Appropriation Fund —</i>		
<i>Public Finance and Audit Act 1987, Section 12</i>	<u>361 122 000</u>	<u>251 577 000</u>
	13 561 470 000	12 838 915 460
 <i>Specific appropriation authorised by various Acts</i>	<u>106 359 000</u>	<u>107 323 265</u>
 TOTAL	<u><u>13 667 829 000</u></u>	<u><u>12 946 238 725</u></u>


J. RAU, Acting Treasurer

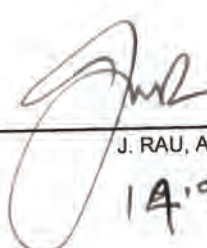
14.9.17

TREASURER'S STATEMENTS — STATEMENT L

STATEMENT OF OTHER TRANSFERS FROM THE ADMINISTERED ITEMS FOR THE DEPARTMENT OF TREASURY AND FINANCE FOR THE YEAR ENDED 30 JUNE 2017

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

Transfers were made to the following agencies:	\$
Administered Items for the Attorney-General's Department	1 900 000
Department for Communities and Social Inclusion	321 000
Department for Education and Child Development	39 000
Department for Health and Ageing	47 074 000
Department of Environment, Water and Natural Resources	4 288 000
Department of Planning, Transport and Infrastructure	16 503 000
Department of State Development	3 732 000
Department of the Premier and Cabinet	6 990 000
Department of Treasury and Finance	12 929 164
South Australia Police	21 000
South Australia Fire and Emergency Services Commission	2 431 000
South Australian Tourism Commission	8 750 000
TAFE SA	3 774 756
TOTAL	<u>108 752 920</u>


J. RAU, Acting Treasurer

14.9.17

Adelaide Festival Centre Trust

Financial report
for the year ended
30 June 2017

**ADELAIDE FESTIVAL CENTRE TRUST
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$'000	2016 \$'000
Expenses			
Staff benefits expenses	4	19,569	19,062
Supplies and services	5	26,273	23,958
Depreciation and amortisation expense	6	931	648
Net loss from the disposal of non-current assets	7	50	126
Borrowing costs		34	50
Total expenses		46,857	43,844
Income			
Revenues from fees and charges	8	25,559	25,599
Interest revenues	9	215	259
Total income		25,774	25,858
Net cost of providing services		21,083	17,986
Revenues from SA Government			
Revenues from SA Government	10	21,588	17,428
Net result		505	(558)
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Gain on revaluation of assets	14	2,741	578
Total other comprehensive income		2,741	578
Total comprehensive result		3,246	20

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

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

ADELAIDE FESTIVAL CENTRE TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

		2017	2016
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents	11	8,397	15,080
Receivables	12	1,863	1,722
Inventories	13	174	175
Total current assets		10,434	16,977
Non-current assets			
Property, plant and equipment	14	6,702	5,406
Works of art	14	8,793	6,101
Intangible assets	14	969	777
Total non-current assets		16,464	12,284
Total assets		26,898	29,261
Current liabilities			
Payables	15	6,807	9,772
Staff benefits	16	2,777	2,811
Provisions	17	105	92
Other current liabilities	18	1,002	1,520
Total current liabilities		10,691	14,195
Non-current liabilities			
Payables	15	213	303
Borrowings	19	-	1,333
Staff benefits	16	2,352	3,065
Provisions	17	199	168
Total non-current liabilities		2,764	4,869
Total liabilities		13,455	19,064
Net assets		13,443	10,197
Equity			
Asset revaluation surplus	20	12,766	10,060
Accumulated surplus (deficit)	20	677	137
Total Equity		13,443	10,197
The total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	21		
Contingent assets and liabilities	22		

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

**ADELAIDE FESTIVAL CENTRE TRUST
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	Asset revaluation surplus \$ '000	Accumulated surplus/ deficits \$ '000	Total Equity \$ '000
Balance at 30 June 2015		9,482	695	10,177
Net result for 2015-2016		-	(558)	(558)
Gain on revaluation of assets		578	-	578
Total comprehensive result for 2015-2016		578	(558)	20
Balance at 30 June 2016	20	10,060	137	10,197
Net result for 2016-2017		-	505	505
Gain on revaluation of assets		2,741	-	2,741
Total comprehensive result for 2016-2017		2,741	505	3,246
Transfers between equity components		(35)	35	-
Balance at 30 June 2017	20	12,766	677	13,443

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

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

**ADELAIDE FESTIVAL CENTRE TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

		2017 Inflows/ (Outflows) \$'000	2016 Inflows/ (Outflows) \$'000
Cash flows from operating activities	Note		
Cash outflows			
Staff benefit payments		(20,340)	(18,103)
Payments for supplies and services		(28,307)	(26,778)
Decrease in funds held on behalf of promoters		(2,842)	-
Interest Paid		(27)	(43)
GST paid to ATO		(111)	-
Cash used in operations		<u>(51,627)</u>	<u>(44,924)</u>
Cash inflows			
Receipts from patrons and customers		25,557	28,989
Increase in funds held on behalf of promoters		-	950
Interest received		222	265
GST recovered from the ATO		-	301
Cash generated from operations		<u>25,779</u>	<u>30,505</u>
Cash flows from SA Government			
Receipts from SA Government		18,361	16,672
Cash generated from SA Government		<u>18,361</u>	<u>16,672</u>
Net cash (used in) provided by operating activities		<u>(7,487)</u>	<u>2,253</u>
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment and works of art		804	(468)
Net cash used in investing activities		<u>804</u>	<u>(468)</u>
Cash flows from financing activities			
Cash outflows			
Repayment of borrowings*		-	(338)
Net cash provided by financing activities		<u>-</u>	<u>(338)</u>
Net (decrease) increase in cash and cash equivalents		<u>(6,683)</u>	<u>1,447</u>
Cash and cash equivalents at the beginning of the period		15,080	13,633
Cash and cash equivalents at the end of the period	11	<u>8,397</u>	<u>15,080</u>

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

* There was an unsecured, interest only loan on terms agreed to by the Minister for the Arts. This loan was forgiven in the current financial year and recorded as a SA Government Revenue.

Notes to and forming part of the financial statements

Note 1 Objectives of the Adelaide Festival Centre Trust

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

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

Note 2 Summary of Significant Accounting Policies

(a) Statement of compliance

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

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

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

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgement, or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:
 - i. expenses incurred as a result of engaging consultants;
 - ii. employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly, by the Trust to those employees; and
 - iii. board member and remuneration information, where a board member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

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

Adelaide Festival Centre Trust

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2017 and the comparative information presented.

(c) Reporting entity

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

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

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

(d) Transactions performed on behalf of promoters

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

(e) Comparative information

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

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

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

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

(f) Rounding

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

(g) Taxation

The Trust is not subject to income tax. The Trust is liable for payroll tax, fringe benefits tax, and goods and services tax (GST).

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

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

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

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) 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 Trust has separately disclosed the amounts expected to be recovered or settled after more than twelve months.

(j) Assets

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

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

Cash and cash equivalents

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

Receivables

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

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

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

Heritage assets

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

Inventories

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

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

Non-current assets

Acquisition and recognition

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

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

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

Depreciation and amortisation

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

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

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

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

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

Land is not depreciated.

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

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

Revaluation of non-current assets

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

At least every five years, the Adelaide Festival Centre Trust revalues its non-current assets via a Certified Practising Valuer or internal estimates based on indices or recent transactions. However if at any time, management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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.

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

Impairment

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

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

Intangible assets

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

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

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

Fair value measurement - Non-financial assets

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

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

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

Fair value measurement - Financial assets/liabilities

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

(k) Liabilities

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

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

Payables

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

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

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

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

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

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

Leases

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

Operating leases

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

Staff benefits

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

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

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

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

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

Long service leave

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

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

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

Borrowings/Financial liabilities

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

Provisions

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

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

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

(l) 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.

(m) State government funding

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

Note 3 New and revised accounting standards and policies

The Trust did not voluntarily change any of its accounting policies during 2016-17.

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	2017 \$'000	2016 \$'000
4 Staff benefits expenses		
Salaries and wages	15,621	14,694
Long service leave	304	544
Annual leave	989	920
Skills and experience retention leave	-	18
Employment on-costs - superannuation	1,498	1,473
Employment on-costs - other	973	1,013
Board fees	30	31
Other staff related expenses	154	369
Total staff benefits expenses	19,569	19,062

	2017 Number	2016 Number
(a) Remuneration of staff excluding performance bonus		
The number of staff who received remuneration within the following bands are:		
\$147 001 to \$157 000	1	2
\$157 001 to \$167 000	-	1
\$167 001 to \$177 000	-	1
\$177 001 to \$187 000	-	2
\$187 001 to \$197 000	2	-
\$197 001 to \$207 000	1	1
\$247 001 to \$257 000	1	-
\$257 001 to \$267 000	1	1
\$317,001 to \$327,000	-	-
\$347,001 to \$357,000	1	-
\$357,001 to \$367,000	-	1
Total	7	9

	2017 Number	2016 Number
(b) Performance bonus remuneration of staff		
The number of staff who received performance bonus remuneration within the following bands are:		
\$ 1,500 to \$ 11,499	1	-
\$ 21,500 to \$ 31,499	-	1
\$ 31,500 to \$ 41,499	-	1
\$181,500 to \$191,499	1	-
Total	2	2

Table (a) includes all staff who received total remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits, fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. Total remuneration received for the year, included in Tables (a) and (b) was \$1.85 m (\$1.87 m).

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	2017	2016
	\$'000	\$'000
5 Supplies and services		
Accommodation*	10,484	10,256
Advertising and marketing	1,872	1,906
Artistic production	6,362	5,262
Communications and IT	1,579	1,610
Professional expenses	1,534	1,204
Repairs and maintenance	241	271
Sponsorship	105	149
Supplies	2,233	1,899
Travel and entertainment	410	367
Other	1,453	1,034
Total supplies and services	26,273	23,958

*Accommodation balance includes \$5.931m of rent to Arts SA for the venue hire of theatres.

Consultants

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

	2017		2016	
	No.	\$'000	No.	\$'000
Below \$10,000	8	22	-	-
Above \$10,000	3	47	2	36
Total paid / payable to consultants engaged	11	69	2	36

6 Depreciation and amortisation expense

	\$'000	\$'000
Depreciation		
Buildings	29	29
Plant and equipment	705	368
Leasehold equipment	11	7
Furniture and Fittings	18	18
Amortisation		
Intangible assets	168	226
Total depreciation and amortisation	931	648

7 Net loss from the disposal of non-current assets

Plant and equipment		
Proceeds from disposal	11	2
Less net book value of assets disposed	61	128
Net loss from disposal of plant and equipment	(50)	(126)

8 Revenues from fees and charges

Theatre services	7,856	7,252
Ticketing	4,592	4,605
Car park	695	1,379
Box office	5,734	5,977
Sponsorship	984	762
Catering and functions	2,854	3,302
Other	2,844	2,322
Total fees and charges	25,559	25,599

9 Interest revenues

Interest received	215	259
Total interest revenues	215	259

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10 Revenues from SA Government	2017	2016
Grants received:	\$'000	\$'000
Operating base	18,364	16,675
Capital replacement	3,224	753
Total revenues from SA Government	21,588	17,428

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

Capital replacement grant refers to assets received free of charge of \$1.891m (nil) and a grant received for the loan forgiven by the Minister for Arts for \$1.333m relating to the redevelopment of Her Majesty's Theatre - refer note 19.

11 Cash and cash equivalents

Cash at bank and on hand	4,126	7,967
Cash held in trust for promoters	4,271	7,113
Total cash and cash equivalents	8,397	15,080

12 Receivables

Current

Receivables	918	644
Less allowance for doubtful debts	-	(4)
Prepayments	735	1,061
Accrued interest	14	21
GST input tax recoverable	196	-
Total current receivables	1,863	1,722

Movement in the allowance for doubtful debts

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

Carrying amount at the beginning of the period	4	2
Increase in the allowance	-	4
Amounts written off	(4)	(2)
Carrying amount at the end of the period	-	4

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

13 Inventories

Theatre set construction work in progress at cost	-	18
Materials at cost	174	157
Total inventories	174	175

Cost of inventories

The costs recognised as an expense for raw materials and consumables is \$1.845m (\$1.525m).

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	2017	2016
	\$'000	\$'000
14 Non-current assets		
Land and buildings		
Land at cost (deemed fair value)	1,440	1,440
Buildings at cost (deemed fair value)	440	440
Accumulated depreciation at the end of the period	(62)	(33)
Total land and buildings	1,818	1,847
Plant and equipment		
Plant and equipment at fair value	1,798	2,122
Accumulated depreciation at the end of the period	(1,034)	(740)
Plant and equipment at cost (deemed fair value)	3,649	1,773
Accumulated depreciation at the end of the period	(135)	(135)
Total plant and equipment	4,278	3,020
Capital works in progress		
Capital works in progress at cost (deemed fair value)	244	148
Furniture and fittings		
Furniture and fittings at cost (deemed fair value)	274	274
Accumulated depreciation at the end of the period	(54)	(36)
Total furniture and fittings	220	238
Leasehold equipment		
Leasehold equipment at cost (deemed fair value)	165	165
Accumulated depreciation at the end of the period	(23)	(12)
Total leasehold equipment	142	153
Total property, plant and equipment	6,702	5,406
Works of art		
Works of art at fair value	8,791	6,098
Works of art at cost (deemed fair value)	2	3
Total works of art	8,793	6,101
Intangible assets		
Intangibles at cost	2,269	1,908
Accumulated amortisation	(1,300)	(1,131)
Total intangible assets	969	777
Total non-current assets	16,464	12,284

Valuation of non-current assets

Plant and equipment

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

Works of art

A valuation of works of art was carried out by Theodore Bruce Auctions Pty Ltd as at 30 June 2017, estimating fair value of the pieces in the collection by using the market approach under AASB 13 and also considering the 'highest and best use' of each item. This approach required observation of the market for identical or similar assets to reach an opinion of value. The revaluation resulted in an increment of \$2.74m.

Carrying amount of non-current assets

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

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Impairment

There were no indications of impairment of non-current assets at 30 June 2017.

Reconciliation of non-current assets

The following table shows the movements of non-current assets during 2016-17:

	Plant and Equipm't \$'000	Works of Art \$'000	Intan- gibles \$'000	Furniture and fittings \$'000	Land and building \$'000	Lease hold \$'000	Capital WIP \$'000	Total \$'000
Carrying amount at the beginning of the period	3,020	6,101	777	238	1,847	153	148	12,284
Acquisitions	-	2	-	-	-	-	2,507	2,509
Transfers between asset classes	1,973	-	361	-	-	-	(2,334)	-
Disposals	(10)	(51)	-	-	-	-	(77)	(138)
Depreciation and amortisation	(705)	-	(169)	(18)	(29)	(11)	-	(932)
Revaluation increment/(decrement)	-	2,741	-	-	-	-	-	2,741
Carrying amount at the end of the period	4,278	8,793	969	220	1,818	142	244	16,464

Plant and equipment additions of \$1.891 (nil) were received free of charge as a capital grant from Arts SA.

	2017 \$'000	2016 \$'000
15 Payables		
Current		
Creditors	348	911
Accrued expenses	1,705	1,283
Amounts payable to promoters	4,271	7,113
Staff on-costs	483	461
GST input tax payable	-	4
Total current payables	6,807	9,772
Non-current		
Staff on-costs	213	303
Total payables	7,020	10,075

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 remained the same as the 2016 rate (40%) and the average factor for the calculation of employer superannuation cost on-cost has changed from the 2016 rate (10.2%) to 10.1%. These rates are used in the employment on-cost calculation.

16 Staff benefits

Current		
Annual leave	1,257	1,247
Long service leave	504	420
Accrued salaries and wages	898	1,022
Skills and experience retention leave	118	122
Total current staff benefits	2,777	2,811
Non-current		
Long service leave	2,352	2,715
Accrued salaries and wages	-	350
Total non-current staff benefits	2,352	3,065
Total staff benefits	5,129	5,876

Adelaide Festival Centre Trust

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

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has increased from 2% in 2016 to 2.5% in 2017.

The net financial effect in the current financial year of the increase in the discount rate and the salary inflation rate is a decrease in the long service leave liability of \$119k and employee benefit expense of \$119k. 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.

17 Provisions	2017 \$'000	2016 \$'000
Current		
Provision for workers compensation	105	92
Total current provisions	<u>105</u>	<u>92</u>
Non-current		
Provision for workers compensation	199	168
Total provisions	<u>304</u>	<u>260</u>
Provision for workers compensation		
Carrying amount at the beginning of the period	260	160
Additional provisions recognised	81	170
Reductions arising from payments	(37)	(70)
Carrying amount at the end of the period	<u>304</u>	<u>260</u>

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

18 Other liabilities

Current		
Venue hire deposits	290	602
Other deposits	9	9
Income in advance	696	902
Unclaimed monies	7	7
Total other liabilities	<u>1,002</u>	<u>1,520</u>

Income in advance

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

19 Borrowings

Non-current		
Loan from SA Financing Authority	-	1,333
Total non-current borrowings	<u>-</u>	<u>1,333</u>

This was an unsecured, interest only loan on terms agreed to by the Minister for the Arts. This loan was forgiven in the current financial year and recorded as a SA Government Revenue.

Adelaide Festival Centre Trust

	2017	2016
	\$'000	\$'000
20 Equity		
Asset revaluation surplus		
Plant and equipment	4,319	4,348
Works of art	8,447	5,712
	<u>12,766</u>	<u>10,060</u>
Accumulated surplus/(deficit)	677	137
Total equity	<u>13,443</u>	<u>10,197</u>

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

21 Unrecognised contractual commitments

Expenditure commitments - other

The Trust's other commitments are payable as follows:

Within one year	2,809	1,239
Later than one year but not longer than five years	1,891	1,657
Total other commitments	<u>4,700</u>	<u>2,896</u>

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

Operating lease commitments

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

Within one year	5,630	6,219
Later than one year and not longer than five years	23,677	26,031
Later than five years	38,918	50,644
Total operating lease commitments	<u>68,225</u>	<u>82,894</u>

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

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

22 Contingent assets and liabilities

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

Adelaide Festival Centre Trust

23 Controlled entity

The consolidated financial statements at 30 June 2017 include the following controlled entity:
The Adelaide Festival Centre Foundation Incorporated

Significant items in the financial report of the Foundation are:

	2017 \$'000	2016 \$'000
Revenue	730	471
Expenses	440	391
Surplus	<u>290</u>	<u>80</u>
Cash at bank	655	419

All gifts and money received by the Adelaide Festival Centre Foundation Incorporated are used to undertake special projects on behalf of the Trust including Her Majesty's Theatre Renewal Project, subsidising tickets for disadvantaged children, providing funding for children's programs Something on Saturday and Dreambig and providing scholarship and internship opportunities in the performing arts.

24 Remuneration of Trustees

Trustees of the Trust during the 2017 financial year were:

Mr Michael Abbott (Chairperson)

Mr James Hazel

Ms Carolyn Mitchell

Mr Philip Hoffmann AM

Ms Kathryn Thiele

Ms Joanne Chapley (Appointed 04/08/2016)

Ms Susan Clearihan (Resigned 23/04/2017)

	2017 Number	2016 Number
The number of Trustees whose remuneration received or receivable falls within the following bands:		
\$0 - \$9,999	<u>7</u>	<u>8</u>
Total	<u>7</u>	<u>8</u>

Remuneration of members reflects all costs of Trustee duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by Trustees was \$31,000 (2016 \$34,000).

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

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

25 Related Party Transactions

The Trust is a statutory authority established pursuant to the Adelaide Festival Centre Trust Act 1971.

Related parties of the Trust include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Key Management Personnel

Key management personnel of the Trust include the Chief Executive Officer and Artistic Director, the Chief Financial Officer, the board of Trustees and the four members of the Executive Management Team who have responsibility for the strategic direction and management of the board.

Total compensation for the Trust's key management personnel was \$1.665m (\$1.334m).

26 Financial risk management/Financial instruments

Financial risk management

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

Categorisation of financial instruments

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

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

Category of financial asset and financial liability	Notes	2017 Carrying amount/fair value \$'000	2016 Carrying amount/fair value \$'000
Financial assets			
<i>Cash and cash equivalent</i>			
- Cash and cash equivalent	11	8,397	15,080
<i>Loans and receivables</i>			
- Receivables ⁽¹⁾⁽²⁾	12	932	665
Total financial assets		9,329	15,745
Financial liabilities			
<i>Financial liabilities at cost</i>			
- Payables ⁽¹⁾	15	6,214	9,201
- Borrowings	19	-	1,333
Total financial liabilities		6,214	10,534

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

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

27 Events after the reporting period

In July 2017 the Trust purchased Her Majesty's Theatre (HMT) property at 58 Grote Street Adelaide from Arts SA for a total consideration of \$8.222m.

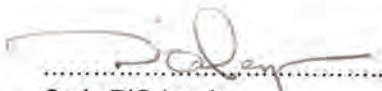
The Treasurer has approved for SAFA to loan the Trust \$61.598m for a maximum term of 10 years with regards to HMT redevelopment.

ADELAIDE FESTIVAL CENTRE TRUST
CERTIFICATION OF FINANCIAL STATEMENTS

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

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Adelaide Festival Centre Trust; and
- present a true and fair view of the financial position of the Adelaide Festival Centre Trust as at 30 June 2017 and the results of its operation and cash flows for the financial year.

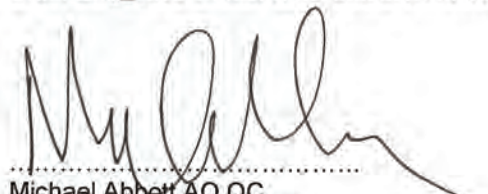
We certify that the internal controls employed by the Adelaide Festival Centre Trust for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



.....
Carlo D'Ortenzio
Chief Operating Officer



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



.....
Michael Abbett AO QC
Chairman and Presiding Officer

Date...14 September 2017



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To the Chairman and Presiding Officer Adelaide Festival Centre Trust

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 24(3) of the *Adelaide Festival Centre Trust Act 1971*, I have audited the financial report of the Adelaide Festival Centre Trust for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Adelaide Festival Centre Trust as at 30 June 2017, 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.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chairman and Presiding Officer, the Chief Executive Officer and Artistic Director, and the Chief Operating Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Adelaide Festival Centre Trust. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Chief Executive Officer and members of the Trust for the financial report

The Chief Executive 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 the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

The members of the Trust are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

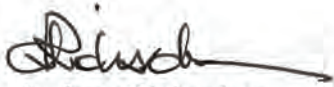
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

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

Andrew Richardson

Auditor-General

18 September 2017

Adelaide Festival Corporation

Financial report
for the year ended
30 June 2017

Adelaide Festival Corporation
Financial Statements for the year ended 30 June 2017

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
Expenses			
Staff benefit expense	4	3,755	3,632
Supplies and services	5	11,949	8,836
Depreciation expense		261	89
Total expenses		15,965	12,557
Income			
Grants from Non SA Government	6	96	353
Box Office sales		4,020	2,435
Other sales		329	315
Interest revenues		70	80
Sponsorship	7	1,553	1,230
Other income	8	1,247	676
Total income		7,315	5,089
Net cost of providing services		(8,650)	(7,468)
Revenue from SA Government			
Revenue from SA Government	6	8,620	8,417
Net result		(30)	949
Total comprehensive result		(30)	949

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

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

Adelaide Festival Corporation
Financial Statements for the year ended 30 June 2017

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	9	622	1,539
Receivables	10	526	203
Total current assets		1,148	1,742
Non-current assets			
Plant and equipment	11	955	200
Total non-current assets		955	200
Total assets		2,103	1,942
Current liabilities			
Payables	12	604	584
Staff benefits	13	236	284
Provisions	14	220	3
Total current liabilities		1,060	871
Non-current liabilities			
Payables	12	5	5
Staff benefits	13	55	53
Provisions	14	5	5
Total non-current liabilities		65	63
Total liabilities		1,125	934
Net Assets		978	1,008
Equity			
Retained earnings		978	1,008
Total Equity		978	1,008
The total equity is attributable to the SA Government as owner.			
Unrecognised contractual commitments	15		
Contingent assets and liabilities	17		

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

Adelaide Festival Corporation
Financial Statements for the year ended 30 June 2017

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Retained earnings \$'000	Total Equity \$'000
Balance at 30 June 2015	59	59
Net Result for 2015-16	949	949
Total Comprehensive Result for 2015-16	949	949
Balance at 30 June 2016	1008	1008
Net Result for 2016-17	(30)	(30)
Total Comprehensive Result for 2016-17	(30)	(30)
Balance at 30 June 2017	978	978

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

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

Adelaide Festival Corporation
Financial Statements for the year ended 30 June 2017

STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Cash outflows			
Staff benefit payments		(3,936)	(3,509)
Payments for supplies and services		(12,092)	(8,470)
Payments for paid parental leave scheme		-	(4)
Cash used in operations		(16,028)	(11,983)
Cash inflows			
Receipts from patrons, sponsors, donors and others		6,918	4,082
Receipts from Commonwealth		44	325
Interest received		70	77
Receipts for paid parental leave scheme		-	4
GST recovered from the ATO		475	415
Cash generated from operations		7,507	4,903
Cash flows from SA Government			
Receipts from SA Government		8,620	8,417
Net cash provided by/(used in) operating activities		99	1,337
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(1,016)	(83)
Cash used in investing activities		(1,016)	(83)
Net increase/(decrease) in cash and cash equivalents		(917)	1,254
Cash and cash equivalents at the beginning of the period		1,539	285
Cash and cash equivalents at the end of the period	9	622	1,539

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

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

Note 1 Functions of the Adelaide Festival Corporation

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

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

Note 2 Statement of Significant Accounting Policies

2.1 Statement of compliance

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

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

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

2.2 Basis of Preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with Accounting Policy Statements issued pursuant to section 41 of the Public Finance and Audit Act 1987. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:
 - a) expenses incurred as a result of engaging consultants;
 - b) 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

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and

- c) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket expense reimbursement.

The Corporation's Statement of Comprehensive Income, Statement of Financial Position, and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention. The Statement of Cash Flows has been prepared on a cash basis.

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

2.3 Rounding

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

2.4 Taxation

The Corporation is not subject to income tax. The Corporation is liable for payroll tax, fringe benefits tax and goods and services tax (GST).

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

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

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

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

2.5 Events after the reporting period

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

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

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

2.6 Foreign Exchange

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

2.7 Current and non-current classification

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

2.8 Non-current assets

Acquisition and recognition

Non-current assets are initially recorded at cost or at the value 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 fair value in the Statement of Financial Position. All non-current tangible assets with a value equal to or in excess of \$1 000 are capitalised.

Plant and Equipment

Office furniture and equipment is valued at cost (deemed fair value).

Palais Club

The Palais Club has been constructed on the River Torrens and is deemed to have a life of 3 years with a residual value of \$400,000.

Depreciation and amortisation

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

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

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

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

Depreciation/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)
Plant & equipment	5-10
Furniture and fittings	3-10
Palais club construction	3
Leasehold improvements	life of initial lease

2.9 Liabilities

Leases

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

The Corporation has entered into an operating lease. Payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

Staff Benefits

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

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

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

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

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

2.10 Comparative Figures

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

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

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

2.11 Economic Dependency

The Corporation is dependent on the contribution of grants from SA Government at the appropriate levels.

The ongoing support of the State Government for presenting the Adelaide Festival biennially from 1960 and annually since 2012 underpins the decision to prepare this financial report on a going concern basis.

2.12 Unrecognised contractual commitments and contingent assets and liabilities

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

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

Note 3 New and Revised Accounting Standards and Policies

The Corporation did not voluntarily change any of its accounting policies during 2016-17.

Note 4 Staff benefits expense

	2017	2016
	\$'000	\$'000
Salaries and wages	3,257	3,181
Staff on-cost superannuation*	299	288
Staff on-cost other	152	128
Board fees	47	35
<i>Total staff benefits expense</i>	<u>3,755</u>	<u>3,632</u>

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

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

*The superannuation employment on-cost charge represents the board's contributions to superannuation plans in respect of current services of current staff.

Remuneration of Staff

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

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

	2017 Number of staff	2016 Number of staff
\$145 001 to \$147 000*	-	1
\$147 001 to \$157 000	1	-
\$177 001 to \$187 000	-	1
\$187 001 to \$197 000	1	-
\$207 001 to \$217 000	1	-
\$277 001 to \$287 000	-	1
\$317 001 to \$327 000	-	1
<i>Total</i>	<u>3</u>	<u>4</u>

* This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2015-16

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these staff for the year was \$553,000 (2016: \$944,000).

Remuneration of Board Members

The Board members are appointed by the Governor in accordance with the Adelaide Festival Corporation Act 1998 and is a wholly owned and controlled entity of the Crown.

Members during the 2017 financial year were:

Ms Judy Potter (Chair and member of Audit & Risk Committee)
 Councillor Megan Hender (member of Audit & Risk Committee)
 Ms Ulrike Klein
 Mr David Knox
 Mr Mark Roderick (Chair Audit and Risk Committee)
 Mr Jim Whalley (member of Audit & Risk Committee)
 Mr Peter Goers (Term expired December 2016)
 Hon. Amanda Vanstone (Term commenced July 2016)

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

	2017	2016
Nil - \$9 999	<u>8</u>	<u>11</u>
<i>Total number of members</i>	<u>8</u>	<u>11</u>

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

The total remuneration received or receivable for members is \$47,000 (2016: \$35,000).

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.

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

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

Note 5 Supplies and services

	2017 \$'000	2016 \$'000
Artist fees & payments	3,256	1,946
Artist travel & accommodation	1,113	964
Royalty & license fees	197	137
Event staging & contracts	3,975	2,576
Marketing, advertising & media	1,196	1,123
Design, printing and distribution costs	346	422
Hospitality, sponsorship & ticketing	364	310
Cost of goods for sale	403	421
Property costs	276	262
Communications and IT	180	89
Insurance	108	99
Other expenditure	535	487
<i>Total supplies and services</i>	<u>11,949</u>	<u>8,836</u>

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

	No.	2017 \$'000	No.	2016 \$'000
Above \$10 000	-	-	1	38
Total paid/payable to consultants	<u>-</u>	<u>-</u>	<u>1</u>	<u>38</u>

Note 6 Grants from government

	2017 \$'000	2016 \$'000
<i>Grants from SA Government</i>	<u>8,620</u>	<u>8,417</u>
Commonwealth Grants	44	325
Grants from Overseas Governments	<u>52</u>	<u>28</u>
<i>Grants from Non-SA Governments</i>	<u>96</u>	<u>353</u>
<i>Total Grants from Government</i>	<u>8,716</u>	<u>8,770</u>

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

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

Note 7 Sponsorship

	2017 \$'000	2016 \$'000
Sponsorship – Cash	1,107	726
Sponsorship – In-kind	446	504
<i>Total sponsorship</i>	<u>1,553</u>	<u>1,230</u>

Some sponsorship is received as resources in-kind which is valued at fair value. The Corporation has a sponsorship arrangement with the Australian Broadcasting Corporation (ABC) that is not recognised in the financial statements. Given the non-commercial status of the ABC network, the capacity to document a reliable measurement of the relationship for the purposes of inclusion in the financial statements has proven problematic.

Note 8 Other income

	2017 \$'000	2016 \$'000
Sundry	410	363
Friends membership	83	37
Donations	754	276
<i>Total other income</i>	<u>1,247</u>	<u>676</u>

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

Note 9 Cash and cash equivalents

	2017 \$'000	2016 \$'000
Cash on hand	1	1
Cash at bank	453	415
Short-term deposits with SAFA	168	1,123
<i>Total cash and cash equivalents</i>	<u>622</u>	<u>1,539</u>

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.

Deposits are recognised at their nominal amounts. All deposited funds attract interest. Interest is credited to revenue as it accrues.

The deposits are lodged with SAFA and earn interest at the respective short-term deposit rates. Interest is received monthly.

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

Note 10 Receivables

	2017 \$'000	2016 \$'000
Trade debtors	96	119
Prepayments and accrued revenue	110	55
Other receivables (GST)	320	29
<i>Total receivables</i>	<u>526</u>	<u>203</u>

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

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

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

No receivables are impaired.

Note 11 Plant and equipment

	2017 \$'000	2016 \$'000
Plant and equipment		
Office equipment and furniture at cost (deemed Fair Value)	847	832
Less: accumulated depreciation	693	632
<i>Total plant and equipment</i>	<u>154</u>	<u>200</u>
Leasehold improvements		
Leasehold improvements at cost (deemed Fair Value)	334	334
Less: Accumulated depreciation	334	334
<i>Total leasehold improvement</i>	<u>-</u>	<u>-</u>
Palais Club		
Construction at cost	1,002	-
Less: accumulated depreciation	201	-
<i>Total Palais Club</i>	<u>801</u>	<u>-</u>
<i>Total plant and equipment</i>	<u>955</u>	<u>200</u>

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

Reconciliation of carrying amounts of plant & equipment:

	Plant & Equipment	Palais Club	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2016	200	-	200
Additions	14	1,002	1,016
Depreciation	(60)	(201)	(261)
Carrying amount as at 30 June 2017	154	801	955

Carrying amount of plant and equipment

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

Impairment

There were no indications of impairment of plant and equipment at 30 June 2017.

Note 12 Payables

	2017 \$'000	2016 \$'000
Current		
Trade creditors and accruals	570	549
Staff on-costs	34	35
<i>Total current payables</i>	<u>604</u>	<u>584</u>
Non-Current		
Staff on-costs	5	5
<i>Total non-current payables</i>	<u>5</u>	<u>5</u>

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

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

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

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

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

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

Note 13 Staff Benefits

	2017 \$'000	2016 \$'000
Current		
Accrued Salaries and Wages	89	66
Annual Leave	81	104
Long Service Leave	66	114
<i>Total current staff benefits</i>	<u>236</u>	<u>284</u>
Non-Current		
Long Service Leave	55	53
<i>Total non-current staff benefits</i>	<u>55</u>	<u>53</u>

Note 14 Provisions

	2017 \$000	2016 \$000
Current		
Provision for Palais reparation	217	-
Provision for workers compensation (self-insurance)	3	3
<i>Total current provisions</i>	<u>220</u>	<u>3</u>
Non-current		
Provision for workers compensation (self-insurance)	5	5
<i>Total non-current provisions</i>	<u>5</u>	<u>5</u>

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2017 provided by consulting actuary engaged through the Office of the Public Sector (a division of the Premier and Cabinet). The provision is for the estimated cost of ongoing payments to employees as required under the current legislation.

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

Provision has been made for reparation work on the Palais Club and park lands to allow the club to remain on the River Torrens for the specified life of the club.

Note 15 Unrecognised Contractual Commitments

Operating Lease commitments

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

	2017 \$'000	2016 \$'000
Not later than one year	253	232
Later than one year and not later than five years	659	822
<i>Total operating lease commitments</i>	<u>912</u>	<u>1,054</u>

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

Representing:

Non-cancellable operating leases	-	310
<i>Total operating lease commitments</i>	-	310

The Corporation's operating lease is for office accommodation. Office accommodation is leased from Shahin Holdings Pty Ltd. The current lease was due to expire in October 2020. The Festival took up the option to terminate the lease as of October 2017 by giving notice to Shahin Holdings Pty Ltd. on the 31st January 2017. The termination was accepted with Shahin Holdings Pty Ltd asking for an opportunity to submit an offer with new terms. A new lease effective from 1st October 2017 for 5 years has been agreed at the current lease cost with a \$100,000 per annum rent rebate for the term of the agreement. Rent is payable in advance and the rebate is to be applied monthly in advance.

Note 16 Financial Instruments

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.

The carrying amounts of each of the following categories of financial assets and financial liabilities measured at cost are detailed below.

Category of financial asset and financial liabilities	Statement of Financial Position line item	Note	Carrying Amount	
			2017 \$'000	2016 \$'000
Financial Assets				
Cash and cash equivalents	Cash and cash equivalents	9	622	1,539
Receivables	Receivables ⁽¹⁾⁽²⁾	10	133	119
Total financial assets			755	1,658
Financial liabilities				
Financial liabilities at cost	Payables ⁽¹⁾	12	487	462
Total financial liabilities			487	462

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

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

Note 17 Contingent Assets and Liabilities

The Corporation is not aware of any contingent assets and liabilities

Adelaide Festival Corporation
Notes to the Financial Statements for the year ended 30 June 2017

Note 18 Related Party Transactions

The Corporation is a statutory authority established pursuant to the Adelaide Festival Corporation Act 1998 and is wholly owned and controlled entity of the Crown. Related parties of the Corporation include all key management personnel and their close family members; all Cabinet Ministers and their close family members; all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Key Management Personnel

Key management personnel of the Corporation include the Minister, Chief Executive Officer, the Executive Director and the board who have responsibility for the strategic direction and management of the Corporation. Total compensation for the board's key management was \$280,000 (\$243,000). Salaries and other benefits the Minister for the Arts receives are excluded from the total. The Minister's remuneration and allowances are set by Parliamentary Remuneration Act 1990 and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via Department of Treasury and Finance) under section 6 the Parliamentary Remuneration Act 1990

Transactions with Key Management Personnel other related parties

There were no related party transactions by key management personnel this financial year.

Note 19 Events after the reporting date

Provisions have been made for reparation work on the Palais Club and park lands, which has been delayed pending Adelaide City Council's (ACC) decision to allow the club to remain on the River Torrens for the specified life of the club. In August 2017 ACC voted to allow the Palais Club to remain until April 2019.

Certification of the Financial Statements

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

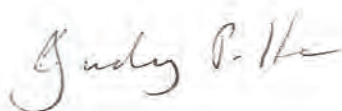
- are in accordance with the accounts and records of the Adelaide Festival Corporation; and
- comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and
- comply relevant accounting standards; and
- present a true and fair view of the financial position of the Adelaide Festival Corporation as at 30 June 2017 and the results of its operation and cash flows for the financial year.

Internal controls employed by the Adelaide Festival Corporation over its financial reporting and its preparation of the financial statements have been effective throughout the reporting period.



Robert Brookman
Executive Director

15 September 2017



Ms Judy Potter
Chair

15 September 2017

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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To the Chair of the Board Adelaide Festival Corporation

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 19(3) of the *Adelaide Festival Corporation Act 1998*, I have audited the financial report of Adelaide Festival Corporation for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Adelaide Festival Corporation as at 30 June 2017, 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.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair and the Executive Director.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of Adelaide Festival Corporation. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Executive Director and members of the Board for the financial report

The Executive Director 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 the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

The members of the Board are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

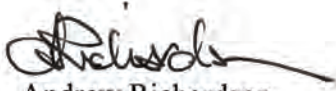
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Director
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Executive Director and members of the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

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

Andrew Richardson

Auditor-General

20 September 2017

Adelaide Oval SMA Limited

Financial report
for the year ended
31 October 2016

Adelaide Oval SMA Limited
ABN 46 141 259 538
STATEMENT OF COMPREHENSIVE INCOME
FOR THE 12 MONTHS ENDED 31 OCTOBER 2016

	Note	31 Oct 2016	31 Oct 2015
		\$	\$
Income from Trading Activities			
Revenues from fees and charges		14,115,653	10,277,319
Revenues from Sales attributable to AOSMA		51,035,474	46,818,115
Interest Revenues		5,788	2,659
Other Revenues		1,778,667	1,296,895
Total Income from Trading Activities	2a	66,935,582	58,394,988
Expenses from Trading Activities			
Employee Benefits Expense		24,576,564	22,748,883
Raw materials and consumables consumed	5b	14,795,060	13,624,967
Supplies and services	2b	10,681,768	9,365,945
Building maintenance costs		4,497,065	2,789,242
Borrowing Costs		217,514	172,557
Audit expenses	2b	90,000	90,000
Other expenses	2b	7,062,708	7,330,390
Loss on Disposal of Property, Plant & Equipment		5,211	-
Depreciation and amortisation expense	7	2,898,045	3,492,232
Total Expenses from Trading Activities		64,823,935	59,614,216
Profit / (Loss) from Trading Activities		2,111,647	(1,219,228)
Stakeholder Contributions			
Contributions from related parties	17	8,918,797	6,263,101
Contributions to related parties	17	(8,378,670)	(7,571,603)
Total Stakeholder Contributions		540,127	(1,308,502)
Total Trading Result after Stakeholder Contributions		2,651,774	(2,527,730)
Income from Government Related Items			
State Government grants and other contributions		219,459	3,958,454
Total Income from Government Related Items		219,459	3,958,454
Expenses from Government Related Items			
Acquisition of capital assets funded by the government		254,571	333,647
Write off of receivable		-	1,816,591
Lease to Minister		200,000	-
Total Expenses from Government Related Items		454,571	2,150,238
Profit / (Loss) from Government Related Items		(235,112)	1,808,216
Total Comprehensive Result		2,416,662	(719,514)

The Total Comprehensive Result includes an amount of \$2,684,717 retained and transferred into a Sinking Fund Account

The accompanying notes form part of these financial statements.

Adelaide Oval SMA Limited

ABN 46 141 259 538

STATEMENT OF FINANCIAL POSITION

AS AT 31 OCTOBER 2016

	Note	31 Oct 2016	31 Oct 2015
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	3	6,878,979	2,323,320
Trade and other receivables	4	8,399,268	7,201,588
Inventories	5a	835,944	1,225,734
Other assets	6	548,684	253,195
Total Current Assets		16,662,875	11,003,837
Non-Current Assets			
Property, plant and equipment	7	14,974,795	14,655,905
Software Licences	7	180,927	382,127
Total Non-Current Assets		15,155,722	15,038,032
Total Assets		31,818,597	26,041,869
Liabilities			
Current Liabilities			
Trade and other payables	9	10,231,482	9,291,198
Loans and borrowings	10	556,354	180,904
Provisions	11	1,533,150	1,403,955
Deferred income	12	3,044,081	3,240,557
Other liabilities		888,998	401,468
Total Current Liabilities		16,254,065	14,518,082
Non-Current Liabilities			
Loans and borrowings	10	5,206,804	5,436,048
Provision	11	127,315	-
Deferred income	12	4,623,209	2,897,198
Total Non-Current Liabilities		9,957,328	8,333,246
Total Liabilities		26,211,393	22,851,328
Net Assets		5,607,203	3,190,541
Equity			
Retained Earnings		2,922,486	3,190,541
Sinking Fund Reserve		2,684,717	-
Total Equity		5,607,203	3,190,541

The accompanying notes form part of these financial statements.

Adelaide Oval SMA Limited
ABN 46 141 259 538
STATEMENT OF CHANGES IN EQUITY
FOR THE 12 MONTHS ENDED 31 OCTOBER 2016

	Retained Earnings	Sinking Fund Reserve Account	Total
	\$	\$	\$
Balance at 1st November 2014	3,910,055	-	3,910,055
Total comprehensive result	(719,514)	-	(719,514)
Balance at 31st October 2015	3,190,541	-	3,190,541
Balance at 1st November 2015	3,190,541	-	3,190,541
Total comprehensive result	2,416,662	-	2,416,662
Transfer from / (to) Reserves	(2,684,717)	2,684,717	-
Balance at 31st October 2016	2,922,486	2,684,717	5,607,203

The accompanying notes form part of these financial statements.

Adelaide Oval SMA Limited
ABN 46 141 259 538
STATEMENT OF CASH FLOWS
FOR THE 12 MONTHS ENDED 31 OCTOBER 2016

	Note	31 Oct 2016 \$	31 Oct 2015 \$
Cash Flow From Operating Activities			
Receipts from customers, grants, other contributions and other income		84,796,097	80,070,824
Payments to suppliers and employees		(76,913,917)	(73,903,281)
Interest received		5,788	2,659
Finance costs		(217,514)	(172,557)
Net movement in funds held on behalf of related parties		-	(87,269)
Net cash flow from operating activities	18b	7,670,454	5,910,376
Cash Flow From Investing Activities			
Purchase of property, plant and equipment		(3,261,002)	(2,204,227)
Net cash flow from investing activities		(3,261,002)	(2,204,227)
Cash Flow From Financing Activities			
(Decrease) / Increase in loans and borrowings		146,207	(2,900,276)
Net cash flow from financing activities		146,207	(2,900,276)
Net increase / (decrease) in cash held		4,555,659	805,873
Cash and cash equivalents at beginning of the financial period		2,323,320	1,517,447
Cash and cash equivalents at the end of the financial period	3	6,878,979	2,323,320

The accompanying notes form part of these financial statements.

Adelaide Oval SMA Limited

ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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

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

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

The financial statements were authorised for issue on 27th February 2017 by the Directors of the company.

Going Concern

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

AOSMA had a net comprehensive result of \$2,416,662 (October 2015: (\$719,514)) and has a net working capital surplus of \$408,810 (October 2015: net working capital deficiency of \$3,514,245).

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

- The Promoters Agreement is an agreement between the SANFL, SACA and AOSMA, and details the rights and obligations of each party. Clause 14.4 of the agreement provides a vehicle for financial support from SANFL and SACA in the event of AOSMA experiencing financial difficulty.
- AOSMA has entered into a funding facility agreement with Commonwealth Bank of Australia. This facility provides funding up to \$10.15 million (2015: \$12.65 million). At the time of this report, AOSMA had funds available to draw down of \$4.5 million.

Accounting Policies

a. Revenue

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

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

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

Adelaide Oval SMA Limited

ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue from trading operations carried out during the period is recognised on an accruals basis.

Revenue includes amounts rechargeable from related parties, and is recognised on an accruals basis.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

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

b. Inventories

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

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

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

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

c. Property, Plant, Equipment and Software Licences

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

Plant and Equipment and Motor Vehicles

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

Software Licences

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

Non-current asset acquisition and recognition

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

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

Adelaide Oval SMA Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revaluation of non-current assets

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

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

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

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

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

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

Fair value measurement

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

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

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

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

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

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

AOSMA had no valuations categorised into levels 1 or 2.

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

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

Adelaide Oval SMA Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

Class of Fixed Asset	Useful life
Plant and equipment	4-30 years
Software licences	2-5 years
Motor vehicles	5 years

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

Change in accounting estimate

A Review of useful lives were carried out in this financial year, resulting in the following amendments to useful lives:

Class of Fixed Asset	Revised Useful Life	Prior Useful Life
Plant and equipment	4-30 years	4-30 years
Software licences	2-5 years	3 years
Motor vehicles	5 years	5 years

This had the effect of decreasing the depreciation expense for the year ended 31st December 2016 by \$702,811. Depreciation for future years is expected to be similarly affected by these changes in accounting estimates.

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

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

d. Financial Instruments

Initial recognition and measurement

Amortised cost is calculated as:

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

ii *Loans and receivables*

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

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

iii *Held-to-maturity investments*

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

iv *Available-for-sale financial assets*

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

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

v *Financial liabilities*

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

Adelaide Oval SMA Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment

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

Derecognition

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

e. Impairment of Assets

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

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

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

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

f. Employee Benefits

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g. Cash and Cash Equivalents

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

h. Goods and Services Tax (GST)

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

i. Income Tax

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

j. Provisions

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

k. Comparative Figures

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

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

l. Trade and Other Payables

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

m. Grant income

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

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

During the year, AOSMA received and spent Government grant funding relating to safety, security and stadium operations totalling \$0.3m (2015: \$1.8m).

n. Funds held on behalf of related parties

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

o. Sinking Fund Reserve

In accordance with Section 6(1) of the Adelaide Oval Redevelopment and Management Act 2011, AOSMA is required to establish a Sinking Fund out of which may be paid non-recurrent expenditures associated with the sublease with the Minister. AOSMA contributes to the sinking fund and keeps these funds separately in a Sinking Fund Reserve Account. Refer to the Statement of Changes in Equity.

p. Critical Accounting Estimates and Judgments

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

q. Economic Dependence

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

r. New Accounting Standards for Application in Future Periods

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by AOSMA for the period ending 31 October 2016. AOSMA has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the entity.

Adelaide Oval SMA Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

NOTE 2: REVENUE, OTHER INCOME, AND EXPENSES

	31 Oct 2016	31 Oct 2015
	\$	\$
a. Income from Trading Activities		
- Fees and charges	14,115,653	10,277,319
- Sales	51,035,474	46,818,115
- Interest received	5,788	2,659
- Other Revenue	1,778,667	1,296,895
Total Income from Trading Activities	66,935,582	58,394,988
b. Expenses from trading activities		
Supplies and services expenses		
- Stadium operating	7,999,706	7,156,267
- Servicing costs	1,430,368	1,095,379
- Carpark	352,293	346,500
- Administration	899,401	767,799
Total supplies and services expenses	10,681,768	9,365,945
Auditor's Remuneration		
- Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	90,000	90,000
Total Auditor's Remuneration	90,000	90,000
Other Expenses		
- Marketing and public relations	530,386	743,407
- Other employee benefits	806,435	838,782
- Laundry, Linen & Uniforms	412,303	415,959
- IT	704,955	573,033
- Insurance and legal fees	595,545	545,411
- Stadium servicing Costs	1,279,198	1,106,189
- General	2,733,886	3,107,609
Total other expense	7,062,708	7,330,390

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

NOTE 3: CASH AND CASH EQUIVALENTS

	Note	31 Oct 2016	31 Oct 2015
		\$	\$
Current			
Cash at bank		4,054,977	2,056,405
Sinking Fund Account ¹		2,684,717	
Cash on hand		139,285	266,915
Total cash and cash equivalents	18,19	6,878,979	2,323,320

¹ Monies held in the Sinking Fund Account may only be used for purposes approved under the Adelaide Oval Redevelopment and Management Act 2011. Refer Note 1(o)

	Note	31 Oct 2016	31 Oct 2015
		\$	\$
Sinking Fund Movement Schedule			
Opening Balance		-	-
Transfer in – from AOSMA		2,684,717	-
Interest / Investment Income		-	-
Capital Replacement Expenditure		-	-
Closing Balance		2,684,717	-

NOTE 4: TRADE AND OTHER RECEIVABLES

	Note	31 Oct 2016	31 Oct 2015
		\$	\$
Current			
Trade and other receivables		2,594,400	4,796,621
Provision for impairment		(18,799)	(77,911)
Due from related party		5,823,667	2,482,878
Total current trade and other receivables	19	8,399,268	7,201,588

	Gross amount	Past due and impaired	< 30	Past due but not impaired (days overdue)		
	\$	\$	\$	\$	\$	\$
October 2016						
Trade and term receivables	1,837,869	18,799	822,445	205,823	296,094	494,708
Other receivables	6,580,198	-	6,580,198	-	-	-
Total	8,418,067	18,799	7,402,643	205,823	296,094	494,708

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

NOTE 4: TRADE AND OTHER RECEIVABLES (CONT.)

October 2015

Trade and term receivables	5,970,184	77,911	4,172,205	920,870	330,074	469,124
Other receivables	1,309,315	-	1,309,315	-	-	-
Total	7,279,499	77,911	5,481,520	920,870	330,074	469,124

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

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

NOTE 5: INVENTORIES

	31 Oct 2016	31 Oct 2015
	\$	\$
a. Main types of inventories held		
- Beverage	653,687	1,015,464
- Food	84,028	139,953
- Consumables	98,229	70,317
Total inventories	835,944	1,225,734
	31 Oct 2016	31 Oct 2015
	\$	\$
b. Inventories recognised as expense		
- Beverage	7,619,860	7,021,397
- Food	6,202,729	5,722,775
- Consumable	972,471	880,795
Total inventories recognised as expense	14,795,060	13,624,967

NOTE 6: OTHER ASSETS

	31 Oct 2016	31 Oct 2015
	\$	\$
Current		
Prepayments	510,535	227,586
Other	38,149	25,609
Total current other assets	548,684	253,195

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

NOTE 7: PROPERTY, PLANT, EQUIPMENT AND SOFTWARE LICENCES

	31 Oct 2016	31 Oct 2015
	\$	\$
Plant and Equipment		
Plant and equipment at cost	22,006,846	19,135,764
Less accumulated depreciation	(7,263,420)	(4,680,035)
Total plant and equipment	14,743,426	14,455,729
 Motor Vehicles		
Motor Vehicles at cost	344,735	151,250
Less accumulated depreciation	(113,366)	(48,234)
Total motor vehicles	231,369	103,016
 Software Licences		
Software licences at cost	860,685	814,091
Less accumulated amortisation	(679,758)	(431,964)
Total software licences	180,927	382,127
 Capital works in progress	-	97,160
Total property, plant, equipment and software licences	15,155,722	15,038,032

Movements in Carrying Amounts

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

	Capital works in progress	Motor Vehicles	Software Licences	Plant and Equipment	Total
	\$	\$	\$	\$	\$
October 2015					
Balance at the beginning of the period	-	121,161	495,420	14,232,794	14,849,375
Additions at cost	97,160	-	2,427	1,732,094	1,831,681
Disposals	-	-	-	-	-
Transfers	-	12,105	155,395	1,681,708	1,849,208
Depreciation or amortisation expense	-	(30,250)	(271,115)	(3,190,867)	(3,492,232)
Carrying amount at end of period	97,160	103,016	382,127	14,455,729	15,038,032
October 2016					
Balance at the beginning of the period	97,160	103,016	382,127	14,455,729	15,038,032
Additions at cost	2,417,347	193,485	46,594	603,576	3,261,002
Disposals	(235,675)	-	-	(9,592)	(245,267)
Transfers in / adjustments	(2,278,832)	-	-	2,278,832	-
Depreciation or amortisation expense	-	(65,132)	(247,794)	(2,585,119)	(2,898,045)
Carrying amount at end of period	-	231,369	180,927	14,743,426	15,155,722

Adelaide Oval SMA Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

NOTE 8: FAIR VALUE MEASUREMENT

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. AOSMA categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement. Fair value measurements recognised in the balance sheet are categorised into the following levels at 31 October 2016. AOSMA had no valuations categorised into level 1 or 2.

Fair value measurements at 31 October 2016	NOTE	Level 3	Level 3
		31 Oct 2016	31 Oct 2015
		\$	\$
Plant and equipment	7	14,743,426	14,455,729
Motor vehicles	7	231,369	103,016
Software Licences	7	180,927	382,127
Work in progress	7	-	97,160
Total recurring fair value measurements		15,155,722	15,038,032

Valuation techniques and inputs

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

Reconciliation of fair value measurements - Level 3

	Capital works in progress	Motor Vehicles	Software Licences	Plant and Equipment	Total
	\$	\$	\$	\$	\$
Balance at the beginning of the period	-	121,161	495,420	14,232,794	14,849,375
Additions at cost	97,160	-	2,427	1,732,094	1,831,681
Disposals	-	-	-	-	-
Transfers	-	12,105	155,395	1,681,708	1,849,208
Depreciation or amortisation expense	-	(30,250)	(271,115)	(3,190,867)	(3,492,232)
Closing balances as at October 2015	97,160	103,016	382,127	14,455,729	15,038,032
Balance at the beginning of the period	97,160	103,016	382,127	14,455,729	15,038,032
Additions at cost	2,417,347	193,485	46,594	603,576	3,261,002
Disposals	(235,675)	-	-	(9,592)	(245,267)
Transfers in / adjustments	(2,278,832)	-	-	2,278,832	-
Depreciation or amortisation expense	-	(65,132)	(247,794)	(2,585,119)	(2,898,045)
Closing balances as October 2016	-	231,369	180,927	14,743,426	15,155,722

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

NOTE 9: TRADE AND OTHER PAYABLES

	Note	31 Oct 2016	31 Oct 2015
		\$	\$
Current			
Trade payables	9a	5,767,908	2,428,305
Other current payables	9a	2,352,534	5,197,448
Funds held on behalf of related parties	17, 9a	1,502,514	679,503
Due to related party – Other	17, 9a	608,526	985,942
Total current trade and other payables		10,231,482	9,291,198
 a. Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total current		10,231,482	7,560,425
— Total non-current		-	-
 Financial liabilities as trade and other payables		10,231,482	7,560,425

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

NOTE 10: LOANS AND BORROWINGS

	Note	31 Oct 2016	31 Oct 2015
		\$	\$
Current			
Finance lease		206,354	180,904
Due to related party (unsecured)		350,000	-
Total current loans and borrowings		556,354	180,904
Non-current			
Due to related party (unsecured)	17	957,603	1,250,000
Secured bank loans		3,500,000	3,331,088
Finance lease		749,201	854,960
Total non-current loans and borrowings		5,206,804	5,436,048

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

NOTE 11: PROVISIONS

	31 Oct 2016	31 Oct 2015
	\$	\$
Current		
Annual leave	912,064	874,012
Long Service Leave	621,086	529,943
Total current provisions	1,533,150	1,403,955
Non-current		
Long Service Leave	127,315	-
Total non-current deferred income	127,315	-

NOTE 12: DEFERRED INCOME

	Note	31 Oct 2016	31 Oct 2015
		\$	\$
Current			
Other unearned income		3,044,081	3,240,557
Total current deferred income		3,044,081	3,240,557
Non-current			
Other unearned income		4,623,209	2,897,198
Total non-current deferred income		4,623,209	2,897,198

NOTE 13: EXPENDITURE COMMITMENTS

Operating lease

The operating leases arrangement in place as at the 31st October 2016 include the annual sublease with the Minister of Transport in accordance with the Adelaide Oval Redevelopment and Management Act 2011 valid until 2091, the photocopier/printer leases with Copy World expiring 2017, Imagetec expiring 2018 & Fuji Xerox expiring in 2021, and the cash machine leases with Prosegur expiring 2021.

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

	31 Oct 2016	31 Oct 2015
	\$	\$
Less than one year	638,668	272,787
Between one and five years	4,121,158	3,004,590
More than five years	69,666,802	71,000,000
Total operating lease	74,426,628	74,277,377

Adelaide Oval SMA Limited

ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

NOTE 13: EXPENDITURE COMMITMENTS (CONT.)

Finance lease

The finance leases as at the 31st October 2016 are for operating equipment. The finance leases for the operating equipment, end in November 2017, February 2019, November 2019, December 2019 and in January 2020.

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

	NOTE	31 Oct 2016 \$	31 Oct 2015 \$
Commitments in relation to finance leases are payable as follows:			
Within one year		257,021	239,275
Later than one year but not later than five years		797,997	943,516
Minimum lease payments		1,055,018	1,182,791
Future finance charges		(99,463)	(146,927)
Recognised as a liability		955,555	1,035,864
Total lease liabilities		955,555	1,035,864
Representing lease liabilities:			
Current	10	206,354	180,904
Non-current	10	749,201	854,960
		955,555	1,035,864
The present value of finance lease liabilities is as follow			
Within one year		206,354	180,904
Later than one year but not later than five years		749,201	854,960
		955,555	1,035,864

Adelaide Oval SMA Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

NOTE 14: CONTINGENT LIABILITIES AND ASSETS

Contingent Liability

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

Contingent Asset

There are no other matters in relation to the entity that would give rise to a contingent asset in the financial statements at 31 October 2016.

NOTE 15: EVENTS AFTER REPORTING PERIOD

There are no significant post balance day events.

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION

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

Andrew Daniels, Chief Executive Officer
Darren Chandler, General Manager Operations and Commercial
Tommy Pavic, Chief Finance Officer
Adam Vonthethoff, General Manager Hospitality & Portfolio Development
Jason Bird, Corporate Sales Manager
Mia Carrall, Finance Manager
Kimberly Dobinson, P&C Manager
Leona Emeny, Hospitality Strategy & Innovation Manager
Damian Hough, Head Curator
Lucy Johnson, Marketing & Communications Manager
Dennis Leslie, Executive Manager & Chef Hill Of Grace
Lesley Magill, Major Events Manager
Matt Omond, Retail Hospitality Manager
Hamish Robertson, Executive Chef Hospitality
Laura Robinson, Tourism Manager
Sharon Stephens, Stadium Manager
Steven Frost, ICT Manager (resigned)
Ben Swanson, Venue Hospitality Manager
Tara Madgett, Finance Manager (resigned)
Matt Wissell, ICT Manager

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

	31 Oct 2016	31 Oct 2015
	\$	\$
Short-term employee benefits	2,777,492	2,573,321
Post-employment benefits	243,903	228,768
Total compensation	3,021,395	2,802,089

Adelaide Oval SMA Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

NOTE 17: RELATED PARTY TRANSACTIONS **31 Oct 2016** **31 Oct 2015**

\$ \$

Included in the Statement of Comprehensive Income are the following related party transactions:

Match day costs, service fees and contributions paid by or on behalf of SANFL and SACA to AOSMA ¹	12,443,919	7,986,553
Match day costs, service costs and contributions paid to or on behalf of SANFL and SACA by AOSMA ²	11,508,679	9,295,055
Licence & Management Fees paid by COT to AOSMA ³	96,105	-

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

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

³ AOSMA has sub licenced the roof climb activities to the Commercial Operations Trust (COT) as at the 1st July 2016. COT has contracted AOSMA to provide management and staffing services to operate the Roof Climb.

Note **31 Oct 2016** **31 Oct 2015**
\$ \$

Included in the Statement of Financial Position are the following related party balances:

Payable owed to SANFL, SACA and COT	9	608,526	985,942
Loan owed to SANFL, SACA and COT	10	1,307,603	1,250,000
Receivables owed by SANFL and SACA	4	5,823,667	2,482,878
Income received on behalf of SANFL and SACA not yet distributed to SANFL and SACA	9	1,502,514	679,503
Unearned Income received from COT	12	2,250,000	-

31 Oct 2016 **31 Oct 2015**
\$ \$

Other related party transactions:

Distributions to SANFL, SACA and COT from AOSMA as agent ⁴	23,830,997	19,079,400
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⁴ AOSMA receives and distributes ticketing and other funds as agent of SACA and SANFL, which are not included within the Statement of Comprehensive Income. These distributions are net of servicing fees and replace the funds formerly generated directly by SACA when it held the lease over Adelaide Oval, and for SANFL when AFL football was played at AAMI Stadium.

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

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

Adelaide Oval SMA Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

Note 17: RELATED PARTY TRANSACTIONS (Cont.)

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

Directors

John Wayne Olsen AO

Andrew William Sinclair

Ian Murray McLachlan AO

Keith Bradshaw (resigned 17th November 2016)

Philip James Gallagher

Dion McCaffrie

Peter John Hurley AO

Dean Lloyd Marsh

Kevin John Scarce AC (Alternate Director until 16th November 2016 and appointed as Director
CSC RAN (Rtd) 17th November 2016)

Alternate Directors

Simon Stuart Rodger (retired 4th April 2016)

John Charles Bannon AO (deceased 13th December 2015)

Jake Adam Parkinson

Andrea Slattery (appointed 25th November 2015)

Nathan Adcock (appointed 26th July 2016)

No Directors fees were paid or payable in October 2016 (October 2015: \$nil).

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

Related entity SANFL purchased corporate hospitality products at a cost of \$118,773 (October 2015 \$118,773). This purchase was on an arm's length basis.

Board Director Dean Marsh is a partner at accounting firm Grant Thornton. This firm purchased corporate hospitality and function products in 2016 at a cost of \$51,023 (October 2015 \$44,271). These purchases were on an arm's length basis.

Board Director Andrew Sinclair is a partner at law firm Cowell Clarke. This firm provided legal services to AOSMA in 2016 at a cost of \$5,420 (October 2015 \$3,227). The services were on an arm's length basis.

Adelaide Oval SMA Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

NOTE 18: CASH FLOW INFORMATION

	Note	31 Oct 2016	31 Oct 2015
		\$	\$
a. Reconciliation of Cash			
Cash at bank		6,739,694	2,056,405
Other cash		139,285	266,915
Total Cash	3	6,878,979	2,323,320
b. Reconciliation of Cash flow from Operating Activities to Total Comprehensive Result			
Total Comprehensive Result		2,416,662	(719,514)
Non cash flows			
Depreciation and amortisation		2,898,045	3,492,232
Asset transfers / adjustments		245,267	(1,476,663)
Changes in assets and liabilities			
Increase/(decrease) in provisions		256,510	200,986
(Increase)/decrease in trade and other receivables		(1,197,680)	1,554,842
(Increase)/decrease in stock		389,790	(148,153)
Increase/(decrease) in trade and other payables		940,283	1,730,774
Increase/(decrease) in related party loan account		-	-
Increase/(decrease) in deferred income		1,529,536	1,733,001
(Increase)/decrease in prepayments		(295,489)	(20,726)
Increase/(decrease) in other liabilities		487,530	(436,403)
Cash flow generated from/(used in) Operating Activities		7,670,454	5,910,376

NOTE 19: FINANCIAL RISK MANAGEMENT

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

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

	Note	31 Oct 2016	31 Oct 2015
		\$	\$
Financial Assets			
Cash and cash equivalents	3	6,878,979	2,323,320
Trade and other receivables	4	7,982,046	7,201,588
Total Financial Assets		14,861,025	9,524,908
Trade and other receivables excludes statutory payables, as required by AASB 132 Financial Instruments - Presentation			
Financial Liabilities			
Financial liabilities at amortised cost			
– Trade and other payables		8,415,812	7,236,635
– Borrowings	10	5,763,158	5,616,952
Total Financial Liabilities		14,178,970	12,853,587

Adelaide Oval SMA Limited

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NOTE 19: FINANCIAL RISK MANAGEMENT

Trade and other payables excludes statutory payables, as required by AASB 132 Financial Instruments – Presentation.

Financial Risk Management Policies

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

Specific Financial Risk Exposures and Management

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

a. Credit risk

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

Credit Risk Exposures

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

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

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

Adelaide Oval SMA Limited

ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT.)

	Note	31 Oct 2016	31 Oct 2015
Cash and cash equivalents		\$	\$
– Cash on hand		139,285	266,915
– Cash held with a major Australian financial institution		6,739,694	2,056,405
Total cash and cash equivalents	3	6,878,979	2,323,320

b. Liquidity risk

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

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

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

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

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	31 Oct 2016	31 Oct 2015	31 Oct 2016	31 Oct 2015	31 Oct 2016	31 Oct 2015	31 Oct 2016	31 Oct 2015
Financial Liability	\$	\$	\$	\$	\$	\$	\$	\$
Trade and other payables	8,415,812	7,236,635	-	-	-	-	8,415,812	7,236,635
Loans and borrowings	556,354	180,904	5,206,804	5,436,048	-	-	5,763,158	5,616,952
Total expected outflows	8,972,166	7,417,539	5,206,804	5,436,048	-	-	14,178,970	12,853,587
Financial Assets								
Cash and cash equivalents	6,878,979	2,323,320	-	-	-	-	6,878,979	2,323,320
Trade and other receivables	7,982,046	7,201,588	-	-	-	-	7,982,046	7,201,588
Total expected inflows	14,861,025	9,524,908	-	-	-	-	14,861,025	9,524,908
Net (outflow)/inflow on financial instruments	5,888,859	2,107,369	(5,206,804)	(5,436,048)	-	-	682,055	(3,328,679)

Adelaide Oval SMA Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT.)

c. Market Risk

i. Interest rate risk

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

At 31 October 2016 AOSMA has secured loans of \$4,455,555 (October 2015: \$4,366,952) per note 10. These loans are subject to a variable rate of interest, and therefore are exposed to changes in the variable interest rate.

ii. Price risk

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

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

Net Fair Values

Fair value estimation

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

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

		Oct 2016		Oct 2015	
	Footnote	Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	(i)	6,878,979	6,878,979	2,323,320	2,323,320
Trade and other receivables	(i)	8,399,268	8,399,268	7,201,588	7,201,588
Total financial assets		15,278,247	15,278,247	9,524,908	9,524,908
Financial liabilities					
Trade and other payables	(i)	10,231,482	10,231,482	7,236,635	7,236,635
Loans and borrowings	(i)	5,763,158	5,763,158	5,616,952	5,616,952
Total financial liabilities		15,994,640	15,994,640	12,853,587	12,853,587

Adelaide Oval SMA Limited

ABN 46 141 259 538

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2016

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT.)

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

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

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

NOTE 20: CAPITAL MANAGEMENT

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

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

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

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

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

NOTE 21: ENTITY DETAILS

The registered office of the entity is:

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

The principal place of business is:

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

NOTE 22: MEMBERS' GUARANTEE

The entity is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstandings and obligations of the entity. At 31 October 2016 the number of members was 8.

Adelaide Oval SMA Limited

ABN 46 141 259 538

DIRECTORS' DECLARATION

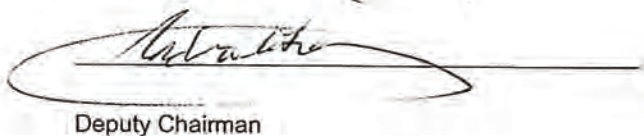
The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 1 to 37, are in accordance with the *Corporations Act 2001*:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the financial position as at 31 October 2016 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

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



Chairman



Deputy Chairman

Dated this 22nd day of February 2017



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To the members of the Adelaide Oval SMA Limited

As required by section 9(3) of the *Adelaide Oval Redevelopment and Management Act 2011*, I have audited the accompanying financial report of the Adelaide Oval SMA Limited for the 12 months ended 31 October 2016. The financial report comprises:

- a Statement of Comprehensive Income for the 12 months ended 31 October 2016
- a Statement of Financial Position as at 31 October 2016
- a Statement of Changes in Equity for the 12 months ended 31 October 2016
- a Statement of Cash Flows for the 12 months ended 31 October 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Directors' Declaration.

Directors' responsibility for the financial report

The directors of the Adelaide Oval SMA Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is 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 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 (company's) preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as the overall presentation of the financial report.

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

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

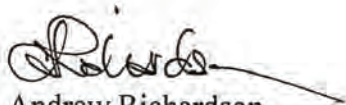
Independence

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

Opinion

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

- (a) giving a true and fair view of the company's financial position as at 31 October 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.



Andrew Richardson

Auditor-General

23 February 2017

Adelaide Venue
Management Corporation

Financial report
for the year ended
30 June 2017

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Note No.	2017 \$' 000	2016 \$' 000
Expenses from Trading Activities			
Employee benefits expenses	7	24 519	22 432
Supplies and services	8	12 771	13 237
Depreciation and amortisation expense	9	3 210	2 390
Net loss from the disposal of non-current assets	10	25	20
Total expenses from Trading Activities		40 525	38 079
Income from Trading Activities			
Facility charges revenues	12	47 371	46 363
Interest revenues		545	697
Other revenues	13	1 833	2 571
Total income from Trading Activities		49 749	49 631
Profit from Trading Activities		9 224	11 552
Expenses from Property Management Activities			
Employee benefits expenses	7	2 538	3 012
Supplies and services	8	7 368	6 301
Depreciation and amortisation expense	9	10 968	10 413
Borrowing costs	11	17 733	14 064
Total expenses from Property Management Activities		38 607	33 790
Income from Property Management Activities			
Interest revenues		341	468
Revenues from SA Government		22 649	18 860
Other revenues	13	682	636
Total income from Property Management Activities		23 672	19 964
Loss from Property Management Activities		(14 935)	(13 826)
Net Profit / (Loss)		(5 711)	(2 274)
Total Comprehensive Result		(5 711)	(2 274)

The net profit / (loss) and comprehensive result are attributable to the SA Government as owner.

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	14, 31	38 345	20 848
Receivables	15	5 830	6 121
Inventories	16	407	433
Total current assets		44 582	27 402
Non-current assets			
Specific purpose deposits	17, 31	15 815	28 412
Property, plant and equipment	18	633 415	583 808
Total non-current assets		649 230	612 220
Total assets		693 812	639 622
Current liabilities			
Payables	20	9 834	17 779
Employee benefits	21	3 558	3 133
Other liabilities	23	9 385	7 750
Total current liabilities		22 777	28 662
Non-current liabilities			
Payables	20	91	116
Employee benefits	21	1 008	1 286
Other liabilities	23	5 015	5 072
Borrowings	24	382 321	314 575
Total non-current liabilities		388 435	321 049
Total liabilities		411 212	349 711
Net assets		282 600	289 911
Equity			
Contributed capital	25	133 840	133 840
Revaluation surplus	25	53 867	53 867
Accumulated surplus	25	94 893	102 204
Total equity		282 600	289 911

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

Commitments 26

Contingent assets and liabilities 28

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Note No.	Contributed Capital \$'000	Revaluation Surplus \$'000	Accumulated Surplus \$'000	Total \$'000
Balance at 30 June 2015		55 536	53 867	27 008	136 411
Net profit / (loss) for 2015-16		-	-	(2 274)	(2 274)
Total Comprehensive Result for 2015-16		-	-	(2 274)	(2 274)
Transactions with SA Government as owner					
Dividends paid		-	-	(1 583)	(1 583)
Net assets transferred as a result of an administrative restructure		78 304	-	79 053	157 357
Balance at 30 June 2016		133 840	53 867	102 204	289 911
Net profit / (loss) for 2016-17		-	-	(5 711)	(5 711)
Total Comprehensive Result for 2016-17		-	-	(5 711)	(5 711)
Transactions with SA Government as owner					
Dividends paid	22	-	-	(1 600)	(1 600)
Balance at 30 June 2017	25	133 840	53 867	94 893	282 600

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 2017

	Note No.	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Cash outflows			
Employee benefit payments		26 893	25 251
Supplies and services		30 018	26 883
Cash used in operations		56 911	52 134
Cash inflows			
Receipts from the sale of goods and services		57 127	54 215
Interest received		896	1 313
GST recovered from the ATO		3 779	2 145
Cash generated from operations		61 802	57 673
Cash flows from SA Government			
Receipts from SA Government		22 277	19 723
Cash generated from SA Government		22 277	19 723
Net cash provided by operating activities	31	27 168	25 262
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		71 107	69 622
Cash used in investing activities		71 107	69 622
Cash inflows			
Proceeds from the sale of property, plant and equipment		55	15
Cash generated from investing activities		55	15
Net cash (used in) / provided by investing activities		(71 052)	(69 607)
Cash flows from financing activities			
Cash outflows			
Dividends paid to SA Government		1 600	1 583
Income Tax Equivalent paid to SA Government		-	448
Borrowing Costs		17 362	14 927
Cash used in financing activities		18 962	16 958
Cash inflows			
Borrowings		67 746	55 000
Cash received as a result of administrative restructure		-	46 285
Cash generated from financing activities		67 746	101 285
Net cash (used in) / provided by financing activities		48 784	84 327
Net increase / (decrease) in cash and cash equivalents		4 900	39 982
Cash and cash equivalents at the beginning of the financial year		49 260	9 278
Cash and cash equivalents at the end of the financial year	31	54 160	49 260

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

Adelaide Venue Management Corporation

Note 1 Objectives of the Adelaide Venue Management Corporation

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

The functions of the Corporation are to:

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

The Corporation manages the Adelaide Convention Centre (effective 1 August 2015), Adelaide Entertainment Centre and Coopers Stadium.

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

Note 2 Funding

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

The contribution from the SA Government is recognised as income when the Corporation obtains control over the funding or obtains the right to receive the contributions and the income recognition criteria are met.

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

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

Note 3 Significant accounting policies

a) Statement of compliance

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

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

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

b) Basis of preparation

The preparation of the financial statements require:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes.
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosures, that have been included in this financial report:
 - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature;
 - b) expenses incurred as a result of engaging consultants;
 - c) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees;
 - d) board member and remuneration information, where a board member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

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

c) Reporting Entity

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

The Corporation does not control any other entity and has no interests in unconsolidated structured entities.

d) Comparative information

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

The Corporation commenced management of the Adelaide Convention Centre effective 1 August 2015. The comparative figures presented in these financial statements include eleven months of operating results for the Adelaide Convention Centre in the Statement of Comprehensive Income for the comparative period.

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

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

e) Rounding

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

f) Taxation

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

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

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

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

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

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

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

g) Events after the reporting period

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

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

h) Current and non-current classification

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

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

i) Non-current Assets

Acquisition and recognition

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

Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recorded at the value recorded by the transferor prior to transfer.

The Corporation capitalises all non-current tangible assets with a value equal or greater than \$3 000.

Adelaide Venue Management Corporation

The Corporation capitalises costs associated with projects to work in progress. On completion of a project the capitalised costs are transferred to the relevant non-current asset account. The balance of work in progress reflects costs for projects which are at various stages of completion as at 30 June 2017.

Depreciation and amortisation

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

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

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

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

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

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

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

Revaluation of non-current assets

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

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

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

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

Fair value measurement

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

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

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

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

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

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

The carrying amount of non-current 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 Note 18 and 19 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-current assets.

Impairment

The Corporation holds its property, plant and equipment assets for their service potential (value in use).

All non-current tangible assets are valued at fair value. Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be close to or greater than fair value. The Corporation also expects for all other non-current tangible assets that any costs of disposal will be negligible, and the recoverable amount to be close to or greater than fair value.

j) Liabilities

Employee benefits

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

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

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

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

Sick leave

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

Long service leave

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

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

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

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k) Equity contributed by the SA Government

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

l) Administered Items

The Corporation includes a schedule of administered items as a note to the accounts as it is considered that administered transactions and balances are insignificant in relation to the Corporation's overall financial performance and position, in accordance with Accounting Policy Framework II General Purpose Financial Statements Framework paragraph APS 3.13.2. Refer Note 27.

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

m) Leases

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

n) Workers Compensation

The Corporation is deemed to be an exempt employer by virtue of the Return To Work Act 2014 and as such is liable for all medical, income and other day to day type expenses associated with a claim. The Corporation is also liable for any lump sum, redemption or permanent disability type payments for claims. Given the immaterial nature of the claims existing as at 30 June 2017, no provision has been recognised in the Statement of Financial Position.

Note 4 Financial risk management

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

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

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

The Corporation's exposure to cash flow interest rate risk is minimal.

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

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

Note 5 New and revised accounting standards and policies

The Corporation did not voluntarily change any of its accounting policies during 2016-17.

Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Corporation for the reporting period ending 30 June 2017. The Corporation has assessed the impact of new and amended standards and interpretations which are not yet effective and considers there will be no impact on the accounting policies or the financial statements of the Corporation, except as outlined in the table below.

Ref	Title and date of standard application	Summary	Impact on financial statements	Application date for Corporation
AASB 16	Leases 1 Jan 2019	This new standard introduces a single accounting model for lessees, eliminating the distinction between operating and finance leases. The standard 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 rights to use the underlying leased asset, and a lease liability representing its obligations to make lease payments. The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use assets will give rise to depreciation expense. The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease payments will no longer be expensed in the Statement of Comprehensive Income on a straight line basis. Rather, they will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will be recognised as an expense. Further, the classification of cash flows will be affected as operating lease payments will be split into a principal and interest portion which will be presented as financing and	As at 30 June, the Corporation has non-cancellable operating lease commitments of \$28 084 000. Refer Note 26. These are currently recorded as commitments and are not captured in the Statement of Financial Position. The initial assessment has indicated that as most operating leases will meet the definition of leases under AASB 16 and therefore come on balance sheet, recognition of right-of-use lease assets and lease liabilities will have a significant impact on the Statement of Financial Position and an increase in net debt. Further, it is anticipated that there will be a marginal impact on net result due to recognition of depreciation and interest on lease liabilities as expenses. The amounts of cash paid for the principal portion of the lease liability will be presented within operating activities in the Statement of Cash Flows. The Corporation has not yet quantified the impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 to its current operating leases. The quantitative effect will depend on the transition method adopted, discount rates applied, the extent to which we use practical expedients and recognition	1 July 2019

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		operating cash flows respectively. Currently, operating lease payments are presented as operating cash flows. AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognised existing operating leases. If a lessee chooses to apply the 'cumulative approach', it does not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus at the date of initial application.	exemptions and any additional leases entered into.	
AASB 1058	Income of Not-for-Profit Entities 1 Jan 19	The new standard specifies income recognition requirements that apply to not-for-profit entities, in conjunction with AASB 15. AASB 1058 and AASB 15 will supersede the majority of income recognition requirements relating to public sector not-for-profit entities, previously in AASB 1004. The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. Where there is no liability to be recognised under another standard, or the liability is less than the fair value of the asset received then revenue is recognised.	The Corporation has commenced analysing the recognition requirements under this standard and is yet to form conclusions about significant impacts.	1 July 2019

Note 6 Activities of the Corporation

The principal activities of the Corporation are to manage and operate the Adelaide Convention Centre, Adelaide Entertainment Centre and Coopers Stadium.

Note 7 Employee benefits expenses

	2017	2016
	\$'000	\$'000
Trading Activities		
Salaries and wages	19 458	17 530
Long service leave	331	629
Annual leave	857	790
Skills and experience retention leave (SERL)	44	66
Employment on-costs - superannuation*	2 284	2 031
Employment on-costs - other	1 382	1 257
Board fees	163	129
Total employee benefits expenses from Trading Activities	24 519	22 432
Property Management Activities		
Salaries and wages	2 057	2 403
Long service leave	30	106
Annual leave	118	99
Skills and experience retention leave (SERL)	8	7
Employment on-costs - superannuation*	207	250
Employment on-costs - other	118	147
Total employee benefits expenses from Property Management Activities	2 538	3 012
Total employee benefits expenses	27 057	25 444

*The superannuation employment on-cost charge represents the Corporation's contributions to superannuation plans in respect of current services of current employees.

Remuneration of Employees

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

	2017	2016
\$145 000 to \$147 000 *	na	2
\$147 001 to \$157,000	2	-
\$157 001 to \$167,000	3	-
\$167 001 to \$177,000	1	-
\$177 001 to \$187 000	1	3
\$197 001 to \$207 000	-	1
\$207 001 to \$217 000	1	-
\$317 001 to \$327 000	-	1
\$357 001 to \$367 000	1	-
\$377 001 to \$387 000	-	1
\$387 001 to \$397 000	1	-
Total number of employees	10	8

* This band has been included for the purposes of reporting comparative figures based on the executive base remuneration rate for 2015-16.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year.

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$2 121 000 (\$1 744 000).

Note 8 Supplies and services

	2017	2016
	\$'000	\$'000
Trading Activities		
Administration expenses and sundries *	2 416	2 843
Direct materials	8 344	8 210
Building services costs	52	55
Repairs and maintenance	154	121
Marketing and promotions	1 805	2 008
Total supplies and services from Trading Activities	12 771	13 237
Property Management Activities		
Administration expenses and sundries	85	75
Direct materials	54	87
Building services costs	5 131	4 620
Repairs and maintenance	2 098	1 519
Total supplies and services from Property Management Activities	7 368	6 301
Total supplies and services	20 139	19 538

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, as it is representative of the pattern of benefits derived from the leased assets. These payments totalled \$602 500 (\$542 700).

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

*Audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$78 200 (\$76 900).

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

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	2017		2016	
	No	\$'000	No	\$'000
Below \$10 000	2	3	6	26
Above \$10 000	1	75	5	106
Total paid/payable to the consultants engaged	3	78	11	132

Note 9 Depreciation and amortisation

	2017	2016
	\$'000	\$'000
Trading Activities		
Plant and equipment	3 210	2 390
Total depreciation and amortisation for Trading Activities	3 210	2 390
Property Management Activities		
Buildings	10 677	10 539
Leasehold improvements	291	(126)
Total depreciation and amortisation for Property Management Activities	10 968	10 413
Total depreciation and amortisation	14 178	12 803

Adelaide Venue Management Corporation

Note 10 Net (loss) / gain from the disposal of non-current assets

	2017	2016
	\$'000	\$'000
Plant and equipment		
Proceeds from disposal	55	15
Less net book value of assets disposed	(80)	(35)
Net (loss) / gain from the disposal of plant and equipment	(25)	(20)
Total net (loss) / gain from the disposal of non-current assets	(25)	(20)

Losses/Gains on disposal are recognised at the date control of the asset is passed to the buyer and are determined after deducting the cost of the asset from the proceeds at that time. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

Note 11 Borrowing costs

	2017	2016
	\$'000	\$'000
Guarantee fees on long term borrowings	5 594	4 280
Interest expense on long term borrowings	12 139	9 784
Total borrowing costs	17 733	14 064

Borrowings

The Corporation has an agreement with the South Australian Financing Authority (SAFA) to source debt funding for the extension and redevelopment of the Adelaide Convention Centre.

Treasury and Finance provide grant payments to the Corporation for interest and guarantee fees associated with the borrowings.

Note 12 Facility charges revenues

	2017	2016
	\$'000	\$'000
Car park	4 590	4 228
Catering	23 469	23 106
Corporate	2 273	2 519
Recoveries	4 629	4 429
Technical services	4 080	3 941
Venue hire	8 330	8 140
Total facility charges revenues	47 371	46 363

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

Note 13 Other revenues

	2017	2016
	\$'000	\$'000
Trading Activities		
Merchandise revenues	235	343
Ticketing charges	511	799
Other revenue	1 087	1 429
Total other revenue from Trading Activities	1 833	2 571
Property Management Activities		
Property lease revenue	447	433
Other revenue	235	203
Total other revenues from Property Management Activities	682	636
Total other revenues	2 515	3 207

Rental income from the leasing of investment properties is recognised on a straight-line basis over the lease term.

Note 14 Cash and cash equivalents

	2017	2016
	\$'000	\$'000
Cash at bank and Cash on hand	38 345	20 848
Total cash and cash equivalents	38 345	20 848

Cash deposits

Cash is measured at nominal amounts. Cash at Bank is comprised of funds held in an operating account at a commercial banking institution. Cash at bank deposits are on-call and carry an average variable interest rate of 1.41% (1.84%). Interest is accrued daily and distributed monthly and quarterly.

Note 15 Receivables

	2017	2016
	\$'000	\$'000
Current		
Receivables	2 221	2 819
Less allowance for doubtful debts	(5)	(5)
Accrued revenues	2 204	1 820
GST input tax recoverable	1 085	1 348
Prepayments	325	139
Total current receivables	5 830	6 121

Allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (i.e. calculated in past experience and current and expected changes in client credit rating) that a receivable is impaired. An allowance for impairment loss has been recognised in 'Supplies and services expense' for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2017	2016
	\$'000	\$'000
Movements in the allowance for doubtful debts (impairment loss)		
Carrying amount at the beginning of the period	(5)	(5)
Increase in the allowance	-	-
Amounts written off	-	-
Carrying amount at the end of the period	(5)	(5)

Interest rate and credit risk

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Corporation will not be able to collect the debt. 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. In addition, there is no concentration of credit risk.

Note 16 Inventories

	2017 \$'000	2016 \$'000
Current - Inventories held for resale		
Beverages	258	277
Food	149	156
Total inventories held for resale	407	433

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

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

Inventory wastage

The Corporation has recognised an inventory wastage expense of \$30 000 (\$18 000) in the Statement of Comprehensive Income.

Raw materials and consumables

The Corporation recognised an expense for raw materials and consumables of \$6 182 000 (\$6 056 000).

Note 17 Specific purpose deposits

	2017 \$'000	2016 \$'000
Specific purpose deposits with SA Government entities		
Investments with SA Financing Authority	2 745	2 692
Future assets replacement deposit account	13 070	25 720
Total specific purpose deposits	15 815	28 412

Deposits with SA Government entities

The specific purpose deposits are carried at cost in accordance with APF IV Financial Asset and Liability Framework paragraph APS 2.1. Specific purpose deposits are lodged with SAFA and include funds held in a Cash Management Facility and Deposit Account. The balance of these funds are not available for general use, i.e. funds can only be used in accordance with the approval of the Treasurer. The SAFA Cash Management Fund is a pooled investment portfolio comprising cash and short term money market securities of high credit quality and marketability. The SAFA Cash Management Funds carry an average variable interest rate of 1.9% (2.28%). Interest is accrued daily and distributed monthly. The Future Assets Replacement Deposit Account is a pooled investment portfolio comprising cash and short term money market securities of high credit quality and marketability. The Future Asset Replacement Account funds carry an average variable interest rate of 1.38% (1.82%). Interest is accrued daily and distributed quarterly.

Interest rate risk

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

Note 18 Property, plant and equipment

	2017	2016
	\$'000	\$'000
Land and buildings		
Land at fair value	27 055	27 055
Buildings at fair value	230 052	230 052
Accumulated depreciation	(34 547)	(27 747)
Total land and buildings	222 560	229 360
Buildings and improvements		
Buildings and improvements at cost	219 265	219 162
Accumulated depreciation	(7 143)	(3 266)
Total buildings and improvements	212 122	215 896
Leasehold improvements		
Leasehold improvements at cost	3 859	3 773
Accumulated amortisation	(876)	(585)
Total leasehold improvements	2 983	3 188
Work in progress	180 101	119 310
Total work in progress	180 101	119 310
Plant and equipment		
Plant and equipment at cost	40 963	38 927
Accumulated depreciation	(25 314)	(22 873)
Total plant and equipment	15 649	16 054
Total property, plant and equipment	633 415	583 808

Valuation of land and buildings

The valuation of land and buildings was performed in June 2014 for the Adelaide Entertainment Centre site and the valuation of buildings was performed in June 2015 for the Adelaide Convention Centre site, by an independent Certified Practising Valuer from Liquid Pacific Holdings Pty Ltd as at 30 June 2014 and 30 June 2015 respectively.

Adelaide Venue Management Corporation

The valuer used depreciated replacement cost for specialised buildings, due to there not being an active market for such buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition, location and current use of the assets. The valuation was based on a combination of specialised knowledge and the acquisition/transfer costs.

The valuer arrived at fair value for land and non-specialised buildings using the market approach. The valuation was based on recent market transactions for similar land and buildings (non-specialised) in the area and includes adjustment for factors specific to the land and building being valued such as size and location.

Carrying amount of plant and equipment

All items of plant and equipment had a 'fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years', and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the asset condition and remaining useful life.

Impairment

There were no indications of impairment of property, plant and equipment and infrastructure assets at 30 June 2017.

RECONCILIATION OF NON-CURRENT ASSETS

The following table shows the movement of non-current assets during 2016-17

	Land \$'000	Buildings \$'000	Buildings and improvements \$'000	Leasehold improvements \$'000	Work in Progress \$'000	Plant & equipment \$'000	Non-current assets total \$'000
Carrying amount at beginning of period	27 055	202 305	215 896	3 188	119 310	16 054	583 808
Additions	-	-	-	-	63 865	-	63 865
Transfers in / (out)	-	-	102	87	(3 074)	2 885	-
Disposals e.g. sales, write off	-	-	-	-	-	(80)	(80)
Depreciation and amortisation	-	(6 800)	(3 876)	(292)	-	(3 210)	(14 178)
Carrying amount at end of period	27 055	195 505	212 122	2 983	180 101	15 649	633 415

RECONCILIATION OF NON-CURRENT ASSETS

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

	Land \$'000	Buildings \$'000	Buildings and improvements \$'000	Leasehold improvements \$'000	Work in Progress \$'000	Plant & equipment \$'000	Non-current assets total \$'000
Carrying amount at beginning of period	27 055	101 291	1 952	2 287	160	3 971	136 716
Additions	-	-	-	-	71 948	-	71 948
Transfers in / (out)	-	-	217 174	748	(224 568)	6 646	-
Disposals e.g. sales, write off	-	-	-	-	-	(35)	(35)
Depreciation and amortisation	-	(7 309)	(3 230)	126	-	(2 390)	(12 803)
Acquisition through administrative restructuring	-	108 323	-	27	271 770	7 862	387 982
Carrying amount at end of period	27 055	202 305	215 896	3 188	119 310	16 054	583 808

Note 19 Fair Value Measurement**Fair Value Hierarchy**

The fair value of non-current assets must be estimated for recognition and measurement or for disclosure purposes. The Corporation categorises non-current assets measured at fair value into hierarchy based on the level of inputs used in measurement as follows:

Fair value measurements at 30 June 2017

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land (note 18)	27 055	-	27 055
Buildings (note 18)	847	194 658	195 505
Buildings and improvements (note 18)	-	212 122	212 122
Leasehold improvements (note 18)	-	2 983	2 983
Work in progress (note 18)	-	180 101	180 101
Plant and equipment (note 18)	-	15 649	15 649
Total recurring fair value measurements	27 902	605 513	633 415

Fair value measurements at 30 June 2016

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land (note 18)	27 055	-	27 055
Buildings (note 18)	886	201 419	202 305
Buildings and improvements (note 18)	-	215 896	215 896
Leasehold improvements (note 18)	-	3 188	3 188
Work in progress (note 18)	-	119 310	119 310
Plant and equipment (note 18)	-	16 054	16 054
Total recurring fair value measurements	27 941	555 867	583 808

The Corporation's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. Valuation techniques and inputs used to derive level 2 and 3 fair values are at note 18.

During 2017 and 2016, the Corporation had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

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The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Reconciliation of Level 3 recurring fair value measurements at 30 June 2017

	Buildings \$'000	Buildings and improvements \$'000	Leasehold improvements \$'000	Work in Progress \$'000	Plant & equipment \$'000
Opening balance at the beginning of the period	201 419	215 896	3 188	119 310	16 054
Acquisitions	-	-	-	63 865	-
Transfers in / (out)	-	102	87	(3 074)	2 885
Total gains / (losses) for the period in profit and loss:					
Depreciation	(6 761)	(3 876)	(292)	-	(3 210)
Disposals	-	-	-	-	(80)
Closing balance at the end of the period	194 658	212 122	2 983	180 101	15 649

Reconciliation of Level 3 recurring fair value measurements at 30 June 2016

	Buildings \$'000	Buildings and improvements \$'000	Leasehold improvements \$'000	Work in Progress \$'000	Plant & equipment \$'000
Opening balance at the beginning of the period	100 365	1 952	2 287	160	3 971
Acquisitions	-	-	-	71 948	-
Acquisitions through administrative restructure	108 323	-	27	271 770	7 862
Transfers in / (out)	-	217 174	748	(224 568)	6 646
Total gains / (losses) for the period in profit and loss:					
Depreciation	(7 269)	(3 230)	126	-	(2 390)
Disposals	-	-	-	-	(35)
Closing balance at the end of the period	201 419	215 896	3 188	119 310	16 054

Note 20 Payables

	2017	2016
	\$'000	\$'000
Current		
Creditors	6 933	8 029
Accrued expenses	1 090	8 109
Employment on-costs [^]	406	363
Interest accrued	1 405	1 278
Total current payables	9 834	17 779
Non-current		
Employment on-costs [^]	91	116
Total non-current payables	91	116
Total payables	9 925	17 895

[^]Employment on-costs include payroll tax, Return to Work SA levy and superannuation contributions. The Corporation 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.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave remains unchanged for 2017 from the 2016 rate (40%). This rate is used in the employment on-cost calculation.

Interest rate and credit risk

Payables are measured at nominal amounts and are normally settled within 30 days from the date the invoice is first received. Creditors and accruals are raised for all amounts owing but unpaid. 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 21 Employee benefits

	2017	2016
	\$'000	\$'000
Current		
Annual leave	1 020	942
Long service leave	2 188	1 913
Skills and experience retention leave	50	39
Accrued salaries and wages	300	239
Total current employee benefits	3 558	3 133
Non-current		
Long service leave	1 008	1 286
Total non-current employee benefits	1 008	1 286
Total employee benefits	4 566	4 419

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 increased from 2016 (2.0%) to 2017 (2.5%).

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

Adelaide Venue Management Corporation

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$130 000 and employee benefits expense of \$142 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

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

Note 22 Dividends

A current period dividend of \$1 600 000 was paid to SA Government during the financial year as determined by the Treasurer, pursuant to Section 22(2) of the Public Corporations (Adelaide Venue Management Corporation) Regulations 2013.

Note 23 Other liabilities

	2017 \$'000	2016 \$'000
Current		
Income received in advance	9 327	7 692
Unearned lease revenue	58	58
Total current other liabilities	9 385	7 750
Non-current		
Unearned lease revenue	5 015	5 072
Total non-current other liabilities	5 015	5 072
Total other liabilities	14 400	12 822

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

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

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

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

Note 24 Borrowings

	2017 \$'000	2016 \$'000
Non-current		
Borrowings from SA Government	382 321	314 575
Total borrowings	382 321	314 575

The Corporation has a Client Services Agreement with the South Australian Financing Authority for the Adelaide Convention Centre extension and redevelopment project. Under the arrangement, the Corporation has fully drawn down the approved borrowings limit of \$382.321 million from SA Government.

The total project budget, managed by the Department of Planning, Transport and Infrastructure, is \$396.821 million, and the difference in borrowings to the approved project budget (\$14.5 million) is being funded from the Corporation's Future Asset Replacement Account.

Adelaide Venue Management Corporation

The fair value of total borrowings at 30 June 2017 is not materially different from the carrying value. While movements in interest rates will affect the fair value of the loan, the contracted repayments remain the same due to the fixed interest rate. The Corporation has minimal exposure to liquidity risk in relation to interest repayments as the Department of Treasury and Finance provides funding to the Corporation for interest and fees.

Note 25 Equity

	2017	2016
	\$'000	\$'000
Contributed capital	133 840	133 840
Revaluation surplus	53 867	53 867
Accumulated surplus	94 893	102 204
Total equity	282 600	289 911

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

Note 26 Commitments

	2017	2016
	\$'000	\$'000
Capital commitments		
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:		
Within one year	2 140	322
Total capital commitments	2 140	322

	2017	2016
	\$'000	\$'000
Expenditure commitments		
The Corporation's expenditure commitments are associated with ongoing business operations.		
Within one year	321	288
Later than one year but not longer than five years	58	191
Later than five years	34	33
Total expenditure commitments	413	512

	2017	2016
	\$'000	\$'000
Operating lease commitments payable		
Future minimum lease payments payable under non-cancellable operating leases contracted for at reporting date but not recognised as liabilities are:		
Within one year	579	594
Later than one year but not longer than five years	1 691	1 804
Later than five years	25 814	25 634
Total operating lease expenditure commitments	28 084	28 032

The Corporation has entered into operating leases for the land on which the Adelaide Convention Centre buildings are situated and for office accommodation. The leases are reviewed each year for adjustments in the consumer price index.

Adelaide Venue Management Corporation

	2017	2016
	\$'000	\$'000
Operating lease commitments receivable		
Future minimum lease payments receivable under non-cancellable operating leases contracted for at reporting date but not recognised as receivables are:		
Within one year	326	305
Later than one year but not longer than five years	244	452
Later than five years	-	11
Total operating lease revenue commitments	570	768

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

Note 27 Administered Items

	2017	2016
	\$'000	\$'000
Event Funds		
Administered Revenues		
Net Box Office Receipts	21 103	22 097
Interest Earned on event funds	108	205
Total Administered Revenues	21 211	22 302
Administered Expenses		
Settlements Paid	18 985	29 473
Total Administered Expenses	18 985	29 473
Movement in Administered Items during the year	2 226	(7 171)
Administered Assets		
Cash at Bank	7 343	5 117
Receivable - Interest	9	9
Total Administered Assets	7 352	5 126
Administered Liabilities		
Funds held in trust	7 343	5 117
Accrued Interest Payable	9	9
Total Administered Liabilities	7 352	5 126
Movement in Administered Items during the year	2 226	(7 171)
Total Administered Assets held at the beginning of the financial year	5 126	12 297
Total Administered Assets held at the end of the financial year	7 352	5 126

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Cash deposits

The cash deposits are carried at cost in accordance with APF IV Financial Asset and Liability Framework paragraph APS 2.1. Cash at Bank is comprised of funds held in a bank account at a commercial banking institution. Funds are on-call and carry an average variable interest rate of 1.72% (2.02%). Interest is accrued daily and distributed monthly.

Interest rate risk

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

Note 28 Contingent assets and liabilities

The Corporation is not aware of any contingent assets.

The Corporation is not aware of any contingent liabilities.

The Corporation has issued no guarantees.

Note 29 Remuneration of board members

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

Mr William Spurr (Chair)
Ms Gay Wallace (Deputy Chair)
Mr Geoffrey Pitt
Mr Robert DeBelle
Ms Pauline Denley
Ms Fiona Hele
Mr Jim Kouts
Ms Leah Manuel

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

	2017	2016
	No of board members	No of board members
\$0 to \$9 999	1*	4*
\$10 000 to \$19 999	-	6
\$20 000 to \$29 999	6	1
\$30 000 to \$39 999	1	-
Total number of governing board members	8	11

Remuneration of Board members reflects all costs of performing their duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$178 000 (\$141 000).

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

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

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

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Note 30 Related Party Transactions

The Corporation is a public authority and is wholly owned and controlled by the Crown. Related parties of the Corporation include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all other public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Significant transactions with government related entities

The Corporation does not have any significant transactions with government related entities which are not elsewhere disclosed in the financial statements.

Collectively, but not individually significant transactions with government related entities

Quantitative information about transactions and balances between the Corporation and other SA Government entities are disclosed at Note 32.

Key Management Personnel

Key management personnel of the Corporation include the Minister, the Board, the Chief Executive Officer and the six members of the Executive Team who have responsibility for the strategic direction and management of the Corporation.

The compensation detailed below excludes salaries and other benefits the Minister for Tourism receives, the Minister's remuneration and allowances are set by the Parliamentary Remuneration Act 1990 and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the Parliamentary Remuneration Act 1990.

	2017	2016
Compensation	\$'000	\$'000
Salaries and other short-term employee benefits	1 747	na
Total	1 747	na

Transactions with Key Management Personnel and other related parties

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

Note 3 | Cash flow reconciliation

	2017	2016
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Statement of Financial Position		
Current		
Cash and cash equivalents	38 345	20 848
Non-current		
Specific purpose deposits	15 815	28 412
Cash and cash equivalents as recorded in the Statement of Cash Flows	54 160	49 260
	2017	2016
	\$'000	\$'000
Reconciliation of profit / (loss) to net cash provided by operating activities:		
Net Profit / (Loss) for the year	(5 711)	(2 274)
Add / (less) non-cash items		
Depreciation and amortisation expense	14 178	12 803
Leased land income	(58)	(58)
Net (Gain)/Loss on disposal of assets	25	20
Changes in assets / liabilities		
(Increase) / Decrease in receivables	291	(5 233)
(Increase) / Decrease in inventories	26	(242)
(Decrease) / Increase in payables	(728)	13 923
(Decrease) / Increase in other liabilities	1 636	5 624
(Decrease) / Increase in employee benefits	147	2 661
Borrowing Costs	17 362	14 927
Tax Equivalent	-	448
Net assets acquired as a result of administrative restructure	-	(17 337)
Net cash provided by operating activities	27 168	25 262

Note 32 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Note		SA Government *		Non-SA Government		Total	
		2017	2016	2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES							
7	Employee benefits expenses						
	Salaries and wages	-	-	21 515	19 933	21 515	19 933
	Long service leave	-	-	361	735	361	735
	Annual leave	-	-	975	889	975	889
	Skills and experience retention leave (SERL)	-	-	52	73	52	73
	Employment on-costs - superannuation	2 132	2 168	359	113	2 491	2 281
	Employment on-costs - other	1 269	1 152	231	252	1 500	1 404
	Board fees	-	-	163	129	163	129
	Total employee benefits expenses	3 401	3 320	23 656	22 124	27 057	25 444
8	Supplies and services						
	Administration expenses and sundries	489	694	2 012	2 224	2 501	2 918
	Direct materials	-	4	8 398	8 293	8 398	8 297
	Building services costs	2 449	1 462	2 734	3 213	5 183	4 675
	Repairs and maintenance	-	148	2 252	1 492	2 252	1 640
	Marketing and promotions	3	-	1 802	2 008	1 805	2 008
	Total supplies and services	2 941	2 308	17 198	17 230	20 139	19 538
9	Depreciation and amortisation						
	Plant and equipment	-	-	3 210	2 390	3 210	2 390
	Buildings	-	-	10 677	10 539	10 677	10 539
	Leasehold improvements	-	-	291	(126)	291	(126)
	Total depreciation and amortisation	-	-	14 178	12 803	14 178	12 803

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Note		SA Government *		Non-SA Government		Total	
		2017	2016	2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
10	Net (loss) / gain from the disposal of non-current assets						
	Proceeds from disposal	-	-	55	15	55	15
	Less net book value of assets disposed	-	-	(80)	(35)	(80)	(35)
	Total (loss) / gain from the disposal of non-current assets	-	-	(25)	(20)	(25)	(20)
11	Borrowing costs						
	Guarantee fees	5 594	4 280	-	-	5 594	4 280
	Interest expense	12 139	9 784	-	-	12 139	9 784
	Total borrowing costs	17 733	14 064	-	-	17 733	14 064
12	REVENUES						
	Facility charges revenues						
	Car park	71	284	4 519	3 944	4 590	4 228
	Catering	1 442	687	22 027	22 419	23 469	23 106
	Corporate	-	-	2 273	2 519	2 273	2 519
	Recoveries	294	61	4 335	4 368	4 629	4 429
	Technical services	622	286	3 458	3 655	4 080	3 941
	Venue hire	914	489	7 416	7 651	8 330	8 140
	Total facility charges revenues	3 343	1 807	44 028	44 556	47 371	46 363
	Interest revenues	839	956	47	209	886	1 165
	Total interest revenues	839	956	47	209	886	1 165
	Revenues from SA Government	22 649	18 860	-	-	22 649	18 860
	Total revenues from SA Government	22 649	18 860	-	-	22 649	18 860

Note		SA Government *		Non-SA Government		Total	
		2017	2016	2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
13	Other Revenues						
	Merchandise revenues	-	-	235	343	235	343
	Ticketing charges	-	-	511	799	511	799
	Property lease revenue	-	-	447	433	447	433
	Other revenue	-	100	1 322	1 532	1 322	1 632
	Total other revenues	-	100	2 515	3 107	2 515	3 207
FINANCIAL ASSETS							
14	Cash and cash equivalents						
	Cash at bank and Cash on hand	37 938	19 585	407	1 263	38 345	20 848
	Total cash and cash equivalents	37 938	19 585	407	1 263	38 345	20 848
15	Receivables						
	Receivables	111	202	2 110	2 617	2 221	2 819
	Less allowance for doubtful debts	-	-	(5)	(5)	(5)	(5)
	Accrued revenues	2 100	1 736	104	84	2 204	1 820
	GST input tax recoverable	-	-	1 085	1 348	1 085	1 348
	Prepayments	12	23	313	116	325	139
	Total receivables	2 223	1 961	3 607	4 160	5 830	6 121
17	Specific purpose deposits						
	Investments with SA Financing Authority	2 745	2 692	-	-	2 745	2 692
	Future assets replacement deposit account	13 070	25 720	-	-	13 070	25 720
	Total specific purpose deposits	15 815	28 412	-	-	15 815	28 412

Adelaide Venue Management Corporation

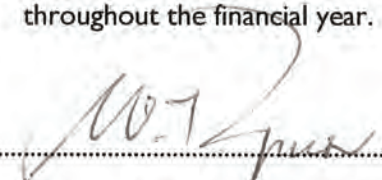
Note		SA Government *		Non-SA Government		Total	
		2017	2016	2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL LIABILITIES							
20	Payables						
	Creditors	4 641	7 045	2 292	984	6 933	8 029
	Accrued expenses	820	7 717	270	392	1 090	8 109
	Employment on-costs	497	479	-	-	497	479
	Interest accrued	1 405	1 278	-	-	1 405	1 278
	Total payables	7 363	16 519	2 562	1 376	9 925	17 895
23	Other liabilities						
	Income received in advance	1 578	971	7 749	6 721	9 327	7 692
	Unearned lease revenue	-	-	5 073	5 130	5 073	5 130
	Total other liabilities	1 578	971	12 822	11 851	14 400	12 822
24	Borrowings	382 321	314 575	-	-	382 321	314 575
	Total borrowings	382 321	314 575	-	-	382 321	314 575

* This note does not include a dividend/distribution to the SA Government as owner. Dividend information is provided in Note 22.

Certification of the Financial Statements

We certify that the:

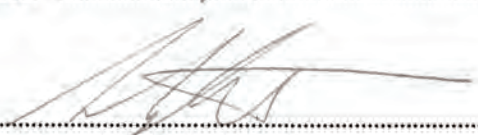
- financial statements of the Adelaide Venue Management Corporation:
 - are in accordance with the accounts and records of the Corporation; and
 - comply with relevant Treasurer's instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Adelaide Venue Management Corporation at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Adelaide Venue Management Corporation over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.


.....
William Spurr AO

CHAIRMAN

Adelaide Venue Management Corporation

Date: 5 September 2017


.....
Anthony Kirchner

CHIEF EXECUTIVE OFFICER

Adelaide Venue Management Corporation

Date: 5 September 2017


.....
Marie Hannaford

CHIEF FINANCIAL OFFICER

Adelaide Venue Management Corporation

Date: 5 September 2017



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To the Chairman of the Board Adelaide Venue Management Corporation

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and schedule 13(3) of the *Public Corporations Act 1993*, I have audited the financial report of the Adelaide Venue Management Corporation for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Adelaide Venue Management Corporation as at 30 June 2017, 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.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chairman, the Chief Executive Officer and the Chief Financial Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Adelaide Venue Management Corporation. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Conduct for Professional Accountants have been met.

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

Responsibilities of the Chief Executive Officer and the members of the Board for the financial report

The Chief Executive 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 management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

The members of the Board are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members of the Board
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

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

Andrew Richardson

Auditor-General

8 September 2017

Art Gallery Board

Financial report
for the year ended
30 June 2017

Art Gallery Board
Statement of Comprehensive Income
for the year ended 30 June 2017

		2017	2016
	Note	\$'000	\$'000
Expenses			
Staff benefits	4	6 271	6 034
Supplies and services	5	6 046	8 494
Accommodation and facilities	6	2 472	2 712
Depreciation and amortisation	7	1 253	1 263
Net loss from the disposal of non-current assets	12	187	-
Total expenses		16 229	18 503
Income			
Bequests and donations of cash and investments	8	4 963	2 157
Donations of heritage assets		5 728	7 485
Fees and charges	9	709	604
Grants	10	599	830
Investment income	11	458	368
Net gain from the disposal of non-current assets	12	-	5
Rent and facilities hire		142	409
Resources received free of charge	13	1 091	855
Sale of goods		930	977
Sponsorships	14	798	1 113
Other	15	53	86
Total income		15 471	14 889
Net cost of providing services		758	3 614
Revenues from SA Government			
Recurrent operating grant	16	11 597	12 199
Capital grant		45	-
Total revenues from SA Government		11 642	12 199
Net result		10 884	8 585
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in asset revaluation surplus	21	-	134 715
Total other comprehensive income		-	134 715
Total comprehensive result		10 884	143 300

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

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

Art Gallery Board
Statement of Financial Position
as at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	17	6 989	3 397
Receivables	18	401	397
Inventories		276	485
Other	23	-	207
Total current assets		7 666	4 486
Non-current assets			
Receivables	18	4	6
Property, plant and equipment	19	41 855	43 201
Intangible assets	20	18	26
Heritage collections	21	760 342	752 693
Investments	22	6 004	4 186
Total non-current assets		808 223	800 112
Total assets		815 889	804 598
Current liabilities			
Payables	24	466	505
Staff benefits	25	763	737
Provisions	26	38	26
Other	27	519	226
Total current liabilities		1 786	1 494
Non-current liabilities			
Payables	24	102	95
Staff benefits	25	1 112	1 021
Provisions	26	57	40
Total non-current liabilities		1 271	1 156
Total liabilities		3 057	2 650
Net assets		812 832	801 948
Equity			
Retained earnings		460 756	449 872
Asset revaluation surplus		352 076	352 076
Total equity		812 832	801 948

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.

Art Gallery Board
Statement of Changes in Equity
for the year ended 30 June 2017

	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2015	217 361	441 287	658,648
Net result for 2015-16	-	8 585	8 585
Gain on revaluation of heritage collections during 2015-16	134 715	-	134 715
Total comprehensive result for 2015-16	134 715	8 585	143 300
Balance at 30 June 2016	352 076	449 872	801 948
Net result for 2016-17	-	10 884	10 884
Total comprehensive result for 2016-17	-	10 884	10 884
Balance at 30 June 2017	352 076	460 756	812 832

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

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

Art Gallery Board
Statement of Cash Flows
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Cash outflows			
Staff benefits		(6 115)	(5 877)
Supplies and services		(4 280)	(7 445)
Accommodation and facilities		(2 472)	(2 712)
Cash used in operations		(12 867)	(16 034)
Cash inflows			
Sale of goods		929	975
Fees and charges		709	604
Bequests and donations of cash		3 093	2 157
Grants		1 188	883
Sponsorships		270	470
Investment income		404	411
Rent and facilities hire		142	409
Other		53	90
Cash generated from operations		6 788	5 999
Cash flows from SA government			
Recurrent operating grant		11 597	12 199
Capital grant		45	-
Cash generated from SA government		11 642	12 199
Net cash provided by operating activities		5 563	2 164
Cash flows from investing activities			
Cash outflows			
Purchase of heritage collections		(1 921)	(1 625)
Purchase of investments		-	(398)
Purchase of property, plant and equipment		(95)	(71)
Cash used in investing activities		(2 016)	(2 094)
Cash inflows			
Proceeds from sale of property, plant and equipment		13	-
Proceeds from the sale of / maturity of investments		32	5
Proceeds from the sale of heritage collections		-	-
Cash generated from investing activities		45	5
Net cash used in investing activities		(1 971)	(2 089)
Net increase in cash and cash equivalents		3 592	75
Cash and cash equivalents at the beginning of the period		3 397	3 322
Cash and cash equivalents at the end of the period	17	6 989	3 397

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

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2017

1 Objectives of the Art Gallery Board

Objectives

The Art Gallery Board (the Board) is constituted pursuant to section 4 of the *Art Gallery Act 1939* (the Act). The Board is charged with the management of the Art Gallery of South Australia (the Gallery) under the Act.

The objectives of the Art Gallery of South Australia are to:

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

2 Significant accounting policies

(a) Statement of Compliance

The Board prepared these financial statements in compliance with section 23 of the *Public Finance and Audit Act 1987*.

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

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

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Board's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- the selection and application of accounting policies in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosures, which have been included in this financial report
 - (a) expenses incurred as a result of engaging consultants
 - (b) staff targeted voluntary separation package information

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2017

2 Significant accounting policies (continued)

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

The Board's financial statements and accompanying notes include all of the controlled activities of the Board including the Art Gallery Foundation.

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

(c) State Government funding

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

(d) Comparative information

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

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

(e) Taxation

The Board is not subject to income tax. The Board is liable for Payroll Tax, Fringe Benefits Tax (FBT), Goods and Services Tax (GST) and Emergency Services Levy.

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

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

(f) Rounding

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

(g) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2017 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2017.

Note disclosure is made about events between 30 June 2017 and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June 2017 and which may have a material impact on the results of subsequent years.

(h) Source of funds

The Board's principal source of current funding consists of grants from the State Government. In addition, the Board also receives monies from sales, admissions, donations, bequests, sponsorships, interest and investment income and other receipts, and uses the monies for the achievement of its objectives. Bequests, donations and grants can only be used in accordance with the terms and conditions attributable.

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2017

2 Significant accounting policies (continued)

(i) Current and non-current classification

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

(j) Non-current assets

Acquisition and recognition

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

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

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

Depreciation and amortisation of non-current assets

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment. Assets' residual values, useful lives and depreciation/amortisation methods are reviewed and adjusted if appropriate, on an annual basis. Land and heritage collections are not depreciated. Depreciation/amortisation is calculated on a straight line basis over the estimated useful life of the following classes of assets as follows:-

Class of asset	Useful life (years)
Buildings and improvements	20 to 100
Plant and equipment	3 to 20
Intangibles	5

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

Revaluation of non-current assets

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

Land and buildings and heritage collections are re-valued every five years. However, if at any time management considers the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

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

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

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2017

2 Significant accounting policies (continued)

Land and buildings

An independent valuation of the land and buildings was conducted as at 30 June 2014 by Valcorp Australia Pty Ltd. The valuation of land and buildings as at 30 June 2014 was prepared on a fair value basis in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*.

Plant and equipment

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

Heritage collections

The heritage collections are large and diverse. They include many items for which valuations are complex, given considerations of market value and their uniqueness. The heritage collections are independently valued every six years. The collections were valued as at 30 June 2016 by RHAS, an operating division of Aon Risk Services. RHAS was responsible for the selection of the specialist valuers as listed below.

Collection	Specialist valuer
Australian paintings and sculptures	Helen Miller
Australian, European and international decorative arts	Helen Miller
Asian art	Helen Miller
European paintings and sculptures	Helen Miller
Australian prints and drawings	Helen Miller
European prints and drawings	Helen Miller
Australian and international photographs	Helen Miller
Noye collection of photographic material	Helen Miller
Library collection	Peter Tinslay
Numismatics	Jim Noble
Krichauff and Murray stamp collection	John Pearson

Due to the size and nature of the art collection all high value assets (greater than \$350,000) were valued individually with the remainder of the art collection valued by establishing an average value through the random sampling of items in each collection. Two high valued items in the numismatic collection were valued individually. All other items were valued as a collection. The library collection and the Noye collection of photographic material were both valued as collections. Items in the philatelic collection were valued individually.

All valuers have experience in the category of assets being valued. The valuation was prepared on the basis of replacement value and fair value. The valuation was carried out in accordance with the International Valuation Standards Framework and the relevant Australian Accounting Standards.

Replacement value for insurance purposes was defined as the estimated amount that one would expect to pay for the same or similar item in a retail setting from a reputable merchant at the date of valuation. Some of the heritage items valued are unique by virtue of their history and could not be replaced with similar items. In these instances the valuers deduced values based on similar but not directly comparable items.

In instances where there were sufficient observable transactions of similar assets to the subject asset (generally in second hand markets), the market approach has been utilised to determine fair value. Inputs to the fair value measurement are considered level 2 in the fair value hierarchy as they have been observed from the market and the valuer has made relatively minor adjustments for differences in asset characteristics.

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2017

2 Significant accounting policies (continued)

Where possible, the valuations were based on recent market transactions for similar cultural and heritage assets and may include adjustment for factors specific to each asset including size, rarity, quality, condition, historical significance and associated restrictions.

Where the frequency of available market transactions has not permitted the use of observable inputs, the valuers have used significant professional judgement in determining the fair value measurements. These assets are therefore considered to be in level 3 of the fair value hierarchy.

Fair value measurement - Non-financial assets

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

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

Impairment of assets

All non-current tangible assets are valued at fair value. Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be close to or greater than fair value.

The Board also expects for all other non-current tangible assets that any costs of disposal will be negligible and the recoverable amount to be close to or greater than fair value.

There were no indications of impairment of property, plant and equipment and intangibles as at 30 June 2017.

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

(k) Staff benefits

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

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

Liabilities for salaries, wages, annual leave and skills and experience retention leave (SERL) have been recognised as the amount unpaid at the reporting date at remuneration rates current at reporting date. The annual leave liability and the SERL liability are expected to be payable within 12 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 staff 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 staff up to the end of the reporting period using the projected unit credit method.

The current portion of long service leave reflects the expected amount of long service leave taken in the next twelve months based on historical data.

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2017

2 Significant accounting policies (continued)

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

(l) Unrecognised contractual commitments and contingent assets and liabilities

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

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

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

3 New and revised accounting standards and policies

The Board did not voluntarily change any of its accounting policies during 2016-17.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Board for the period ending 30 June 2017.

AASB 16 *Leases* will apply for the first time for the year to reporting periods beginning on or after 1 January 2019. The amended standard introduces a single accounting model for lessees, eliminating the distinction between operating and finance leases. The standard 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.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease payments will no longer be expensed in the Statement of Comprehensive Income on a straight line basis. Rather, they will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will be recognised as an expense. It is anticipated that there will be a marginal impact on net result due to recognition of depreciation and interest on lease liabilities as expenses.

The classification of cash flows will be affected as operating lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively. Currently, operating lease payments are presented as operating cash flows and recorded as commitments, which are not captured in the Statement of Financial Position.

The Board has not yet quantified the impact of applying AASB 16 *Leases* to its operating lease arrangements and the resulting impact on the Statement of Comprehensive Income, the Statement of Financial Position and the Commitments disclosure in the Notes to the Financial Statements.

AASB 15 *Revenue from Contracts with Customers* will replace the existing AASB 118 *Revenue* and applies to reporting periods beginning on or after 1 January 2019. AASB 15 *Revenue from Contracts with Customers* introduces a five step process for revenue recognition with the core principle being to recognise revenue 'when control of a good or service transfers to a customer'. This is effectively when performance obligations have been met, rather than the former model of 'where the risk and rewards of ownership reside'. AASB 15 *Revenue from Contracts with Customers* will generally result in increased disclosures.

The changes in revenue recognition requirements may result in changes to the timing and amount of revenue from sales of the Board's goods and services. Some revenue may need to be deferred to a later reporting period to the extent that the Board has received cash but has not yet met the associated performance obligations.

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2017

3 New and revised accounting standards and policies (continued)

AASB 1058 *Income of Not-for-Profit Entities* applies to reporting periods beginning on or after 1 January 2019 and will replace a number of income recognition requirements under AASB 1004 *Contributions*. The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. Where there is no liability to be recognised under another standard, or the liability is less than the fair value of the asset received then revenue is recognised.

The Board has not yet quantified the impact of applying AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* and the resulting impact on the Statement of Comprehensive Income.

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2017

4 Staff benefits

	2017	2016
	\$'000	\$'000
Salaries and wages	4 723	4 552
Annual leave	431	386
Board fees	27	30
Long service leave	84	210
Payroll tax	285	279
Skills and experience retention leave	21	20
Superannuation	508	497
Targeted voluntary separation payments (refer below)	53	-
Workers compensation provision adjustment	29	(30)
Other staff related expenses	110	90
Total staff benefits	6 271	6 034

The superannuation employment on-cost charge represents the board's contributions to superannuation plans in respect of current services of current employees.

Remuneration of staff

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

	2017	2016
	Number	Number
\$147 001 to \$157 000	1	1
\$317 001 to \$327 000	-	1
\$327 001 to \$337 000	1	-
Total	2	2

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, targeted voluntary separation packages, superannuation contributions, FBT and any salary sacrifice benefits. The total remuneration received or receivable by these staff for the year was \$482 000 (\$473 000).

Targeted voluntary separation packages (TVSPs)

	2017	2016
	\$'000	\$'000
Amounts paid during the reporting period to separated staff:		
TVSPs	53	-
Annual leave, LSL and skills and experience retention leave paid to those staff	49	-
	102	-
Recovery from the Department of Treasury and Finance	-	-
Net cost to the Board	102	-

There was one TVSP paid in 2016-17. No TVSPs were paid in 2015-16.

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2017

5 Supplies and services

	2017	2016
	\$'000	\$'000
Administration expenses	391	403
Business services charge	264	267
Catering	193	245
Conservation work	862	687
Consultants	63	146
Contractors	216	328
Cost of goods sold	384	232
Freight, courier, postage	331	781
Entertainment	13	23
Fees - exhibitions and publications	302	871
Foreign currency (gains) losses	(2)	(1)
Information technology	281	232
Insurance & risk management	415	489
Inventory written-off	196	182
Maintenance	113	126
Marketing and promotion	1 217	2,118
Materials	145	190
Minor equipment purchases and leasing	176	367
Motor vehicle expenses	41	45
Preservation activities	62	145
Travel and accommodation	257	445
Other	126	173
Total supplies and services	6 046	8 494

Payments to Consultants

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

	2017	2016	2017	2016
	Number	Number	\$'000	\$'000
Below \$10 000	2	2	8	1
Above \$10 000	1	2	55	145
Total paid/payable to consultants engaged	3	4	63	146

6 Accommodation and facilities

	2017	2016
	\$'000	\$'000
Accommodation	469	536
Facilities	698	723
Security	1 305	1 453
Total accommodation and facilities	2 472	2 712

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2017

7 Depreciation and amortisation

	2017	2016
	\$'000	\$'000
Buildings and improvements	1 207	1,207
Plant and equipment	38	48
Intangibles	8	8
Total depreciation and amortisation	1 253	1 263

8 Bequests and donations of cash and investments

	2017	2016
	\$'000	\$'000
Bequests	2 246	8
Donations	2 717	2 149
Total bequests and donations	4 963	2 157

Bequests and donations can only be used in accordance with the terms and conditions attributable. Therefore depending on the terms and conditions, they are not available for the operating activities of the Board.

9 Fees and charges

	2017	2016
	\$'000	\$'000
Fees for services	434	384
Admissions to temporary exhibitions	275	220
Total revenues from fees and charges	709	604

10 Grants

	2017	2016
	\$'000	\$'000
Commonwealth Government	64	65
State Government	107	20
Other external grants	428	745
Total grants	599	830

11 Investment income

	2017	2016
	\$'000	\$'000
Interest income	95	73
Dividends	253	205
Dividend imputation credits	110	90
Total interest and investment income	458	368

Interest revenue is recognised taking into account the interest rates applicable to the financial assets. Dividend income is recognised when the right to receive a dividend has been established.

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2017

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

	2017 \$'000	2016 \$'000
Investments		
Proceeds from the sale of investments	32	5
Less: Net book value of investments disposed	(52)	-
Net (loss)/gain from the disposal of investments	(20)	5
Property, plant and equipment		
Proceeds from the sale of property, plant and equipment	13	-
Less: Net book value of property, plant and equipment	(180)	-
Net (loss)/gain from the disposal of property, plant and equipment	(167)	-
Total assets		
Proceeds from disposal	45	5
Less: Net book value of assets disposed	(232)	-
Net (loss)/gain from the disposal of non-current assets	(187)	5

Gains/losses on disposal of non-current assets are recognised at the date control of the asset is passed to the buyer and are determined after deducting the cost of the asset from the proceeds at that time. When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

13 Resources received free of charge

	2017 \$'000	2016 \$'000
Conservation services	792	588
Business services	299	267
Total resources received free of charge	1 091	855

Resources received free of charge are recognised at their fair value.

Under an arrangement with Arts South Australia and Artlab Australia, both divisions of the Department of State Development, Artlab Australia receives SA Government appropriation to perform conservation services on the heritage collections of the Art Gallery. The value of the work performed is recognised as resources received free of charge in income and a corresponding amount included as conservation work expenditure in note 5 supplies and services.

Under an arrangement with the Department of State Development, financial services and human resource services are provided free of charge to the Board. The value of these services is recognised as resources received free of charge in income and a corresponding amount included as a business services charge in supplies and services note 5 supplies and services.

14 Sponsorships

	2017 \$'000	2016 \$'000
Cash sponsorships	270	470
In-kind sponsorships	528	643
Total sponsorships	798	1 113

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2017

15 Other income

	2017	2016
	\$'000	\$'000
Fundraising	51	31
Insurance recoveries	4	1
Other receipts	(2)	54
Total other income	53	86

16 Revenues from SA Government

	2017	2016
	\$'000	\$'000
Recurrent operating grant		
Recurrent operating grant	10 578	9 964
Exhibition funding	1 000	1 799
Other	19	436
Total revenues from SA Government	11 597	12 199

The Board receives an annual operating grant and exhibition funding from Arts South Australia, a division of the Department of State Development. Government grants are recognised as income in the period in which the Board obtains control over the grants.

17 Cash and cash equivalents

	2017	2016
	\$'000	\$'000
Deposits with the Treasurer	4 474	1 773
Deposits with banks	2 500	1 100
Cash on hand	15	524
Total cash and cash equivalents	6 989	3 397

Deposits with the Treasurer

Deposits with the Treasurer are a combination of funds held in the "Art Gallery Board Account", an account held with the Treasurer of South Australia pursuant to section 21 of the *Public Finance and Audit Act 1987*, and funds held in the Arts South Australia Operating Account, an account held with the Treasurer of South Australia pursuant to section 8 of the *Public Finance and Audit Act 1987*.

Deposits with banks

Deposits with the Bank of South Australia (BankSA) and the Australian and New Zealand Banking Group Limited (ANZ) are funds held in term deposit facilities.

Cash on hand

Cash on hand includes petty cash, cash and cheques held on-site and not banked, floats and change machines.

Interest rate risk

Cash and cash equivalents are recorded at nominal value. Interest is calculated based on the average daily balances of the interest bearing funds. The interest bearing funds of the Board are held in the section 21 interest bearing account titled the "Art Gallery Board Account" and the BankSA and ANZ accounts.

In 2016-17 deposits with the Treasurer were bearing a floating interest rate between 1.35% and 1.52% (1.77% and 1.85%). The interest rates for the term deposits held with BankSA and ANZ as at 30 June 2017 are between 2.30% and 3.00% (2.80% and 3.41%).

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2017

18 Receivables

	2017 \$'000	2016 \$'000
Current		
Prepayments	20	16
Receivables	181	235
Accrued income	200	146
Total current receivables	401	397
Non-current		
Prepayments	3	5
Receivables	1	1
Total non-current receivables	4	6
Total receivables	405	403

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

Collectability of receivables is reviewed on an ongoing basis.

19 Property, plant and equipment

	2017 \$'000	2016 \$'000
Land, buildings and improvements		
Land at valuation	5 130	5 130
Buildings and improvements at valuation	71 520	71 519
Accumulated depreciation	(35 071)	(33 863)
Total land, buildings and improvements	41 579	42 786
Work in progress		
Work in progress at cost	33	-
Total work in progress	33	-
Plant and equipment		
Plant and equipment at cost (deemed fair value)	750	906
Accumulated depreciation	(507)	(491)
Total plant and equipment	243	415
Total property, plant and equipment	41 855	43 201

Valuation of land and buildings

An independent valuation of the land and buildings was conducted as at 30 June 2014 by Valcorp Australia Pty Ltd. The valuation of land and buildings at 30 June 2014 was prepared on a fair value basis in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*.

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2017

19 Property, plant and equipment (continued)

The valuation was based on recent market transactions for similar land and buildings (non specialised) in the area and includes adjustment for factors specific to the land and building being valued such as size and location. The valuer arrived at fair value using the market approach.

The valuer used depreciated replacement cost for specialised land and buildings, due to there not being an active market for such land and buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition and location. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

Carrying amount of plant and equipment

All items of plant and equipment had a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value. These asset are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the asset's condition and remaining useful life.

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

Impairment

There were no indications of impairment of property, plant and equipment as at 30 June 2017.

Movement reconciliation of property, plant and equipment

	Land	Buildings and improvements	Work in progress	Plant and equipment	Total tangible assets	Computer Software	Total intangible assets
2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of period	5 130	37 656	-	415	43 201	26	26
Additions	-	-	78	-	78	-	-
Depreciation/amortisation expense	-	(1 207)	-	(38)	(1 245)	(8)	(8)
Transfers to/(from) capital works in progress	-	-	(45)	45	-	-	-
Disposals	-	-	-	(179)	(179)	-	-
Carrying amount at the end of period	5 130	36 449	33	243	41 855	18	18

20 Intangible assets

	2017 \$'000	2016 \$'000
Intangibles		
Computer software	40	40
Less: accumulated amortisation	(22)	(14)
Total intangibles	18	26

Impairment

There were no indications of impairment of intangibles as at 30 June 2017.

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2017

21 Heritage collections

	2017			2016		
	At valuation \$'000	At cost \$'000	Total \$'000	At valuation \$'000	At cost \$'000	Total \$'000
Australian paintings and sculptures	275 459	4 771	280 230	275 459	-	275 459
Australian and European decorative arts	42 357	531	42 888	42 357	-	42 357
Asian art	27 772	812	28 584	27 772	-	27 772
European paintings and sculptures	339 366	1	339 367	339 366	-	339 366
Prints, drawings and photographs	52 842	2 053	54 895	52 842	-	52 842
Numismatics	10 450	-	10 450	10 450	-	10 450
Philatelic material	791	-	791	791	-	791
Library	2 898	12	2 910	2 898	-	2 898
Collections on instalments	758	(531)	227	758	-	758
Total heritage collections	752 693	7 649	760 342	752 693	-	752 693

Reconciliation of carrying amounts of heritage collections

	2017		
	Balance 1 July \$'000	Additions \$'000	Balance 30 June \$'000
Australian paintings and sculptures	275 459	4 771	280 230
Australian and European decorative arts	42 357	531	42 888
Asian art	27 772	812	28 584
European paintings and sculptures	339 366	1	339 367
Prints, drawings and photographs	52 842	2 053	54 895
Numismatics	10 450	-	10 450
Philatelic material	791	-	791
Library	2 898	12	2 910
Collections on instalments	758	(531)	227
Total heritage collections	752 693	7 649	760 342

22 Investments

	2017 \$'000	2016 \$'000
Non-current		
Shares and other direct investments in companies	6 004	4 186
Total investments	6 004	4 186

Investments are brought to account at cost in accordance with Accounting Policy Framework IV *Financial Asset and Liability Framework* APS 2.1.

The market value of investments as at 30 June 2017 is \$6.6 million (\$4.7 million).

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2017

23 Other assets

	2017 \$'000	2016 \$'000
Current		
Forward foreign exchange contract receivable	-	207
Total current other assets	-	207
Total other assets	-	207

24 Payables

	2017 \$'000	2016 \$'000
Current		
Creditors and accruals	350	402
Staff on-costs	116	103
Total current payables	466	505
Non-current		
Staff on-costs	102	95
Total non-current payables	102	95
Total payables	568	600

Staff on-costs include Payroll Tax, ReturntoWorkSA levies and superannuation contributions. The Board 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.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave remains at the 2016 rate of 40%. The average factor for the calculation of employer superannuation cost on-cost has decreased from the 2016 rate of 10.2% to 10.1%. These rates are used in the staff on-cost calculation. The financial effect of the above change on staff on-costs and staff benefit expense is immaterial.

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

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received.

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2017

25 Staff benefits

	2017	2016
	\$'000	\$'000
Current		
Annual leave	544	454
Long service leave	89	180
Skills and experience retention leave	28	25
Accrued salaries and wages	102	78
Total current staff benefits	763	737
Non-current		
Long service leave	1 112	1 021
Total non-current staff benefits	1 112	1 021
Total staff benefits	1 875	1 758

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

AASB 119 *Employee Benefits* 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 increased from 2016 (2.0%) to 2017 (2.5%). The resulting financial effect is immaterial.

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an decrease in the reported long service leave liability. The net financial effect of the changes in the methodology and actuarial assumptions is immaterial.

The salary inflation rate remained unchanged at 4.0% for long service leave. The salary inflation rate applied to annual leave and skills and experience retention leave also remained unchanged at 3.0%. The resulting financial effect of the change is immaterial.

26 Provisions

	2017	2016
	\$'000	\$'000
Current		
Provision for workers compensation	38	26
Total current provisions	38	26
Non-current		
Provision for workers compensation	57	40
Total non-current provisions	57	40
Total provisions	95	66
Provision movement		
Carrying amount at the beginning of the period	66	96
Increase (decrease) resulting from re-measurement or settlement without cost	29	(30)
Carrying amount at the end of the period	95	66

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2017 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 Board is responsible for the payment of workers compensation claims.

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2017

27 Other liabilities

	2017 \$'000	2016 \$'000
Current		
Deferred assets	-	17
Forward foreign exchange contract payable	-	209
Revenue received in advance	519	-
Total current other liabilities	519	226
Total other liabilities	519	226

28 Unrecognised contractual commitments

Operating lease commitments

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

	2017 \$'000	2016 \$'000
Within one year	16	18
Later than one year but not longer than five years	11	4
Total operating lease commitments	27	22

The operating lease commitments comprise non-cancellable motor vehicle leases, with rental payable monthly in arrears. No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their terms.

Expenditure commitments - other

The Board's other commitments are for contracts for works of art, exhibitions, security and cleaning.

	2017 \$'000	2016 \$'000
Within one year	1 678	1 727
Later than one year but not longer than five years	867	144
Total other commitments	2 545	1 871

Contingent rental provisions within the security and cleaning contracts require the minimum contract payments to be increased by variable operating costs and wage rises. Options exist to renew the contracts for another 12 months.

29 Contingent assets and liabilities

Contingent Assets

The Board has been named as beneficiary in a number of testamentary bequests. By their nature it is not possible to accurately estimate the amount and timing of these bequests. Amounts paid to the Board as a result of these bequests will be recognised on receipt.

Contingent Liabilities

The Board is not aware of any contingent liabilities as at 30 June 2017.

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2017

30 Remuneration of board members

Members that were entitled to receive remuneration for membership during the 2016-17 financial year were:

Art Gallery Board

Mrs T Whiting (Chairman)

Mrs S Armitage (re-appointed 14 July 2016)

Mr NR Balnaves AO (re-appointed 1 September 2016)

Emeritus Prof A Edwards AO (term expired 30 March 2017)

Mr JD Fanning (appointed 14 July 2016)

Mr JN Phillips (re-appointed 15 March 2017)

Mr A Tisato

Ms J Yuile

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

	2017 Number	2016 Number
\$0 - \$9 999	8	9
Total number of board members	8	9

Remuneration of board members reflects all costs of performing board member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by the board members for the year was \$27 000 (\$33 000).

Amounts paid or payable to superannuation plans for board members were \$3 000 (\$3 000).

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

31 Related party transactions

The Board is a statutory authority established pursuant to the Art Gallery Act 1939 and is a wholly owned and controlled entity of the Crown.

Related parties of the Board include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Key Management Personnel

Key management personnel of the Art Gallery Board include the Minister for the Arts, the Chairman and the board members and the Director of the Art Gallery of South Australia, who have responsibility for the strategic direction and management of the Board.

Total compensation for the Board's key management personnel was \$360 000. Salaries and other benefits the Minister for the Arts receives are excluded from this total. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2017

31 Related party transactions (continued)

Transactions with Key Management Personnel and other related parties

The Board received an annual recurrent operating grant of \$11.597 million from Arts South Australia, a division of the Department of State Development. The operating grant is the primary source of revenue for the Board and is disclosed under note 16 Revenues from SA Government.

In addition, the Board receives business services including from the Department of State Development and conservation services from Artlab Australia, a division of the Department of State Development. These services are disclosed in note 13 Resources received free of charge.

32 Financial instruments / financial risk management

Financial risk management

Risk management is managed by the Board's Audit Committee and Board risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The Board is exposed to financial risk - liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

The Board is funded principally from grants from Arts SA a division of the Department for State Development. The Board works with Arts SA and the Department of Treasury & Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Categorisation of financial instruments

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

Art Gallery Board
Notes to and forming part of the financial statements
For the year ended 30 June 2017

32 Financial instruments / financial risk management (continued)

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

Category of financial asset and financial liability	Statement of Financial Position	Note	2017		2016	
			Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets						
Cash and cash equivalents	Cash	17	6 989	6 989	3 397	3 397
Loans and receivables	Receivables ⁽¹⁾⁽²⁾	18	380	380	369	369
Available for sale financial assets	Investments	22	6 004	6 567	4 186	4 728
Forward foreign exchange contract receivable	Other assets	23	-	-	207	207
Financial liabilities						
Financial liabilities (at cost)	Payables ⁽¹⁾	24	308	308	362	362
Deferred assets	Other liabilities	27	-	-	17	17
Forward foreign exchange contract payable	Other liabilities	27	-	-	209	209

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

⁽²⁾ The receivables amount disclosed here, excludes prepayments. Prepayments are presented in note 18 as receivables in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

33 Events after the reporting date

As at 30 June 2017 and as at the date of this report, the Board is aware that it is the named beneficiary in a testamentary bequest. As at the date of this report, assets have been transferred to the Board which have been reflected in these financial statements. Further assets of an unknown value are still to be transferred to the Board and will be recognised upon receipt.

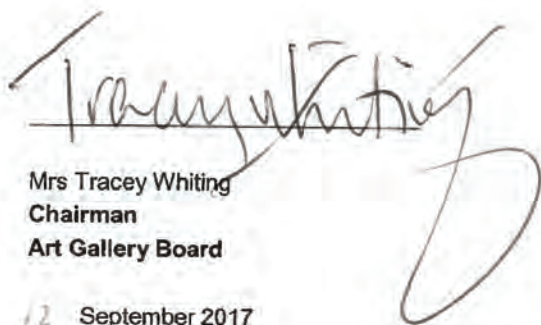
Other than the above matter, there has not arisen in the interval between the end of the financial year and the date of this report, any other item, transaction or event of a material and unusual nature likely, in the opinion of the members of the Board, to affect significantly the operations of the Board, the results of those operations, or the state of affairs of the Board in subsequent financial years.

Art Gallery Board
Certification of Financial Statements
for the year ended 30 June 2017

We certify that the attached general purpose financial statements for the Art Gallery Board:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987* and relevant Australian Accounting Standards
- are in accordance with the accounts and records of the Art Gallery Board
- present a true and fair view of the financial position of the Art Gallery Board as at 30 June 2017 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Art Gallery Board over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Mrs Tracey Whiting
Chairman
Art Gallery Board
12 September 2017



Mr Nick Mitzevich
Director
Art Gallery of South Australia
12 September 2017



Mr Mark Horton
Deputy Director
Art Gallery of South Australia
12 September 2017

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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To the Chairman Art Gallery Board

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 20(3) of the *Art Gallery Act 1939*, I have audited the financial report of Art Gallery Board for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Art Gallery Board as at 30 June 2017, 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.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chairman, Art Gallery Board, the Director, Art Gallery of South Australia and the Deputy Director, Art Gallery of South Australia.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Art Gallery Board. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Director, Art Gallery of South Australia and the Art Gallery Board for the financial report

The Director, Art Gallery of South Australia 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 management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

The Art Gallery Board is responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

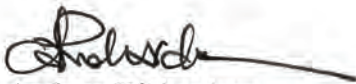
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director, Art Gallery Board of South Australia
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Director, Art Gallery of South Australia and the Art Gallery Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

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

Andrew Richardson

Auditor-General

20 September 2017

Attorney-General's Department

Financial report
for the year ended
30 June 2017

Attorney-General's Department
Statement of Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Expenses			
Employee benefits	5	157 624	156 019
Supplies and services	6	67 992	68 676
Grants and subsidies	7	10 695	11 509
Depreciation and amortisation	8	5 384	5 520
Other expenses	9	1 276	1 455
Net loss from disposal of non-current assets	10	16	30
Total expenses		242 987	243 209
Income			
Fees and charges	11	101 797	102 796
Recoveries	12	17 603	18 985
Commonwealth revenues		4 074	5 706
Grants and subsidies	13	1 585	1 984
Donated assets		64	-
Other income	14	2 678	3 081
Total income		127 801	132 552
Net cost of providing services		(115 186)	(110 657)
Revenues from / payments to SA Government			
Revenues from SA Government	15	117 349	112 540
Total net revenues from SA Government		117 349	112 540
Net result		2 163	1 883
Total comprehensive result		2 163	1 883

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

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

Attorney-General's Department
Statement of Financial Position
As at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	16	41 252	31 734
Receivables	17	12 356	13 858
Lease incentives receivable		2 899	2 899
Total current assets		56 507	48 491
Non-current assets			
Property, plant and equipment	18	21 228	23 962
Intangible assets	19	12 170	9 541
Total non-current assets		33 398	33 503
Total assets		89 905	81 994
Current liabilities			
Payables	21	14 230	9 064
Employee benefits	22	16 714	15 965
Provisions	23	691	736
Lease incentives liability		590	1 154
Other current liabilities	24	294	231
Total current liabilities		32 519	27 150
Non-current liabilities			
Payables	21	3 209	3 150
Employee benefits	22	35 012	34 118
Provisions	23	1 174	1 159
Lease incentives liability		2 043	2 632
Total non-current liabilities		41 438	41 059
Total liabilities		73 957	68 209
Net assets		15 948	13 785
Equity			
Asset revaluation surplus		4 534	4 534
Retained earnings		11 414	9 251
Total equity		15 948	13 785

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	26
Contingent assets and liabilities	28

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

Attorney-General's Department
Statement of Changes in Equity
for the year ended 30 June 2017

	Note	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2015		5 379	6 204	11 583
Error Correction		(845)	53	(792)
Restated Balance at 30 June 2015		4 534	6 257	10 791
Net result for 2015-16		-	2 095	2 095
Error Correction		-	(212)	(212)
Total comprehensive result for 2015-16		-	1 883	1 883
Transactions with SA Government as holder				
Net assets received from an administrative restructure	27	-	1 111	1,111
Balance at 30 June 2016		4 534	9 251	13 785
Net result for 2016-17		-	2 163	2 163
Total comprehensive result for 2016-17		-	2 163	2 163
Balance at 30 June 2017		4 534	11 414	15 948

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

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

Attorney-General's Department
Statement of Cash Flows
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Cash outflows			
Employee benefits payments		(155 789)	(152 472)
Payments for supplies and services		(77 866)	(86 123)
Grants and subsidies		(12 752)	(13 687)
Parental leave scheme		(357)	(488)
Other payments		(1 503)	(1 447)
Cash used in operations		(248 267)	(254 217)
Cash inflows			
Fees and charges		111 345	108 296
Recoveries		18 697	20 308
GST recovered from the ATO and customers		6 424	5 624
Receipts from Commonwealth		4 361	6 114
Grants and subsidies received		1 686	2 126
Receipts for paid parental leave scheme		390	484
Other receipts		2 751	3 302
Cash generated from operations		145 654	146 254
Cash flows from SA government			
Receipts from SA government		117 349	112 540
Cash generated from SA government		117 349	112 540
Net cash provided by operating activities	25	14 736	4 577
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(1 657)	(1 025)
Purchase of intangible assets		(3 561)	(2 412)
Cash used in investing activities		(5 218)	(3 437)
Net cash used in investing activities		(5 218)	(3 437)
Net increase/(decrease) in cash and cash equivalents		9 518	1 140
Cash and cash equivalents at the beginning of the period		31 734	30 594
Cash and cash equivalents at 30 June	16	41 252	31 734

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

Attorney-General's Department
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2017

	Legal and Justice Services		Consumer and Business Services		Advocacy and Guardianship Services		Equal Opportunity	
	Activity 1		Activity 2		Activity 3		Activity 4	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses								
Employee benefits	(91 561)	(89 973)	(19 281)	(19 049)	(3 039)	(2 869)	(1 516)	(1 153)
Supplies and services	(35 101)	(33 531)	(7 428)	(5 618)	(895)	(767)	(763)	(630)
Grants and subsidies	(9 135)	(8 971)	(302)	(283)	-	-	(10)	(10)
Depreciation and amortisation	(2 750)	(2 992)	(586)	(501)	(45)	(48)	(28)	(31)
Other expenses	(1 148)	(1 405)	(100)	(31)	-	-	-	(4)
Net loss from disposal of non-current assets	-	(9)	-	(2)	-	-	-	-
Total expenses	(139 695)	(136 881)	(27 697)	(25 484)	(3 979)	(3 684)	(2 317)	(1 828)
Income								
Fees and charges	42 300	44 078	35 128	34 658	-	-	37	52
Recoveries	9 505	9 306	292	641	8	8	416	111
Commonwealth revenues	3 942	5 495	-	-	-	-	-	5
Grants and subsidies	531	607	33	42	62	42	27	35
Donated assets	-	-	-	-	-	-	-	-
Other income	2 279	1 294	(342)	1 330	356	-	293	-
Total income	58 557	60 780	35 111	36 671	426	50	773	203
Net cost of providing services	(81 138)	(76 101)	7 414	11 187	(3 553)	(3 634)	(1 544)	(1 625)
Revenues from SA Government	-	-	-	-	-	-	-	-
Net result	(81 138)	(76 101)	7 414	11 187	(3 553)	(3 634)	(1 544)	(1 625)

Attorney-General's Department
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2017

	Police Ombudsman		Ombudsman		Industrial Relations		Fines Enforcement and Recovery	
	Activity 5		Activity 6		Activity 7		Activity 8	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses								
Employee benefits	(1 530)	(1 329)	(2 363)	(2 534)	(25 044)	(27 451)	(9 108)	(8 088)
Supplies and services	(393)	(142)	(613)	(286)	(14 068)	(17 046)	(5 732)	(6 830)
Grants and subsidies	-	-	-	(5)	(1 248)	(2 240)	-	-
Depreciation and amortisation	(77)	(72)	(82)	(77)	(797)	(817)	(473)	(371)
Other expenses	-	-	-	-	(28)	(15)	-	-
Net loss from disposal of non-current assets	-	-	-	-	(16)	(19)	-	-
Total expenses	(2 000)	(1 543)	(3 058)	(2 902)	(41 201)	(47 588)	(15 313)	(15 289)
Income								
Fees and charges	-	-	-	-	24 093	23 822	-	-
Recoveries	-	1	1	15	7 376	8 860	2	8
Commonwealth revenues	-	-	-	-	132	206	-	-
Grants and subsidies	10	13	905	698	11	539	6	8
Donated assets	-	-	-	-	-	-	-	-
Other income	108	-	83	-	(107)	364	67	4
Total income	118	14	989	713	31 505	33 791	75	20
Net cost of providing services	(1 882)	(1 529)	(2 069)	(2 189)	(9 696)	(13 797)	(15 238)	(15 269)
Revenues from SA Government	-	-	-	-	-	-	-	-
Net result	(1 882)	(1 529)	(2 069)	(2 189)	(9 696)	(13 797)	(15 238)	(15 269)

Attorney-General's Department
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2017

	State Records		Child Protection Systems Royal Commission Response Unit		Other		Total	
	Activity 9		Activity 10		Activity 11			
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses								
Employee benefits	(3 662)	(3 573)	(520)	-	-	-	(157 624)	(156 019)
Supplies and services	(2 745)	(3 826)	(254)	-	-	-	(67 992)	(68 676)
Grants and subsidies	-	-	-	-	-	-	(10 695)	(11 509)
Depreciation and amortisation	(543)	(611)	(3)	-	-	-	(5 384)	(5 520)
Other expenses	-	-	-	-	-	-	(1 276)	(1 455)
Net loss from disposal of non-current assets	-	-	-	-	-	-	(16)	(30)
Total expenses	(6 950)	(8 010)	(777)	-	-	-	(242 987)	(243 209)
Income								
Fees and charges	239	186	-	-	-	-	101 797	102 796
Recoveries	3	35	-	-	-	-	17 603	18 985
Commonwealth revenues	-	-	-	-	-	-	4 074	5 706
Grants and subsidies	-	-	-	-	-	-	1 585	1 984
Donated assets	-	-	64	-	-	-	64	-
Other income	(59)	89	-	-	-	-	2 678	3 081
Total income	183	310	64	-	-	-	127 801	132 552
Net cost of providing services	(6 767)	(7 700)	(713)	-	-	-	(115 186)	(110 657)
Revenues from SA Government	-	-	-	-	117 349	112 540	117 349	112 540
Net result	(6 767)	(7 700)	(713)	-	117 349	112 540	2 163	1 883

Attorney-General's Department
Disaggregated Disclosures – Assets and Liabilities
for the year ended 30 June 2017

	Legal and Justice Services		Consumer and Business Services		Advocacy and Guardianship Services		Equal Opportunity	
	Activity 1		Activity 2		Activity 3		Activity 4	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Assets								
Current								
Cash and cash equivalents	173	173	-	-	-	-	-	-
Receivables	8 412	8 495	437	862	8	28	61	88
Lease incentives receivable	630	726	15	18	19	21	21	21
Non current								
Property, plant and equipment	4 603	6 204	113	157	142	182	155	176
Intangible assets	8 825	6 647	1 356	1 789	-	-	-	-
Total assets	22 643	22 245	1 921	2 826	169	231	237	285
Liabilities								
Current								
Payables	(7 593)	(5 194)	(1 156)	(778)	(121)	(50)	(32)	(46)
Employee benefits	(9 692)	(9 256)	(2 062)	(2 086)	(289)	(240)	(117)	(92)
Provisions	-	-	-	-	-	-	-	-
Lease incentives liability	(128)	(289)	(3)	(7)	(4)	(8)	(4)	(8)
Other current liabilities	-	(30)	-	(22)	-	(42)	-	-
Non current								
Payables	(1 967)	(1 891)	(412)	(421)	(46)	(39)	(15)	(11)
Employee benefits	(21 409)	(20 462)	(4 489)	(4 562)	(502)	(428)	(163)	(124)
Provisions	-	-	-	-	-	-	-	-
Lease incentives liability	(444)	(659)	(11)	(17)	(14)	(19)	(15)	(19)
Total liabilities	(41 233)	(37 781)	(8 133)	(7 893)	(976)	(826)	(346)	(300)
Net assets	(18 590)	(15 536)	(6 212)	(5 067)	(807)	(595)	(109)	(15)

Attorney-General's Department
Disaggregated Disclosures – Assets and Liabilities
for the year ended 30 June 2017

	Police Ombudsman		Ombudsman		Industrial Relations		Fines Enforcement and Recovery	
	Activity 5		Activity 6		Activity 7		Activity 8	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Assets								
Current								
Cash and cash equivalents	-	-	-	-	46	46	-	-
Receivables	-	-	196	232	2 873	3 847	253	216
Lease incentives receivable	57	57	58	58	1 808	1 640	95	128
Non current								
Property, plant and equipment	414	485	421	497	13 238	13 208	695	1 093
Intangible assets	-	-	-	-	38	55	1 951	1 026
Total assets	471	542	675	787	18 003	18 796	2 994	2 463
Liabilities								
Current								
Payables	(37)	(39)	(61)	(48)	(2 881)	(1 785)	(1 654)	(814)
Employee benefits	(165)	(168)	(278)	(244)	(2 977)	(2 715)	(770)	(742)
Provisions	-	-	-	-	(592)	(679)	-	-
Lease incentives liability	(12)	(23)	(12)	(23)	(368)	(653)	(19)	(51)
Other current liabilities	-	-	-	-	(236)	-	(22)	(54)
Non current								
Payables	(29)	(37)	(53)	(51)	(522)	(519)	(97)	(105)
Employee benefits	(316)	(404)	(574)	(560)	(5 710)	(5 607)	(1 081)	(1 146)
Provisions	-	-	-	-	(1 036)	(993)	-	-
Lease incentives liability	(40)	(52)	(41)	(53)	(1 273)	(1 489)	(67)	(116)
Total liabilities	(599)	(723)	(1 019)	(979)	(15 595)	(14 440)	(3 710)	(3 028)
Net assets	(128)	(181)	(344)	(192)	2 408	4 356	(716)	(565)

Attorney-General's Department
Disaggregated Disclosures – Assets and Liabilities
for the year ended 30 June 2017

	State Records		Child Protection Systems Royal Commission Response Unit		Other		Total	
	Activity 9		Activity 10		Activity 11			
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Assets								
Current								
Cash and cash equivalents	-	-	-	-	41 033	31 515	41 252	31 734
Receivables	116	90	-	-	-	-	12 356	13 858
Lease incentives receivable	196	230	-	-	-	-	2 899	2 899
Non current								
Property, plant and equipment	1 447	1 960	-	-	-	-	21 228	23 962
Intangible assets	-	24	-	-	-	-	12 170	9 541
Total assets	1 759	2 304	-	-	41 033	31 515	89 905	81 994
Liabilities								
Current								
Payables	(695)	(310)	-	-	-	-	(14 230)	(9 064)
Employee benefits	(364)	(422)	-	-	-	-	(16 714)	(15 965)
Provisions	(99)	(57)	-	-	-	-	(691)	(736)
Lease incentives liability	(40)	(92)	-	-	-	-	(590)	(1 154)
Other current liabilities	(36)	(83)	-	-	-	-	(294)	(231)
Non current								
Payables	(68)	(76)	-	-	-	-	(3 209)	(3 150)
Employee benefits	(768)	(825)	-	-	-	-	(35 012)	(34 118)
Provisions	(138)	(166)	-	-	-	-	(1 174)	(1 159)
Lease incentives liability	(138)	(208)	-	-	-	-	(2 043)	(2 632)
Total liabilities	(2 346)	(2 239)	-	-	-	-	(73 957)	(68 209)
Net assets	(587)	65	-	-	41 033	31 515	15 948	13 785

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 1:	Objectives of the Attorney-General's Department (AGD)
Note 2:	Significant accounting policies
Note 3:	New and revised accounting standards and policies
Note 4:	Activities of the department
Note 5:	Employee benefits expenses
Note 6:	Supplies and services
Note 7:	Grants and subsidies
Note 8:	Depreciation and amortisation
Note 9:	Other expenses
Note 10:	Net Loss from the disposal of non-current assets
Note 11:	Revenues from fees and charges
Note 12:	Recoveries
Note 13:	Grants and subsidies
Note 14:	Other income
Note 15:	Revenues from / payments to SA Government
Note 16:	Cash and cash equivalents
Note 17:	Receivables
Note 18:	Property, plant and equipment
Note 19:	Intangible assets
Note 20:	Fair Value Measurement
Note 21:	Payables
Note 22:	Employee benefits
Note 23:	Provisions
Note 24:	Other liabilities
Note 25:	Cash flow reconciliation
Note 26:	Unrecognised Contractual Commitments
Note 27:	Transferred functions
Note 28:	Contingent assets and liabilities
Note 29:	Remuneration of Board and Committee Members
Note 30:	Related Party Transactions
Note 31:	Financial Instruments/Financial Risk Management
Note 32:	Events after reporting period
Note 33:	Transactions with SA Government
Note 34:	Budgetary Reporting and Explanations of major variances between budget and actual amounts

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 1: Objectives of the Attorney-General's Department (AGD)

The objective of the Attorney-General's Department is to help create an inclusive, safe and fair South Australia. The department promotes justice through protecting rights and holding people to account according to the law, improving safety and contributing to an efficient and fair justice system.

Note 2: Significant accounting policies

a) Statement of Compliance

The Attorney-General's Department has prepared these financial statements in compliance with section 23 of the *Public Finance and Audit Act 1987*.

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

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

b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the department's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies that are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:
 - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies
 - b) expenses incurred as a result of engaging consultants;
 - c) employee targeted voluntary separation package information;
 - d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and
 - e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

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

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 2: Significant accounting policies (continued)

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2017 and the comparative information presented.

c) Reporting Entity

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

The department produces both Controlled and Administered financial statements. The Controlled financial statements include income, expenses, assets and liabilities, controlled or incurred by the department in its own right. The Administered financial statements include income, expenses, assets and liabilities which the department administers on behalf of the SA Government but does not control. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for controlled items.

For the purposes of accrual accounting and external financial reporting, the Ombudsman, Police Ombudsman, South Australian Civil and Administrative Tribunal and Office for the Public Advocate are included in the controlled reporting entity of the department.

Administered items of the department include:

- Liquor Subsidies
- Taxation Receipts
- Victims of Crime Fund
- Crown Solicitor's Trust Account
- SA Computer Aided Dispatch
- SA Government Radio Network
- Legal Services Commission - Grants
- State Rescue Helicopter Service
- Child Abuse Protection Program
- Expensive State Criminal Cases
- Fines Enforcement and Recovery Unit - Revenue
- Native Title
- Special Acts - Payment of Ministerial Salary and Allowances
- Special Acts - Payment of Statutory Officer Salaries
- War Graves
- Child Protection Systems Royal Commission
- Institutional Responses to Child Sexual Abuse Royal Commission

Note that in accordance with Australian Accounting Standard AASB10 *Consolidated Financial Statements*, the following items have been excluded from the Administered items of the department:

- Independent Commissioner Against Corruption
- Residential Tenancies Fund
- Agents Indemnity Fund
- Second-hand Motor Vehicles Dealers Fund
- Professional Standards Council

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 2: Significant accounting policies (continued)

d) Comparative Information

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

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

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

e) Rounding

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

f) Taxation

The department is not subject to income tax. The department is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, and local government rate equivalents.

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

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

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

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

g) 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.

h) 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.

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 2: Significant accounting policies (continued)

i) Non –current Assets

Acquisition and Recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation. Where assets are acquired at no value or minimal value they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal cost as part of a restructuring of administrative arrangements then the assets are recognised at book value i.e. the amount recorded by the transferor Public Authority immediately prior to restructure.

The department capitalises all non-current tangible assets with a value of \$10,000 or greater. Items with an acquisition cost less than \$10,000 are expensed in the year of acquisition.

Depreciation and Amortisation

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

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

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

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

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

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

Class of assets	Useful Life
Buildings and Other Structures	5-80
Leasehold Improvements	Life of lease
Plant and equipment	1-16
Intangible Assets	1-10
Information Technology	3-12
Mobile Transport Assets	2-16
Radio Network Assets	5-40

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 2: Significant accounting policies (continued)

Revaluation of Non-Current Assets

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

Every six years, the department revalues its leasehold improvements, plant and equipment, IT Equipment, Buildings and Structures and Radio Network. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

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

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

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

Impairment

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

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

Intangible assets

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

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

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

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

Subsequent expenditure on intangible assets has not been capitalised. This is because the department has been unable to attribute this expenditure to the intangible asset rather than to the department as a whole.

Fair Value measurement

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

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 2: Significant accounting policies (continued)

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

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

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

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

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

Refer to Note 20: and Note 31 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

j) Liabilities

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

Payables

Payables include creditors, accrued expenses, employment on-costs and paid parental leave scheme payable.

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

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

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

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

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

The Department makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 2: Significant accounting policies (continued)

outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board or external schemes.

Leases

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

Lease Incentives

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

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

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

Employee Benefits

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

Wages, salaries, annual leave, sick leave and skills and experience retention leave

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

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

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

Long service leave

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

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

The current portion of long service leave reflects the department's past experience of long service leave.

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 2: Significant accounting policies (continued)

k) Unrecognised contractual commitments and contingent assets and liabilities

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

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

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

Note 3: New and revised accounting standards and policies

The department did not voluntarily change any of its accounting policies during 2016-2017.

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 2017.

AASB 16 *Leases* will apply for the first time for the year to reporting periods beginning on or after 1 Jan 2019. The amended standard introduces a single accounting model for lessees, eliminating the distinction between operating and finance leases.

The standard 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.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease payments will no longer be expensed in the Statement of Comprehensive Income on a straight line basis. Rather, they will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will be recognised as an expense.

It is anticipated that there will be a marginal impact on net result due to recognition of depreciation and interest on lease liabilities as expenses.

The classification of cash flows will be affected as operating lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively. Currently, operating lease payments are presented as operating cash flows and recorded as commitments, which are not captured in the Statement of Financial Position.

The department has not yet quantified the impact of applying AASB 16 *Leases* to its operating lease arrangements and the resulting impact on the Statement of Comprehensive Income, the Statement of Financial Position and the Commitments disclosure in the Notes to the Financial Statements.

AASB 15 *Revenue from Contracts with Customers* will replace the existing AASB 118 *Revenue* and applies to reporting periods beginning on or after 1 January 2019. AASB 15 *Revenue from Contracts with Customers* introduces a five step process for revenue recognition with the core principle being to recognise revenue 'when control of a good or service transfers to a customer'. This is effectively when performance obligations have been met, rather than the former model of 'where the risk and rewards of ownership reside'. AASB 15 *Revenue from Contracts with Customers* will generally result in increased disclosures.

The changes in revenue recognition requirements may result in changes to the timing and amount of revenue from sales of the department's goods and services. Some revenue may need to be deferred to a later reporting period to the extent that the department has received cash but has not yet met the associated performance obligations.

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 3: New and revised accounting standards and policies (continued)

AASB 1058 *Income of Not-for-Profit Entities* will replace a number of income recognition requirements under AASB 1004 *Contributions* and applies to reporting periods beginning on or after 1 January 2019. The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. Where there is no liability to be recognised under another standard, or the liability is less than the fair value of the asset received then revenue is recognised.

The department has not yet quantified the impact of applying AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* and the resulting impact on the statement of comprehensive income.

The revision to AASB 9 *Financial Instruments* applies to reporting periods beginning on or after 1 January 2018. AASB 9 *Financial Instruments* provides the principles for the classification, measurement, recognition, de-recognition and disclosure associated with financial assets and liabilities. The key changes include simplified requirements for classification and measurement of financial assets and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognised impairment only when incurred.

The impact of adopting this standard is not known and cannot be reliably estimated because it will be dependent on the financial instruments held and economic conditions at the time of adopting as well as accounting elections and judgements which will need to be made.

Note 4: Activities of the department

Information about the department's activities are set out in the disaggregated disclosures schedule. An activity is a grouping of related sub activities that contribute to the achievement of agency and government objectives.

Activity 1: Legal and Justice Services

Legal and Justice Services promotes justice by holding people to account according to the law, improving safety and contributing to an efficient and fair justice system.

Legal and Justice Services is responsible for the provision of legal services by the Crown Solicitor's Office, Office for the Director of Public Prosecutions and Solicitor-General. This activity also includes the functions of the Parliamentary Counsel, Justice Technology Services, the South Australian Civil and Administrative Tribunal, and Forensic Science SA.

Activity 2: Consumer and Business Services

The purpose of Consumer and Business Services is to protect consumers, support and regulate business and record significant life events in South Australia. Consumer and Business Services has a diverse role including licensing and registration, dispute resolution, legislative compliance, policy development and providing education and awareness campaigns to ensure an informed community that is able to conduct business fairly, efficiently, competitively and safely.

Activity 3: Advocacy and Guardianship Services

The *Guardianship and Administration Act 1993* establishes the Public Advocate to provide services to promote and protect the rights of people with a mental incapacity and/or a medical illness. The Office of the Public Advocate provides advocacy, guardianship, information, investigation, education and dispute resolution services to fulfil the statutory responsibilities of the Public Advocate.

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 4: Activities of the department (continued)

Activity 4: Equal Opportunity

The Commissioner for Equal Opportunity is responsible for administering the *Equal Opportunity Act 1984* and promoting equality of opportunity for all South Australians. This is achieved through the administration of anti-discrimination legislation, examining and responding to complaints of discrimination and providing information, education and training to encourage compliance with the legislation

Activity 5: Police Ombudsman

The Police Ombudsman provides independent oversight of investigations related to complaints about members South Australia Police, including those made by members of the public or referred to it by the Office for Public Integrity or the Independent Commissioner Against Corruption. The objective of this function is to maintain public confidence in, and proper accountability of, South Australia Police.

Activity 6: Ombudsman Services

The Ombudsman investigates and attempts to resolve complaints against state and local government agencies under the *Ombudsman Act 1972*, and identifies and deals with misconduct and maladministration in public administration on referral by the Independent Commissioner Against Corruption. The objective of this function is to ensure that the public receives fair treatment from government bodies and that public administration is reasonable and just.

Activity 7: Industrial Relations

Industrial Relations provide services to ensure the rights and obligations of employees are protected and the relevant law applied to prevent and resolve workplace disputes. This activity includes the functions of SafeWork SA and the South Australian Employment Tribunal..

Activity 8: Fines Enforcement and Recovery

The Fines Enforcement and Recovery Unit (Fines Unit) manages overdue fines issued by authorities across South Australia, including expiation notices and court imposed pecuniary sums. This activity also includes the recovery of Victims of Crime and Criminal Injury Compensation debts.

Activity 9: State Records

State Records provides statutory services for the management of, and access to, the state's archival collection of state and local government records and provides advice on records and information management, legislation, policy and practices.

Activity 10: Child Protection Systems Royal Commission – Response Unit

The Child Protection Systems Royal Commission Response Unit was established and tasked with analysing each recommendation made by the Royal Commission. The response unit was responsible for the coordination and preparation of the government response to, and the development and implementation of a plan to address, the adopted recommendations.

Activity 11: Other

Certain items of the Department are not allocated to activities.

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 5: Employee benefits expenses

	2017	2016
	\$'000	\$'000
Salaries and wages	118 602	113 548
Employment on-costs - superannuation*	13 857	13 638
Annual leave	11 623	10 858
Employment on-costs - payroll tax	7 399	7 334
Long service leave	3 341	7 279
Board fees	1 359	1 220
Skills and experience retention leave	774	732
Workers Compensation	425	113
TVSPs (refer below)	229	1 032
Other employee related expenses	15	265
Total employee benefits expenses	157 624	156 019

* The superannuation employment on-cost charge represents the department's contributions to superannuation plans in respect of current services of current employees

	2017	2016
	\$'000	\$'000
Targeted voluntary separation packages (TVSPs)		
Amounts paid during the reporting period to separated employees:		
TVSPs	229	1 032
Annual leave, LSL and SERL paid to those employees	157	792
Net cost to the department	386	1 824

The number of employees who received TVSPs during the reporting period was 3 (14).

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 5: Employee benefits expenses (continued)

Remuneration of officers

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

	2017 Number	2016 Number
\$145 000 to \$147 000*	n/a	4
\$147 001 to \$157 000**	49	50
\$157 001 to \$167 000	20	11
\$167 001 to \$177 000	8	12
\$177 001 to \$187 000**	2	8
\$187 001 to \$197 000	7	-
\$197 001 to \$207 000**	6	11
\$207 001 to \$217 000	1	10
\$217 001 to \$227 000	18	4
\$227 001 to \$237 000	1	1
\$237 001 to \$247 000**	6	7
\$247 001 to \$257 000	3	2
\$257 001 to \$267 000	1	2
\$267 001 to \$277 000	1	1
\$277 001 to \$287 000	2	8
\$287 001 to \$297 000	4	3
\$297 001 to \$307 000	1	1
\$307 001 to \$317 000	2	3
\$317 001 to \$327 000**	2	4
\$327 001 to \$337 000	5	3
\$337 001 to \$347 000**	2	-
\$347 001 to \$357 000	1	-
\$357 001 to \$367 000	1	-
\$367 001 to \$377 000	1	1
\$387 001 to \$397 000	-	1
\$407 001 to \$417 000	1	-
\$417 001 to \$427 000	2	2
\$447 001 to \$457 000	-	1
\$457 001 to \$467 000	1	2
\$477 001 to \$487 000	1	-
\$507 001 to \$517 000	-	1
\$547 001 to \$557 000	-	1
\$557 001 to \$567 000	1	1
\$567 001 to \$577 000	2	2
\$577 001 to \$587 000	1	-
Total number of officers	153	157

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2015-16.

** Includes payment of long service leave, annual leave, termination benefits for officers who have left the Department.

The table includes all officers who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of officers reflects all costs of employment including salaries and wages, superannuation contributions, Fringe Benefits Tax and any other salary sacrifice benefits. Total remuneration received or due and receivable by these officers was \$33.5 million (2016 - \$34 million).

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 5: Employee benefits expenses (continued)

Remuneration of officers by category		
Legal	103	105
Executive	20	21
Other	30	31
Total number of officers	153	157

Note 6: Supplies and services

	2017	2016
	\$'000	\$'000
Accommodation	4 922	4 613
Operating lease minimum payments	18 677	18 028
Information and communications technology	16 570	17 502
Office expenses	2 901	2 759
Outsourced services	2 516	2 673
Shared Services SA charges	1 945	1 845
Staff payments	1 876	1 888
Telephone related expenses	1 817	1 922
Contract staff	1 450	2 202
Motor vehicle expenses	1 375	1 492
Legal fees	1 433	1 675
Laboratory supplies	1 314	1 370
Repairs, maintenance and minor purchases	1 188	1 193
Promotions and publications	1 071	1 059
Consultancies	928	1 597
Tax payments	877	844
Minor works	385	151
Storage and archive costs	337	281
Other	6 410	5 582
Total supplies and services	67 992	68 676

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

The department has a number of operating leases and payments are expensed on a straight-line basis over the leases term, as it is representative of the pattern of benefits derived from the leased asset.

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

	2017	2017	2016	2016
	Number	\$'000	Number	\$'000
Below \$10 000	22	75	33	122
Between \$10 000 and \$50 000	18	426	18	412
Above \$50 000	5	427	9	1 063
Total paid/payable to consultants engaged	45	928	60	1 597

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 7: Grants and subsidies

	2017	2016
	\$'000	\$'000
Community Legal Centres	5 192	5 327
Crime Prevention	1 659	1 487
SafeWork SA	1 234	2 206
Native Title	880	880
Other	1 730	1 609
Total grants and subsidies	10 695	11 509

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

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

Contributions can be either for general assistance or a particular purpose and will usually be subject to terms and conditions set out in a contract, correspondence, or by legislation governing the contribution.

Note 8: Depreciation and amortisation

	2017	2016
	\$'000	\$'000
Depreciation		
Leasehold improvements	3 279	3 473
Plant and equipment	834	711
Information technology	188	173
Buildings and other structures	151	151
Total depreciation	4 452	4 508
Amortisation		
Intangible assets	932	1 012
Total amortisation	932	1 012
Total depreciation and amortisation	5 384	5 520

Note 9: Other expenses

	2017	2016
	\$'000	\$'000
Witness expenses	733	633
Other*	543	822
Total other expenses	1 276	1 455

*Includes Audit fees paid/payable to the Auditor-General's Department relating to work performed under the PFAA were \$284 000 (\$312 000). No other services were provided by the Auditor-General's Department.

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 10: Net Loss from the disposal of non-current assets

	2017	2016
	\$'000	\$'000
Buildings		
Proceeds from disposal	-	-
Less net book value of assets disposed	5	-
Net (loss)/gain from disposal of buildings	5	-
Plant and equipment		
Proceeds from disposal	-	-
Less net book value of assets disposed	11	30
Net (loss)/gain from disposal of plant and equipment	11	30
Total net (loss)/gain from disposal of non-current assets	16	30

Note 11: Revenues from fees and charges

	2017	2016
	\$'000	\$'000
Licence and regulatory fees	56 827	55 684
Legal services	24 007	22 250
Network services	11 797	11 852
Recovery of expenditure	6 913	7 160
Forensic services	1 736	5 502
Other	517	348
Total revenues from fees and charges	101 797	102 796

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.

Note 12: Recoveries

	2017	2016
	\$'000	\$'000
Recovery of expenditure for:		
Industrial Relations Court and Commission	7 002	8 160
Crown Solicitor's Office	6 463	6 400
Forensic services	707	368
Consumer and Business Services	167	290
Other	3 264	3 767
Total recoveries	17 603	18 985

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 13: Grants and subsidies

	2017	2016
	\$'000	\$'000
Grants and subsidies received:		
Ombudsman SA	595	612
Information and communications technology	407	522
Crown Solicitor's Office	135	135
Medical Panels SA	-	466
Other	448	249
Total grants and subsidies received	1 585	1 984

Contribution (grants)

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

Contributions can be either for general assistance or a particular purpose and will usually be subject to terms and conditions set out in a contract, correspondence, or by legislation governing the contribution.

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

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

All contributions received by the department have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Note 14: Other income

	2017	2016
	\$'000	\$'000
Other	2 678	3 081
Total other income	2 678	3 081

Other income consists of refunds and other recoveries.

Note 15: Revenues from / payments to SA Government

	2017	2016
	\$'000	\$'000
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the Appropriation Act	117 349	112 540
Total revenues from SA Government	117 349	112 540

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

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 15: Revenues from / payments to SA Government (continued)

Total revenues from Government consist of \$110.8 million (\$104.7 million) for operational funding and \$6.5 million (\$7.8 million) for capital projects. For details on the expenditure associated with the operational funding received and capital funding received refer to Note 5 to 9.

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

Note 16: Cash and cash equivalents

	2017	2016
	\$'000	\$'000
Deposits with the Treasurer	41 166	31 642
Cash on hand (including petty cash)	86	92
Total cash and cash equivalents	41 252	31 734

Cash is measured at nominal amounts

Deposits with the Treasurer

Includes funds held in the Accrual Appropriation Excess Funds Account of \$22.8 million (2016 - \$18.2 million). The balances of these funds are not available for general use ie funds can only be used in accordance with the Treasurer's/Under Treasurer's approval.

Interest rate risk

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

Note 17: Receivables

	2017	2016
	\$'000	\$'000
Receivables	9 654	12 402
Less allowance for doubtful debts	(9)	(448)
	9 645	11 954
GST receivable	1 199	691
Prepayments	1 512	1 213
Total current receivables	12 356	13 858

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.

	2017	2016
	\$'000	\$'000
Movements in the allowance for doubtful debts (impairment loss)		
Carrying amount at the start of the period	448	-
(Decrease)/Increase in the allowance	(439)	448
Carrying amount at the end of the period	9	448

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 17: 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.

Refer to table Note 31: for further information on risk management

Note 18: Property, plant and equipment

	2017	2016
	\$'000	\$'000
Land and buildings		
Land at fair value	590	590
Buildings	5 583	5 503
Accumulated depreciation	(303)	(151)
Total land and buildings	5 870	5 942
Leasehold improvements		
Leasehold improvements at fair value	27 354	27 035
Accumulated amortisation	(15 476)	(12 237)
Total leasehold improvements	11 878	14 798
Plant and equipment		
Plant and equipment at fair value	14 210	13 965
Accumulated depreciation	(11 826)	(11 599)
Total plant and equipment	2 384	2 366
Information technology		
Information technology at fair value	7 282	7 085
Accumulated depreciation	(6 923)	(6 752)
Total information technology	359	333
Library collections		
Library collections at cost (deemed fair value)	407	407
Total library collections	407	407
Capital work in progress		
Capital work in progress at cost	330	116
Total capital work in progress	330	116
Total property, plant and equipment	21 228	23 962

- Valuations of land & buildings and leasehold improvements were performed by Martin Burns, M.B.A., B.App.Sc. Property Resource Management, AAPI, an independent Certified Practising Valuer of Liquid Pacific as at 30 June 2015.
- There were no indications of impairment of plant and equipment at 30 June 2017.

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 18: Property, plant and equipment (continued)

Carrying amount of library collections

All items within the library collection had a 'fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years', and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value. These asset are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the assets condition and remaining useful life.

Property, plant and equipment movement schedule

	Land and buildings	Leasehold Improvements	Plant and Equipment	Information Technology	Library Collections	Capital Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2016	5 942	14 798	2 366	333	407	116	23 962
Additions		28	650	214	-	778	1 670
Depreciation and amortisation	(151)	(3 279)	(834)	(188)	-	-	(4 452)
Donated asset	-	-	64	-	-	-	64
Transfer in from restructure	-	-	-	-	-	-	-
Transfer from/to Work in Progress	84	331	149	-	-	(564)	-
Disposals	(5)	-	(11)	-	-	-	(16)
Carrying amount at 30 June 2017	5 870	11 878	2 384	359	407	330	21 228

	Land and buildings	Leasehold Improvements	Plant and Equipment	Information Technology	Library Collections	Capital Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2015	6 070	15 653	2 140	385	407	321	24 976
Additions	23	499	616	121	-	107	1 366
Depreciation and amortisation	(151)	(3 473)	(711)	(173)	-	-	(4 508)
Transfer in from restructure	-	2 119	76	-	-	-	2 195
Transfer from/to Work in Progress	-	-	275	-	-	(312)	(37)
Disposals	-	-	(30)	-	-	-	(30)
Carrying amount at 30 June 2016	5 942	14 798	2 366	333	407	116	23 962

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 19: Intangible assets

	2017	2016
	\$'000	\$'000
Computer software		
Internally developed computer software	7 887	8 587
Accumulated amortisation	(5 467)	(5 246)
Total internally generated computer software	2 420	3 341
Computer software intangible work in progress		
Intangible work in progress at cost	9 750	6 200
Total work in progress	9 750	6 200
Total intangible assets	12 170	9 541

Impairment

There were no indications of impairment of intangibles assets at 30 June 2017

Intangibles movement schedule

	Computer Software	Intangible work in progress	Total
	\$'000	\$'000	\$'000
2017			
Carrying amount at the start of the period	3 341	6 200	9 541
Additions	-	3 561	3 561
Transfers from/to WIP	11	(11)	-
Depreciation and amortisation	(932)	-	(932)
Transfers in from restructure	-	-	-
Carrying amount at the end of the period	2 420	9 750	12 170

	Computer Software	Intangible work in progress	Total
	\$'000	\$'000	\$'000
2016			
Carrying amount at the start of the period	3 325	4 304	7 629
Additions	397	2 408	2 805
Transfers from/to WIP	571	(534)	37
Depreciation and amortisation	(1 012)	-	(1 012)
Transfers in from restructure	60	22	82
Carrying amount at the end of the period	3 341	6 200	9 541

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 20: Fair Value Measurement

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs use in measurement.

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2017. Refer to Note 18: for carrying amounts.

Fair value measurements at 30 June 2017	Level 2	Level 3	2017
Recurring fair value measurements	\$'000	\$'000	\$'000
Land and buildings	590	5 280	5 870
Leasehold improvements	-	11 878	11 878
Information technology	-	359	359
Library collections	-	407	407
Plant and equipment	-	2 384	2 384
Total recurring fair value measurements	590	20 308	20 898

Fair value measurements at 30 June 2016	Level 2	Level 3	2016
Recurring fair value measurements	\$'000	\$'000	\$'000
Land and buildings	590	5 352	5 942
Leasehold improvements	-	14 798	14 798
Information technology	-	333	333
Library collections	-	407	407
Plant and equipment	-	2 366	2 366
Total recurring fair value measurements	590	23 256	23 846

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2017. The Department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 20: Fair Value Measurement (continued)

Reconciliation of recurring fair value measurements - Level 3

	Land and buildings	Leasehold Improvements	Information technology	Library collections	Plant and Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2016	5 352	14 798	333	407	2 366	23 256
Additions	-	28	214	-	650	892
Transfer from/to Work in Progress	84	331	-	-	149	564
Transfer in from restructure	-	-	-	-	-	-
Assets donated free of charge	-	-	-	-	64	64
Disposals	(5)	-	-	-	(11)	(16)
Gains/(losses) for the period recognised in the net result:						
Depreciation and amortisation	(151)	(3 279)	(188)	-	(834)	(4 452)
Total gains/(losses) for the period recognised in net result	(151)	(3 279)	(188)	-	(834)	(4 452)
Carrying amount at 30 June 2017	5 280	11 878	359	407	2 384	20 308

Reconciliation of recurring fair value measurements - Level 3

Carrying amount at 1 July 2015	5 480	15 653	385	407	2 140	24 065
Additions	23	499	121	-	616	1 259
Transfer from/to Work in Progress	-	-	-	-	275	275
Transfer in from restructure	-	2 119	-	-	76	2 195
Disposals	-	-	-	-	(30)	(30)
Gains/(losses) for the period recognised in the net result:						
Depreciation and amortisation	(151)	(3 473)	(173)	-	(711)	(4 508)
Total gains/(losses) for the period recognised in net result	(151)	(3 473)	(173)	-	(711)	(4 508)
Carrying amount at 30 June 2016	5 352	14 798	333	407	2 366	23 256

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 21: Payables

	2017	2016
	\$'000	\$'000
Current		
Accruals	10 615	6 045
Creditors	1 124	686
Employment on-costs [^]	2 439	2 308
Other current payables	52	25
Total current payables	14 230	9 064
Non-current		
Employment on-costs [^]	3 209	3 150
Total non-current payables	3 209	3 150
Total payables	17 439	12 214

[^]Employment on-costs include payroll tax, WorkCover levies and superannuation contributions. The department makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid.

The Department of Treasury and Finance has performed an actuarial assessment of long service leave as at 30 June 2017. The percentage of the proportion of long service leave taken as leave has remained unchanged 40% for 30 June 2017 and the average factor for the calculation of employer superannuation on-cost is 10.1% (10.2% 2016). These rates are used in the employment on-cost calculation. The financial effect of the change in the superannuation on-cost rate on employment on-costs and employee benefit expense is immaterial.

Interest rate and credit risk

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts billed but unpaid and are settled within the normal terms of payment of 30 days, unless otherwise agreed. Employment on-costs are settled when the respective employee benefit they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

Refer to table Note 31: for further information on risk management

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 22: Employee benefits

	2017	2016
	\$'000	\$'000
Current		
Annual leave	10 335	9 647
Long service leave	2 813	3 432
Skills and experience retention leave	1 045	1 075
Accrued salaries and wages	2 521	1 811
Total current employee benefits	16 714	15 965
Non-current		
Long service leave	35 012	34 118
Total non-current employee benefits	35 012	34 118
Total employee benefits	51 726	50 083

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability. An actuarial assessment performed by the Department of Treasury and Finance was used to calculate the liability.

AASB 119 *Employee Benefits* 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 increased from 2016 (2%) to 2017 (2.5%).

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

The net financial effect of the changes in the current financial year is an decrease in the long service leave liability of \$1.5 million and employee benefit expense of \$1.5 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and the salary inflation rate remained at 3% for annual leave and skills, experience and retention leave liability.

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 23: Provisions

	2017	2016
	\$'000	\$'000
Current		
Provision for workers compensation	691	736
Total current provisions	691	736
Non-current		
Provision for workers compensation	1 174	1 159
Total non-current provisions	1 174	1 159
Total provisions	1 865	1 895
Provision movement		
Carrying amount at the beginning of the period	1 895	2 328
(Decrease) increase in provisions recognised	(30)	(433)
Carrying amount at the end of the period	1 865	1 895

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. The provision is the estimated cost of ongoing payments to employees as required under the current legislation.

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

Note 24: Other liabilities

	2017	2016
	\$'000	\$'000
Current		
Other	294	231
Total current other liabilities	294	231

Other liabilities relate to unclaimed monies and accounts receivable refunds

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 25: Cash flow reconciliation

	2017	2016
	\$'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	41 252	31 734
Balance as per the Statement of Cash Flows	41 252	31 734
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash provided by operating activities	14 736	4 577
Less revenues from SA Government	(117 349)	(112 540)
Add/less non-cash items		
Depreciation and amortisation	(5 384)	(5 520)
Net loss from disposal of non-current assets	(16)	(30)
Donated assets	64	-
Non-current assets accrual in payables	13	756
Adjustment on restructure	-	1 166
Movements in assets and liabilities		
Increase/(decrease) in receivables	(1 502)	1 440
Increase/(decrease) in lease incentive receivable	-	2 257
(Increase)/decrease in payables	(5 225)	5 081
(Increase)/decrease in employee benefits	(1 643)	(6 372)
(Increase)/decrease in provisions	30	433
(Increase)/decrease in lease incentive liability	1 153	(1 746)
(Increase)/decrease in other liabilities/borrowings	(63)	(159)
Net cost of providing services	(115 186)	(110 657)

Note 26: Unrecognised Contractual Commitments

Operating lease commitments

Commitments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2017	2016
	\$'000	\$'000
Within one year	11 685	19 687
Later than one year but not longer than five years	31 888	37 843
Later than five years	11 303	14 653
Total operating lease commitments	54 876	72 183

The accommodation and office equipment leases are non-cancellable leases with rental payable monthly in advance.

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 26: Unrecognised Contractual Commitments (continued)

Contingent rental provisions within the accommodation lease agreements provide for the minimum lease payments to be increased on specified rent review dates. Options exist to renew the accommodation leases at the end of the term of the lease.

	2017	2016
	\$'000	\$'000
Other commitments		
Grants ⁽¹⁾	1 092	2 731
Motor vehicles ⁽²⁾	1 684	2 084
Capital	200	323
Other ⁽³⁾	5 857	2 842
Total	8 833	7 980
Within one year	5 321	5 520
Later than one year but not longer than five years	2 756	2 328
Later than five years	756	132
Total other commitments	8 833	7 980

⁽¹⁾ Grant amounts payable under agreements in respect of which the grantee has yet to provide the services required under the agreement.

⁽²⁾ Agreements for the provision of motor vehicles to executive officers or sections (i.e. pool vehicles) are leased from South Australian Government Financing Authority through their agent LeasePlan Australia. There are no purchase options available to the Department.

⁽³⁾ Other commitments relate to purchase orders placed for goods and services before 30 June 2017, maintenance agreements for Forensic Science SA and contractor agreements for the Fines Enforcement and Recovery Unit.

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 27: Transferred functions

2016-2017

There were no transferred functions in 2016-2017.

2015-2016

As a result of administrative arrangements outlined in the South Australian Government Gazette on 21 May 2015, from 1 July 2015 the department took on responsibility for the State Records of South Australia, from the Department of Premier and Cabinet.

Assets and liabilities relating to State Records were transferred to the department as at 1 July 2015.

	State Records \$'000	Total \$'000
Current assets		
Cash and cash equivalents	-	-
Receivables	29	29
Inventories	7	7
Total current assets	36	36
Non-current assets		
Receivables	-	-
Property, plant and equipment	2 277	2 277
Total non-current assets	2 277	2 277
Total assets	2 313	2 313
Current liabilities		
Payables	168	168
Employee benefits	383	383
Provisions	2	2
Other liabilities	13	13
Total current liabilities	566	566
Non-current liabilities		
Payables	52	52
Employee benefits	580	580
Provisions	4	4
Total non-current liabilities	636	636
Total liabilities	1 202	1 202
Net assets transferred in	1 111	1 111

Net assets transferred into the department as a result of the administrative restructure were at the carrying amount. The net assets transferred in were treated as a contribution from the Government as owner.

Note 28: Contingent assets and liabilities

There are no contingent assets and liabilities as at 30 June 2017.

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 29: Remuneration of Board and Committee Members

Members that were entitled to receive remuneration for membership during the 2016-17 financial year were:

Asbestos Advisory Committee

M Boland*
P A Jamieson*
K Mitchell*
J K Szakacs*

Audit and Risk Management Committee

T Brumfield*
A Gale*
M Hanson*
P J Martin
M Turner*
D Soulio*

Industrial Relations Advisory Committee

N Brown (appointed 7 June 2017)
M Chettle*
E Dabars*
T E Evans*
D Gray
P J Harrison
S A Hills*
P Lamps*
M Mead*
E Ranieri*
J Rau*
J Rogers*
E Van Der Linden (appointed 7 June 2017)

Mining and Quarrying Occupational Health and Safety Committee

S A Bellman (term expired 19 December 2016)
M Boland (term expired 20 October 2016)*
A M Cartledge (appointed 20 October 2016)
C Fisher (appointed 20 October 2016)
M Hanson (term expired 20 October 2016)
W Hanson (term expired 17 October 2016)
P Lamps (appointed 20 October 2016)
N R Long (term expired 20 October 2016)
H J McDonald (term expired 20 October 2016)
E McInerney (term expired 20 October 2016)
E L Munchenberg (appointed 20 October 2016)
G J Murray (appointed 20 October 2016)
M J O'Malley (appointed 20 October 2016)
G J Sauer (appointed 20 October 2016)*
G A Warner (term expired 20 October 2016)

SA Classification Council

B E Biggins*
A J Dale*
A P Durkin*
E Huxtable*
G S Karzis
J J Redman

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 29: Remuneration of Board and Committee Members (continued)

State Records Council

D Billich (term expired 22 November 2016)
J S Fetherstonhaugh (term expired 22 November 2016)
R K Foster (appointed 29 January 2017)
A W Leviston (appointed 29 January 2017)
G A Mackie (term expired 22 November 2016)
S E Marsden (appointed 29 January 2017)
H Merritt (appointed 20 April 2017)
K Nicholas (appointed 29 January 2017)*
H P Onopko (appointed 29 January 2017)
I T Sutherland (appointed 29 January 2017)
N Sumner (appointed 4 April 2017)*

SA Sentencing Advisory Council

P J Alexander (appointed 31 January 2017)
S E Carter
L J Chapman (appointed 31 January 2017)
K P Duggan
K P Fleming
R C Healy
C E Langman*
I D Leader-Elliott (appointed 31 January 2017)
S McDonald (appointed 1 February 2017)*
G Mead (appointed 1 February 2017)*
C M Mealor (appointed 1 February 2017)*
E F Nelson (appointed 31 January 2017)*
P Newitt (appointed 1 February 2017)*
M J O'Connell (appointed 1 February 2017)*
I D Press (term expired 30 January 2017)*
J L Rice
J R Sulan
L Williams (term expired 31 January 2017)*
M R Woods (term expired 31 January 2017)
A A Wright*

Safework SA Advisory Council

J Barbaro

S A Bellman
M Boland*
R Cairney (term expired 14 August 2016)
A M Cartledge (term expired 20 October 2016)
J M Cavanough (term expired 14 August 2016)
N Crack
T E Evans*
C Fisher
P J Harrison
M N Heylen (term expired 14 August 2016)
P H Lamps
G McCarthy*
E L Munchenberg (term expired 20 October 2016)
G J Murray (term expired 20 October 2016)
M J O'Malley
G A Warner (term expired 20 October 2016)
G N Twohig
L M Valentine
D J Watkins
D P Watson

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 29: Remuneration of Board and Committee Members (continued)

SA Civil and Administrative Tribunal (SACAT)

M S Alvino	A G King
R M Armour (appointed 17 November 2016)	J Lammersma
M Bagato	C Larkin
J Bakas	A Lazarevich
G B Box	C D Lester
L Clark	R Maerschel
S Cole	H R Mares
D T Coyte	K P McEvoy
C J D'arcy (appointed 17 November 2016)	P K Mickan
B M Day	K J Millar
M C De Rohan	D Parker
P J Duffy	G Parker
J S Dunstone	J M Petrie
A C Faulkner	A M Radin
A D Files (appointed 17 November 2016)	N J Rainford
J D Forgan	D J Rathman
I W Garnham	G L Rawson
S Georgiadis	J C Richardson
L Gilfillan	M Rischbieth
J Gipslis	J M Rugless
T D Griffin (appointed 17 November 2016)	R R Schroeder (appointed 17 November 2016)
D E Gursansky	E F Skinner
L Hastwell	D W Stevens
J Hundertmark	M A Stevens
J Irving	L M Sudano
B E Johns	E Stratton-Smith
M T Kennedy (appointed 17 November 2016)	

Health Practitioners Tribunal

M J Chamney (appointed 29 August 2016)	A M Milln (appointed 29 August 2016)
B A Coombe (appointed 29 August 2016)	M R Moy (appointed 29 August 2016)
S L De Lacey (appointed 29 August 2016)	C J Pirone (appointed 29 August 2016)
L E Denley	S M Raphael (appointed 29 August 2016)
J S Dunstone (appointed 29 August 2016)	D A Sainsbury (appointed 29 August 2016)
M H Feldman (term expired 12 January 2017)	B A Simondson (appointed 29 August 2016)
J D Fuller (appointed 29 August 2016)	J E Smith (appointed 29 August 2016)
P C Gaughwin (appointed 29 August 2016)	B H Steele (term expired 12 January 2017)
E Golding (appointed 29 August 2016)	D R Suyapto (appointed 29 August 2016)
M F Greig	C A Wagner (appointed 29 August 2016)
D E Gursansky (appointed 29 August 2016)	L M Whiteway (appointed 29 August 2016)
R F Hordern (appointed 29 August 2016)	L K Wiles (appointed 29 August 2016)

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 29: Remuneration of Board and Committee Members (continued)

Work Health and Safety Act 2012 Review Committee Panels

J Briggs*	T Kaukas*
J M Cavanough*	M Linke*
A Colella*	M Paterson*
P Eblen*	R Pickering*
T E Evans*	C Shearing*
J M Giles*	A Story*
T Hardie*	P Sutherland*
E Hennessy*	E Van Arend*
S A Hills*	

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

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

	2017	2016
	Number of	Number of
	members	members
\$0 - \$9 999	144	182
\$10 000 - \$19 999	7	8
\$20 000 - \$29 999	6	5
\$30 000 - \$39 999	5	2
\$40 000 - \$49 999	4	3
\$60 000 - \$69 999	3	5
\$70 000 - \$79 999	-	5
\$80 000 - \$89 999	2	1
\$110 000 - \$119 999	1	-
Total number of members	172	211

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$1.3 million (2016 - \$1.33 million).

Amounts paid to a superannuation plan for board/committee members was \$0.11 million (2016 - \$0.11 million).

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

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 30: Related Party Transactions

The department is a government administrative unit and is wholly owned and controlled by the Crown.

Related parties of the department include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Significant transactions with government related entities

The department had no significant transactions with government related entities.

Collectively, but not individually significant transactions with government related entities

Quantitative information about transactions and balances between the Attorney-General's Department and other SA Government controlled entities are disclosed at Note 33:

Key Management Personnel

Key management personnel (KMP) of the department include the Attorney-General, the Chief Executive Officer and the 11 members of the Executive Management Group who have responsibility for the strategic direction and management of the department. The compensation detailed below also excludes salaries and other benefits the Attorney-General receives, the Attorney-General's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*. Compensation detailed below also excludes the salaries and other benefits the Public Trustee receives as KMP, as these are paid by Public Trustee Corporate.

	2017
Compensation	\$'000
Salaries and other short term employee benefits	3 019
Post-employment benefits	294
Other long-term employment benefits	47
Total compensation	3 360

Transactions with key management personnel and other related parties

There are no material transactions or balances to disclose with key management personnel or related parties.

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 31: Financial Instruments/Financial Risk Management

Risk management is managed by the department's corporate services section and the departmental risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The department is exposed to financial risk - liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

Categorisation of financial instruments

Details of significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 2: Significant accounting policies or the respective financial assets/financial liabilities note.

Category of financial assets and financial liabilities	Statement of Financial Position line item	Note	Carrying Amount 2017 \$'000	Fair Value 2017 \$'000	Carrying Amount 2016 \$'000	Fair Value 2016 \$'000
Financial assets						
Cash and cash equivalents	Cash and cash equivalents	16	41 252	41 252	31 734	31 734
Loans and receivables	Receivables ⁽¹⁾⁽²⁾	17	9 645	9 645	11 954	11 954
Financial liabilities						
Financial liabilities at cost	Payables ⁽¹⁾	21	10 792	10 792	5 229	5 229
	Other liabilities	24	294	294	231	231

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

⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in Note 17: as trade and other receivables in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Fair Value

The Department does not recognise any financial assets or financial liabilities at fair value (refer to Note 2: Significant accounting policies).

Credit Risk

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

Allowances for impairment of financial assets are calculated on past experiences and expected changes in client credit rating. Currently the Department does not hold any collateral as security for any of its financial assets. Other than receivables there is no evidence to indicate that financial assets are impaired. The following table discloses the ageing of financial assets past due.

Attorney-General's Department
Notes to and forming part of the financial statements
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Note 31: Financial Instruments/Financial Risk Management (continued)

Ageing analysis of financial assets

The following table discloses the ageing of financial assets which are past due, analysed into those assets which are impaired and not impaired.

	Past due by			Total \$'000
	Overdue for < 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for > 60 days \$'000	
2017				
Not Impaired				
Receivables ⁽¹⁾	8 308	664	673	9 645
Impaired				
Receivables	-	-	9	9
2016				
Not Impaired				
Receivables ⁽¹⁾	10 724	1 145	85	11 954
Impaired				
Receivables	-	-	448	448

Maturity analysis of financial assets and liabilities

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

	Carrying amount \$'000	Contractual maturities		
		<1 year \$'000	1-5 years \$'000	> 5 years \$'000
2017				
Financial assets				
Cash and cash equivalents	41 252	41 252	-	-
Receivables ⁽¹⁾	9 645	9 645	-	-
Total financial assets	50 897	50 897	-	-
Financial liabilities				
Payables ⁽¹⁾	10 792	10 792	-	-
Other liabilities	294	201	93	-
Total financial liabilities	11 086	10 993	93	-

	Carrying amount \$'000	Contractual maturities		
		<1 year \$'000	1-5 years \$'000	> 5 years \$'000
2016				
Financial assets				
Cash and cash equivalents	31 734	31 734	-	-
Receivables ⁽¹⁾	11 954	11 954	-	-
Total financial assets	43 688	43 688	-	-
Financial liabilities				
Payables ⁽¹⁾	5 229	5 229	-	-
Other liabilities	231	161	70	-
Total financial liabilities	5 460	5 390	70	-

Note 31: Financial Instruments/Financial Risk Management (continued)

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables.

Liquidity Risk

The Department is funded principally from appropriations by the SA Government. The Department works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash outflows.

The continued existence of the Department in its present form, and with its present programs, is dependent on State Government policy and on continuing appropriations by Parliament for the Department's administration and programs. The Department aims to settle undisputed accounts within 30 days from the date the invoice is first received.

The Department's exposure to liquidity risk is insignificant due to the nature of the financial instruments held and current assessment of risk.

Market Risk

The Department currently holds no interest bearing financial instruments and is not exposed to interest rate risk.

Sensitivity Analysis

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

Note 32: Events after reporting period

There are no known events after balance date that affect these financial statements.

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 33: Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. 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	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses							
Employee benefits expenses	5	7 399	7 362	150 225	148 657	157 624	156 019
Supplies and services	6						
Accommodation		4 099	2 967	823	1 646	4 922	4 613
Operating lease minimum payments		18 677	18 028	-	-	18 677	18 028
Information and communications technology		1 526	5 778	15 044	11 724	16 570	17 502
Office expenses		4	2	2 897	2 757	2 901	2 759
Outsourced services		30	126	2 486	2 547	2 516	2 673
Shared Services SA charges		1 945	1 845	-	-	1 945	1 845
Staff payments		113	75	1 763	1 813	1 876	1 888
Telephone related expenses		1 180	1 286	637	636	1 817	1 922
Contract staff		18	24	1 432	2 178	1 450	2 202
Motor vehicle expenses		1 309	221	66	1 271	1 375	1 492
Legal fees		6	11	1 427	1 664	1 433	1 675
Laboratory supplies		-	-	1 314	1 370	1 314	1 370
Repairs, maintenance and minor purchases		2	3	1 186	1 190	1 188	1 193
Promotions and publications		7	77	1 064	982	1 071	1 059
Consultancies		-	-	928	1 597	928	1 597
Tax payments		75	78	802	766	877	844
Minor works		104	98	281	53	385	151
Storage and archive costs		1	-	336	281	337	281
Other		1 203	723	5 207	4 859	6 410	5 582
Grants and subsidies	7						
Community Legal Centres		-	-	5 192	5 327	5 192	5 327
SafeWork SA		-	-	1 234	2 206	1 234	2 206
Crime Prevention		269	262	1 390	1 225	1 659	1 487
Native Title		-	-	880	880	880	880
Other		101	221	1 629	1 388	1 730	1 609
Depreciation and amortisation	8	-	-	5 384	5 520	5 384	5 520
Net loss from the disposal of non-current assets	10	-	-	16	30	16	30
Other expenses	9						
Witness expenses		733	633	-	-	733	633
Other		336	337	207	485	543	822
Total expenses		39 137	40 157	203 850	203 052	242 987	243 209

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 33: Transactions with SA Government (continued)

		SA Government		Non-SA Government		Total	
		2017	2016	2017	2016	2017	2016
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income							
Revenues from fees and charges	11						
Licence and regulatory fees		6 526	18 945	50 301	36 739	56 827	55 684
Legal services		14 497	12 445	9 510	9 805	24 007	22 250
Network services		11 790	11 852	7	-	11 797	11 852
Recovery of expenditure		6 359	6 496	554	664	6 913	7 160
Forensic services		924	4 400	812	1 102	1 736	5 502
Other		137	113	380	235	517	348
Recoveries	12						
Industrial Relations Court & Commission		-	1 045	7 002	7 115	7 002	8 160
Crown Solicitor's Office		5 162	5 233	1 301	1 167	6 463	6 400
Forensic services		84	81	623	287	707	368
Consumer and Business Services		43	25	124	265	167	290
Other		2 332	3 198	932	569	3 264	3 767
Commonwealth revenue		-	-	4 074	5 706	4 074	5 706
Grants and subsidies	13						
Ombudsman SA		154	612	441	-	595	612
Information and communication technology		407	522	-	-	407	522
Medical Panels SA		-	466	-	-	-	466
Crown Solicitor's Office		135	135	-	-	135	135
Other		380	231	68	18	448	249
Donated asset		64	-	-	-	64	-
Other income	14	-	699	2 678	2 382	2 678	3 081
Revenues from SA Government	15	117 349	112 540	-	-	117 349	112 540
Total income		166 343	179 038	78 807	66 054	245 150	245 092
Financial assets							
Receivables	17						
Receivables		8 705	11 209	949	1 193	9 654	12 402
Less allowance for doubtful debts		-	-	(9)	(448)	(9)	(448)
GST receivable		-	-	1 199	691	1 199	691
Prepayments		120	113	1 392	1 100	1 512	1 213
Lease incentive receivable		2 899	2 899	-	-	2 899	2 899
Total financial assets		11 724	14 221	3 531	2 536	15 255	16 757
Financial liabilities							
Payables	21						
Accruals		3 636	2 358	6 979	3 687	10 615	6 045
Creditors		680	680	444	6	1 124	686
Employee on-costs		2 560	2 519	3 088	2 939	5 648	5 458
Other current payables		-	-	52	25	52	25
Total financial liabilities		6 876	5 557	10 563	6 657	17 439	12 214

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 34: Budgetary Reporting and Explanations of major variances between budget and actual amounts

Statement of Comprehensive Income	Note	Original budget¹ 2017 \$'000	Actual 2017 \$'000	Variance \$'000
Expenses				
Employee benefits		157 608	157 624	16
Supplies and services		71 784	67 992	(3 792)
Grants and subsidies	a	13 536	10 695	(2 841)
Depreciation and amortisation		6 183	5 384	(799)
Net loss from disposal of non-current assets		-	16	16
Other expenses		1 248	1 276	28
Total Expenses		250 359	242 987	(7 372)
Income				
Fees and charges		97 839	101 797	3 958
Recoveries	b	22 407	17 603	(4 804)
Commonwealth revenues		4 322	4 074	(248)
Grants and subsidies	c	3 502	1 585	(1 917)
Donated assets		-	64	64
Other income		2 538	2 678	140
Total income		130 608	127 801	(2 807)
Net cost of providing services		119 751	115 186	(4 565)
Revenues from / payments to SA government				
Revenues from SA government		118 141	117 349	(792)
Total net revenues from SA Government		118 141	117 349	(792)
Net result		(1 610)	2 163	3 773
Total comprehensive result		(1 610)	2 163	3 773

Explanations are required to be provided for variances where the variance exceeds the greater of 10 per cent of the original budgeted amount and 5 per cent of original budgeted total expenses.

¹ These budgeted amounts have not been subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2016-17 Budget Papers, Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

- a) Grants and subsidies expenditure was less than the original budget due to a budget classification issue which was corrected during 2016-17.
- b) Recoveries were less than the original budget due to lower recoveries received in 2016-17, and is offset by lower supplies and services expenditure incurred.
- c) Grants and subsidies income were less than the original budget due to a budget classification issue which was corrected during 2016-17.

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note 34: Budgetary Reporting and Explanations of major variances between budget and actual amounts (continued)

		Original budget ¹	Actual	Variance
		2017	2017	
		\$'000	\$'000	\$'000
Investing expenditure summary	Note			
Total new projects		1 485	245	(1 240)
Total existing projects		1 534	2 854	1 320
Total annual program		921	2 129	1 208
Total investing expenditure		3 940	5 228	1 288

¹ These budgeted amounts have not been subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2016-17 Budget Papers, Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

Attorney-General's Department
Statement of Administered Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Expenses			
Payments to Consolidated Account		347 703	362 354
Grants and subsidies	A9	46 483	46 128
Victims of Crime payments	A10	17 291	13 420
State Rescue Helicopter Service Charges	A11	16 231	15 367
Employee benefits	A12	9 579	15 255
Depreciation and amortisation	A13	5 782	6 133
Donated assets	A28	3 823	-
Net loss from the disposal of non-current assets	A8	664	9
Other	A14	50 337	70 169
Total expenses		497 893	528 835
Income			
Taxation	A3	265 652	287 588
Revenues from SA Government	A4	82 736	64 902
Fines and related fees		94 353	86 655
Victims of Crime levies		41 945	42 037
Government Radio Network recoveries		26 043	26 130
Commonwealth revenues		16 250	15 699
Grants and subsidies received	A5	2 562	3 859
Interest revenues	A6	3 568	4 049
Fees and charges		2 697	2 778
Recoveries and other income	A7	9 820	15 584
Total income		545 626	549 281
Net result		47 733	20 446
Total comprehensive result		47 733	20 446

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

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

Attorney-General's Department
Statement of Administered Financial Position
as at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	A15	373 574	342 979
Receivables	A16	26 944	28 031
Total current assets		400 518	371 010
Non-current assets			
Property, plant and equipment	A17	77 321	58 226
Total non-current assets		77 321	58 226
Total assets		477 839	429 236
Current liabilities			
Payables	A19	8 555	6 701
Employee benefits	A20	754	983
Other current liabilities	A21	33 642	34 011
Total current liabilities		42 951	41 695
Non-current liabilities			
Payables	A19	128	161
Employee benefits	A20	1 386	1 739
Total non-current liabilities		1 514	1 900
Total liabilities		44 465	43 595
Net assets		433 374	385 641
Equity			
Asset revaluation surplus		18 311	18 311
Retained earnings		415 063	367 330
Total equity		433 374	385 641

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	A23
Contingent assets and liabilities	A24

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

Attorney-General's Department
Statement of Administered Changes in Equity
for the year ended 30 June 2017

	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total \$'000
	Note		
Balance at 30 June 2015	18 311	346 884	365 195
Net result for 2015-16	-	18 514	18 514
Error Correction	-	1 932	1 932
Total comprehensive result for 2015-16	-	20 446	20 446
Balance at 30 June 2016	18 311	367 330	385 641
Net result for 2016-17	-	47 733	47 733
Total comprehensive result for 2016-17	-	47 733	47 733
Balance at 30 June 2017	18 311	415 063	433 374

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

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

Attorney-General's Department
Statement of Administered Cash Flows
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Cash inflows			
Taxation receipts		265 652	287 587
Receipts from SA Government		82 736	64 902
Fines and related fees		94 302	87 119
Victims of Crime levies		41 945	42 037
Government Radio Network recoveries		26 043	26 130
Receipts from Commonwealth		16 250	15 699
Interest receipts		3 610	4 046
Fees and charges		2 697	2 778
Grants and subsidies received		2 562	3 859
Other receipts		11 320	14 740
Cash provided by operations		547 117	548 897
Cash outflows			
Payments to Consolidated Account		(349 859)	(361 928)
Grants payments		(46 483)	(46 129)
Employee benefit payments		(10 234)	(14 979)
Victims of Crime payments		(17 291)	(13 420)
Other payments		(63 291)	(85 431)
Cash used in operations		(487 158)	(521 887)
Net cash provided by operating activities	A22	59 959	27 010
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(29 364)	(10 611)
Cash used in investing activities		(29 364)	(10 611)
Net cash provided by investing activities		(29 364)	(10 611)
Cash flows from financing activities			
Cash inflows			
Proceeds from lease fitout		-	(24)
Cash used in financing activities		-	(24)
Net cash provided by financing activities		-	(24)
Net increase in cash and cash equivalents		30 595	16 375
Cash and cash equivalents at the beginning of the reporting period		342 979	326 604
Cash and cash equivalents at the end of the reporting period	A15	373 574	342 979

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

Attorney-General's Department
Schedule of Expenses and Income attributable to Administered activities
for the year ended 30 June 2017

Administered Activity	Consumer and Business Services		Victims of Crime		Public Safety	
	1		2		3	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Administered expenses						
Payments to Consolidated Account	(269 226)	(290 426)	-	-	(1 061)	(1 057)
Grants and subsidies	(1 204)	(3 081)	(4 323)	(3 876)	(536)	(310)
Victims of Crime payments	-	-	(17 291)	(13 420)	-	-
State Rescue Helicopter Service Charges	-	-	-	-	(16 231)	(15 367)
Employee benefits	-	-	(1 128)	(1 275)	(3 538)	(3 675)
Depreciation and amortisation	-	-	-	2	(5 737)	(6 056)
Donated assets	-	-	-	-	(3 680)	-
Net loss from the disposal of non-current assets	-	-	-	-	(664)	(9)
Other	(1 841)	(5 657)	(2 951)	(2 368)	(24 294)	(24 763)
Total administered expenses	(272 271)	(299 164)	(25 693)	(20 937)	(55 741)	(51 237)
Administered income						
Taxation	265 652	287 588	-	-	-	-
Revenues from SA Government	-	2 702	8 428	8 222	42 054	12 593
Fines and related fees	-	-	-	-	-	-
Victims of Crime levies	-	-	41 945	42 037	-	-
Government Radio Network recoveries	-	-	-	-	26 043	26 130
Commonwealth revenues	-	-	-	-	-	-
Grants and subsidies received	-	-	-	-	1 755	3 147
Interest revenues	37	48	3 516	3 991	-	-
Fees and charges	2 697	2 778	-	-	-	-
Recoveries and other income	1 622	7 125	1 935	2 242	6 096	5 785
Total administered income	270 008	300 241	55 824	56 492	75 948	47 655
Net cost of providing services	(2 263)	1 077	30 131	35 555	20 207	(3 582)

Attorney-General's Department
Schedule of Expenses and Income attributable to Administered activities
for the year ended 30 June 2017

Administered Activity	Trust Accounts		Legal Aid		Fines Enforcement and Recovery	
	4		5		6	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered expenses						
Payments to Consolidated Account	-	-	-	-	(76 394)	(70 149)
Grants and subsidies	-	-	(38 097)	(37 122)	-	-
Victims of Crime payments	-	-	-	-	-	-
State Rescue Helicopter Service Charges	-	-	-	-	-	-
Employee benefits	-	-	-	-	2	-
Depreciation and amortisation	-	-	-	-	-	-
Donated assets	-	-	-	-	-	-
Net loss from the disposal of non-current assets	-	-	-	-	-	-
Other	-	-	-	-	(17 778)	(16 936)
Total administered expenses	-	-	(38 097)	(37 122)	(94 170)	(87 085)
Administered income						
Taxation	-	-	-	-	-	-
Revenues from SA Government	-	-	21 696	21 322	-	-
Fines and related fees	-	-	-	-	94 353	86 655
Victims of Crime levies	-	-	-	-	-	-
Government Radio Network recoveries	-	-	-	-	-	-
Commonwealth revenues	-	-	16 250	15 699	-	-
Grants and subsidies received	-	-	-	-	-	-
Interest revenues	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-
Recoveries and other income	-	-	-	-	-	-
Total administered income	-	-	37 946	37 021	94 353	86 655
Net cost of providing services	-	-	(151)	(101)	183	(430)

Attorney-General's Department
Schedule of Expenses and Income attributable to Administered activities
for the year ended 30 June 2017

Administered Activity	Other		Total	
	7			
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Administered expenses				
Payments to Consolidated Account	(1 022)	(722)	(347 703)	(362 354)
Grants and subsidies	(2 323)	(1 739)	(46 483)	(46 128)
Victims of Crime payments	-	-	(17 291)	(13 420)
State Rescue Helicopter Service Charges	-	-	(16 231)	(15 367)
Employee benefits	(4 915)	(10 305)	(9 579)	(15 255)
Depreciation and amortisation	(45)	(79)	(5 782)	(6 133)
Donated assets	(143)	-	(3 823)	-
Net loss from the disposal of non-current assets	-	-	(664)	(9)
Other	(3 473)	(20 445)	(50 337)	(70 169)
Total administered expenses	(11 921)	(33 290)	(497 893)	(528 835)
Administered income				
Taxation	-	-	265 652	287 588
Revenues from SA Government	10 558	20 063	82 736	64 902
Fines and related fees	-	-	94 353	86 655
Victims of Crime levies	-	-	41 945	42 037
Government Radio Network recoveries	-	-	26 043	26 130
Commonwealth revenues	-	-	16 250	15 699
Grants and subsidies received	807	712	2 562	3 859
Interest revenues	15	10	3 568	4 049
Fees and charges	-	-	2 697	2 778
Recoveries and other income	167	432	9 820	15 584
Total administered income	11 547	21 217	545 626	549 281
Net cost of providing services	(374)	(12 073)	47 733	20 446

Attorney-General's Department
Schedule of Assets and Liabilities attributable to Administered Activities
As at 30 June 2017

Administered Activity	Consumer and Business Services		Victims of Crime		Public Safety	
	1		2		3	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Administered assets						
Current						
Cash and cash equivalents	30 116	33 638	270 578	239 710	60 642	56 117
Receivables	21 366	22 369	1 451	1 570	3 238	3 233
Non-current						
Property, plant and equipment	-	-	(1)	(1)	77 269	57 986
Total administered assets	51 482	56 007	272 028	241 279	141 149	117 336
Administered liabilities						
Current						
Payables	(230)	(70)	(1 135)	(441)	(5 916)	(2 667)
Employee benefits	-	-	(94)	(119)	(364)	(345)
Other current liabilities	(21 733)	(24 152)	-	-	(540)	(277)
Non-current						
Payables	-	-	(25)	(29)	(74)	(66)
Employee benefits	-	-	(269)	(319)	(792)	(725)
Total administered liabilities	(21 963)	(24 222)	(1 523)	(908)	(7 686)	(4 080)
Net administered assets	29 519	31 785	270 505	240 371	133 463	113 256

Attorney-General's Department
Schedule of Assets and Liabilities attributable to Administered Activities
As at 30 June 2017

Administered Activity	Trust Accounts		Legal Aid		Fines Enforcement and Recovery	
	4		5		6	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Administered assets						
Current						
Cash and cash equivalents	4 119	2 889	(99)	2	8 036	7 241
Receivables	-	-	15	10	507	594
Non-current						
Property, plant and equipment	-	-	-	-	-	-
Total administered assets	4 119	2 889	(84)	12	8 543	7 835
Administered liabilities						
Current						
Payables	-	-	(167)	(111)	67	34
Employee benefits	-	-	-	-	-	-
Other current liabilities	(4 119)	(2 889)	-	-	(7 250)	(6 691)
Non-current						
Payables	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Total administered liabilities	(4 119)	(2 889)	(167)	(111)	(7 183)	(6 657)
Net administered assets	-	-	(251)	(99)	1 360	1 178

Attorney-General's Department
Schedule of Assets and Liabilities attributable to Administered Activities
As at 30 June 2017

Administered Activity	Other		Total	
	7			
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Administered assets				
Current				
Cash and cash equivalents	182	3 382	373 574	342 979
Receivables	367	255	26 944	28 031
Non-current				
Property, plant and equipment	53	241	77 321	58 226
Total administered assets	602	3 878	477 839	429 236
Administered liabilities				
Current				
Payables	(1 174)	(3 446)	(8 555)	(6 701)
Employee benefits	(296)	(519)	(754)	(983)
Other current liabilities	-	(2)	(33 642)	(34 011)
Non-current				
Payables	(29)	(66)	(128)	(161)
Employee benefits	(325)	(695)	(1 386)	(1 739)
Total administered liabilities	(1 824)	(4 728)	(44 465)	(43 595)
Net administered assets	(1 222)	(850)	433 374	385 641

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note A1 Significant accounting policies

The Attorney-General's Department accounting policies are contained in Note 2 Significant Accounting Policies. The policies outlined in Note 2 apply to both the departments and administered financial statements.

Payments to Consolidated Account

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy, taxation revenue and fines and related fees paid directly to the Consolidated Account.

Note A2 Administered Activities

Activity 1: Consumer and Business Services

This administered activity recognises activities in relation to the receipt of payments associated with Gaming Machines and Gaming Taxation. It also recognises receipts and payments associated with Betting Services, Racing Operations, Lottery Licences and Liquor Subsidies.

Activity 2: Victims of Crime

This administered activity relates to receipts and payments associated with the Victims of Crime Act 2001. The Act provides for payment of compensation to persons who suffer injury as a result of criminal acts and the recovery from the offenders. Payments to victims and the monies recovered from offenders are processed through an interest bearing special deposit account.

Activity 3: Public Safety

This administered activity relates to the activities of the State Rescue Helicopter Service, the ongoing maintenance and support of the SA Computer Aided Dispatch (SACAD) system, a significant project to upgrade the existing SA Government Radio Network (SAGRN), and the ongoing maintenance and support of the SAGRN system.

Activity 4: Trust Accounts

This administered activity relates to activities associated with the Crown Solicitor's Trust Account. The Department receives monies which are held in trust pending the outcome of future events or settlements. The Department does not have direct control over these funds and acts in the capacity as trustee. Beneficiaries include other government departments for the sale of government property and claims from individuals.

Activity 5: Legal Aid

This administered activity relates to grant payments made to the Legal Services Commission. The Department receives annual specific grant funding from the Commonwealth which, together with the State Government component, is paid to the Legal Services Commission. The Commonwealth grant funding provides legal assistance for matters arising under Commonwealth law, while the State Government grant funding is expended on State law matters.

Activity 6: Fines Enforcement and Recovery

This administered activity relates to the collection of revenue from the Fines Enforcement and Recovery Unit.

Activity 7: Other

This administered activity reflects the financial performance and position of various other administered activities, including Royal Commissions which, administratively, fall under the Department.

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Note A3 Taxation revenue

	2017	2016
	\$'000	\$'000
Taxation gaming machines	264 948	283 863
Taxation off-course totalisator	704	3 725
Total taxation revenue	265 652	287 588

Note A4 Revenues from SA Government

	2017	2016
	\$'000	\$'000
Appropriations from Consolidated Account pursuant to the Appropriations Act	68 725	52 234
Appropriations received from the Treasurer's Contingency Fund	1 900	-
Appropriations under other Acts	12 111	12 668
Total revenues from SA Government	82 736	64 902

Total revenues from Government consist of \$48.6 million (\$51.5 million) for operational funding and \$34.1 million (\$13.4 million) for capital projects. For details on the expenditure associated with operational funding and capital funding received refer to Note A8 to Note A14 . There were no material variations between the amount appropriated and the expenditure associated with this appropriation.

Note A5 Grants and subsidies received

	2017	2016
	\$'000	\$'000
Grants from SA Government Agencies		
State Rescue Helicopter Service	1 465	2 857
SA Computer Aided Dispatch	290	290
Other	807	712
Total grants and subsidies received	2 562	3 859

Note A6 Interest revenues

	2017	2016
	\$'000	\$'000
Interest from the Department of Treasury and Finance	3 568	4 049
Total interest revenues	3 568	4 049

Note A7 Recoveries and other income

	2017	2016
	\$'000	\$'000
Recoveries for State Rescue Helicopter Service	5 253	4 149
Gaming Machine Trading Round revenue	1 508	5 707
Confiscation of profits	1 106	1 579
Sundry recoveries	1 106	3 438
Recoveries from offenders	807	640
Other	40	71
Total recoveries and other income	9 820	15 584

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Note A8 Net loss from the disposal of non-current assets

	2017	2016
	\$'000	\$'000
Plant & Equipment Assets		
Proceeds from disposal	664	9
Less net book value of assets disposed	-	-
Net loss from disposal of assets	664	9
Total net loss from disposal of non-current assets	664	9

Note A9 Grants and subsidies

	2017	2016
	\$'000	\$'000
Legal Services Commission	38 097	37 122
Victims of Crime	4 323	3 876
Liquor Subsidies	1 204	3 082
Other	2 859	2 048
Total grants and subsidies	46 483	46 128

Note A10 Victims of Crime payments

	2017	2016
	\$'000	\$'000
Victims of Crime payments	17 291	13 420
Total Victims of Crime payments	17 291	13 420

Note A11 State Rescue Helicopter Service charges

	2017	2016
	\$'000	\$'000
State Rescue Helicopter Service charges	16 231	15 367
Total State Rescue Helicopter Service charges	16 231	15 367

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Note A12 Employee benefits expense

	2017	2016
	\$'000	\$'000
Salaries and wages	8 220	12 276
Employment on-costs - superannuation	1 056	1 505
Long service leave	(410)	607
Employment on-costs - other	387	638
Annual leave	342	223
Skills and experience retention leave	(16)	6
Total employee benefits expenses	9 579	15 255

Remuneration of officers

	2017	2016
	No.	No.
The number of officers, including judicial officers, whose remuneration received or receivable falls within the following bands:		
\$145 000 to \$147 000*	n/a	-
\$147 001 to \$157 000	-	4
\$157 001 to \$167 000	-	1
\$167 001 to \$177 000**	1	-
\$187 001 to \$197 000	-	1
\$207 001 to \$217 000	-	1
\$217 001 to \$227 000	1	1
\$267 001 to \$277 000	-	1
\$277 001 to \$287 000	1	1
\$347 001 to \$357 000	1	1
\$357 001 to \$367 000	-	1
\$417 001 to \$427 000	1	1
\$427 001 to \$437 000	1	-
\$497 001 to \$507 000	2	3
\$527 001 to \$537 000	3	1
\$567 001 to \$577 000**	-	1
\$747 001 to \$757 000**	-	1
Total number of officers	11	19

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2015-16.

** Includes payment of long service leave, annual leave, termination benefits for officers who have left the Department.

The table includes all officers who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of officers reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. Total remuneration received or due and receivable by these officers was \$4.5 million (2016 - \$7.8 million).

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Note A13 Depreciation and amortisation expense

	2017	2016
	\$'000	\$'000
Depreciation		
Government Radio Network assets	5 682	5 702
Information technology	-	299
Leasehold improvements	42	42
Buildings and other structures	55	55
Plant and equipment	3	35
Total depreciation expense	5 782	6 133

Note A14 Other expenses

	2017	2016
	\$'000	\$'000
Government Radio Network expenditure	19 452	18 882
Suitor payments	17 778	16 936
Information and communications technology	2 425	2 497
Transfer from Victims of Crime Fund	2 768	2 137
Claims	1 900	13 550
Gaming Machine Trading Round disbursements	1 343	5 434
Legal fees	1 296	1 177
Operating lease minimum payments	438	860
Accommodation	429	346
Office expenses	399	497
Contract staff	371	2 466
Consultants	157	2 453
Contract maintenance	113	458
Other expenses	1 468	2 476
Total other expenses	50 337	70 169

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

	No.	2017 \$'000	No.	2016 \$'000
Below \$10 000	5	21	6	31
Between \$10 000 and \$50 000	3	50	5	169
Above \$50 000	1	86	9	2 253
Total paid/payable to consultants engaged	9	157	20	2 453

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Notes to and forming part of the financial statements
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Note A15 Cash and cash equivalents

	2017	2016
	\$'000	\$'000
Deposits with the Treasurer	373 574	342 979
Total cash and cash equivalents	373 574	342 979

Interest rate risk

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

Note A16 Receivables

	2017	2016
	\$'000	\$'000
Receivables	23 306	24 806
Accrued interest	308	350
Prepayments	894	490
Other	2 436	2 385
Total receivables	26 944	28 031

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.

Collection of receivables is reviewed on an ongoing basis. 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 A25 for further information on risk management

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Notes to and forming part of the financial statements
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Note A17 Property, plant and equipment		2017	2016
		\$'000	\$'000
Buildings & other structures			
At cost (deemed fair value)		1 934	1 934
Less accumulated depreciation		(510)	(455)
Total buildings & other structures		1 424	1 479
Leasehold improvements			
At cost (deemed fair value)		162	162
Less accumulated depreciation		(109)	(67)
Total leasehold improvements		53	95
Plant and equipment			
At cost (deemed fair value)		61	213
Less accumulated depreciation		(46)	(68)
Total plant and equipment		15	145
Information technology			
At cost (deemed fair value)		2 966	2 966
Less accumulated depreciation		(2 966)	(2 965)
Total information technology		-	1
Capital work in progress			
At cost (deemed fair value)		40 744	15 446
Total capital work in progress		40 744	15 446
Government Radio network assets			
At cost (deemed fair value)		72 745	73 334
Less accumulated depreciation		(37 660)	(32 274)
Total government radio network assets		35 085	41 060
Total property, plant and equipment		77 321	58 226

- (1) Valuations of land & buildings and leasehold improvements were performed by Martin Burns, M.B.A., B.App.Sc. Property Resource Management, AAPI, an independent Certified Practising Valuer of Liquid Pacific as at 30 June 2015.
- (2) Valuations of buildings and improvements and radio network assets were performed by an independent valuer, Mark Ochota, Principal Consultant of UXC Consulting as at 30 June 2016.
- (3) There were no indications of impairment of property, plant and equipment and infrastructure at 30 June 2017.

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Note A17 **Property, plant and equipment (continued)**

Property, plant and equipment movement schedule – Administered items

	Leasehold improvements	Information technology	Plant and equipment	Capital work in progress
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2016	95	1	145	15 446
Additions	-	(1)	16	29 312
Depreciation and amortisation	(42)	-	(3)	-
Donated assets	-	-	(3 823)	-
Transfers (from) to work in progress	-	-	3 680	(4 014)
Disposal	-	-	-	-
Other	-	-	-	-
Carrying amount at 30 June 2017	53	-	15	40 744

	Buildings and other structures	Government Radio network assets	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2016	1 479	41 060	58 226
Additions	-	37	29 364
Depreciation and amortisation	(55)	(5 682)	(5 782)
Donated assets	-	-	(3 823)
Transfers (from) to work in progress	-	334	-
Disposal	-	(664)	(664)
Other	-	-	-
Carrying amount at 30 June 2017	1 424	35 085	77 321

	Leasehold improvements	Information technology	Plant and equipment	Capital work in progress
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2015	138	303	181	6 355
Additions	(1)	-	(1)	9 096
Depreciation and amortisation	(42)	(299)	(35)	-
Donated assets	-	-	-	-
Transfers (from) to work in progress	-	-	-	-
Disposal	-	(3)	-	-
Other	-	-	-	(5)
Carrying amount at 30 June 2016	95	1	145	15 446

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Notes to and forming part of the financial statements
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Note A17 **Property, plant and equipment (continued)**

	Buildings and other structures	Government Radio network assets	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2015	1 534	46 767	55 278
Additions	-	-	9 094
Depreciation and amortisation	(55)	(5 702)	(6 133)
Donated assets	-	-	-
Transfers (from) to work in progress	-	-	-
Disposal	-	(6)	(9)
Other	-	1	(4)
Carrying amount at 30 June 2016	1 479	41 060	58 226

Note A18 **Fair value measurement**

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The Department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs use in measurement.

Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2017.

Fair value measurements at 30 June 2017	Level 3	2017
Recurring fair value measurements	\$'000	\$'000
Government Radio network assets	35 085	35 085
Leasehold improvements	53	53
Information technology	-	-
Buildings and other structures	1 424	1 424
Plant and equipment	15	15
Total recurring fair value measurements	36 577	36 577

Fair value measurements at 30 June 2016	Level 3	2016
Recurring fair value measurements	\$'000	\$'000
Government Radio network assets	41 060	41 060
Leasehold improvements	95	95
Information technology	1	1
Buildings & other structures	1 479	1 479
Plant and equipment	145	145
Total recurring fair value measurements	42 780	42 780

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2017. The Department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

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Notes to and forming part of the financial statements
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Note A18 Fair value measurement (continued)

Reconciliation of fair value measurements - level 3

All assets have been determined to be at level 3. The fair values were determined using depreciated replacement cost approach. Key assumptions were assessing the remaining useful life and the purpose of the assets.

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurement.

	Leasehold improvements	Information technology	Plant and equipment	Buildings & other structures	Government Radio network assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2016	95	1	145	1 479	41 060	42 780
Additions	-	(1)	16	-	37	52
Donated assets	-	-	(3 823)	-	-	(3 823)
Transfers from (to) work in progress	-	-	3 680	-	334	4 014
Disposals	-	-	-	-	(664)	(664)
Subtotal	95	-	18	1 479	40 767	42 359
Gains/(losses) for the period recognised in net result						
Depreciation and amortisation	(42)	-	(3)	(55)	(5 682)	(5 782)
Subtotal	(42)	-	(3)	(55)	(5 682)	(5 782)
Carrying amount at 30 June 2017	53	-	15	1 424	35 085	36 577

	Leasehold improvements	Information technology	Plant and equipment	Buildings & other structures	Government Radio network assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2015	138	303	181	1 534	46 767	48 923
Additions	-	-	-	-	-	-
Transfers from (to) work in progress	-	-	-	-	-	-
Other	(1)	-	(1)	-	1	(1)
Disposals	-	(3)	-	-	(6)	(9)
Subtotal	137	300	180	1 534	46 762	48 913
Gains/(losses) for the period recognised in net result						
Depreciation and amortisation	(42)	(299)	(35)	(55)	(5 702)	(6 133)
Subtotal	(42)	(299)	(35)	(55)	(5 702)	(6 133)
Carrying amount at 30 June 2016	95	1	145	1 479	41 060	42 780

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Notes to and forming part of the financial statements
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Note A19 Payables – administered items

	2017	2016
	\$'000	\$'000
Current		
Creditors and Accruals	8 432	6 538
Employment on costs	123	163
Total current payables	8 555	6 701
Non-current		
Employment on costs	128	161
Total non-current payables	128	161
Total payables	8 683	6 862

The Department of Treasury and Finance has performed an actuarial assessment of long service leave as at 30 June 2017. The percentage of the proportion of long service leave taken as leave has remained unchanged 40% for 30 June 2017 and the average factor for the calculation of employer superannuation on-cost is 10.1% (10.2% 2016). These rates are used in the employment on-cost calculation. The financial effect of the change in the superannuation on-cost rate on employment on-costs and employee benefit expense is immaterial.

Interest rate and credit risk

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

Refer to Note A25 for further information on risk management

Note A20 Employee benefits – administered items

	2017	2016
	\$'000	\$'000
Current		
Annual leave	456	582
Long service leave	104	193
Accrued salaries and wages	160	158
Skills and experience retention leave	34	50
Total current employee benefits	754	983
Non-current		
Long service leave	1 386	1 739
Total non-current employee benefits	1 386	1 739
Total employee benefits	2 140	2 722

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability. An actuarial assessment performed by the Department of Treasury and Finance was used to calculate the liability.

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Note A20 Employee benefits – administered items (continued)

AASB 119 *Employee Benefits* 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 increased from 2016 (2%) to 2017 (2.5%).

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

The net financial effect of the changes in the current financial year is a decrease in the long service leave liability of \$98 000 and employee benefit expense of \$98 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and the salary inflation rate remained at 3% for annual leave and skills, experience and retention leave liability.

Note A21 Other liabilities – administered items

	2017 \$'000	2016 \$'000
Current		
Gaming, fines and other receipts payable to the Department of Treasury and Finance	28 042	30 198
Crown Solicitor's Trust Account	4 119	2 889
Other	1 481	924
Total other current liabilities	33 642	34 011
Total other liabilities	33 642	34 011

	Crown Solicitor's Trust Account	
	2017 \$'000	2016 \$'000
Movement in Trust Accounts		
Balance 1 July 2016	2 888	4 507
Receipts	718 439	37 310
Payments	(717 209)	(38 929)
Balance at 30 June 2017	4 118	2 888

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Note A22 Cash flow reconciliation – administered items			
		2017	2016
		\$'000	\$'000
Reconciliation of cash and cash equivalents disclosed in the Statement of Financial Position			
Cash and cash equivalents disclosed in the Statement of Financial Position		373 574	342 979
Balance as per the Statement of Cash Flows		373 574	342 979
Reconciliation of net cash provided by operating activities to net cost of providing services			
Net cash provided by operating activities		59 959	27 010
Add/(less) non cash items			
Depreciation expense		(5 782)	(6 133)
Donated asset expense		(3 823)	-
Loss on disposal of assets		(664)	(9)
Assets in payables		-	(1 515)
Movements in assets and liabilities			
Increase/(decrease) in receivables		(1 087)	519
Decrease/(increase) in payables		(1 821)	19
Decrease/(increase) in employee benefits		582	(263)
Decrease/(increase) in other liabilities		369	818
Net result		47 733	20 446

Note A23 Unrecognised contractual commitments – administered items

Operating Leases Commitments

Commitments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are as follows:

	2017	2016
	\$'000	\$'000
Within one year	2 165	1 462
Later than one year but not longer than five years	7 994	6 031
Later than five years	1 839	2 120
Total operating lease commitments	11 998	9 613

The accommodation and office equipment leases are non-cancellable leases with rental payable monthly in advance.

Contingent rental provisions within the accommodation lease agreements provide for the minimum lease payments to be increased on specified rent review dates. Options exist to renew the accommodation leases at the end of the term of the lease.

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

	2017	2016
	\$'000	\$'000
Within one year	1 083	985
Later than one year but not longer than five years	2 863	3 660
Later than five years	395	468
Total operating lease commitments	4 341	5 113

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Note A23 Unrecognised contractual commitments – administered items (continued)

Other commitments

	2017	2016
	\$'000	\$'000
Grants ⁽¹⁾	49 771	64 430
Capital ⁽²⁾	60 362	84 622
Other ⁽³⁾	71 020	96 074
Total other commitments	181 153	245 126
Within one year	68 650	96 457
Later than one year but not longer than five years	112 503	135 431
Later than five years	–	13 238
Total other commitments	181 153	245 126

When acting as lessor leases are non-cancellable leases for access rights to State owned land sites. The leases have terms ranging from 1 to 25 years with some having a right of renewal.

- (1) Grant amounts payable under agreements in respect of which the grantee has yet to provide the services required under the agreement. The grant commitments as at 30 June 2017 relates to the National Partnership Agreement on Legal Assistance Services between the Commonwealth of Australia and the States and Territories.
- (2) Includes the SA Government Radio Network Upgrade.
- (3) Other commitments relate to purchase orders placed for goods and services before 30 June 2017 and annual service and maintenance for the SA Computer Aided Dispatch, SA Government Radio Network and SA State Rescue Helicopter Service.

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Note A24 Contingent assets and liabilities – administered items

The Department is not aware of any contingent assets or liabilities.

Note A25 Financial instruments – administered items

Financial risk management

Risk management is managed by the department's corporate services section and departmental risk management policies are in accordance with the Risk Management Policy Statement issued by the Premier and Treasurer and the principles established in the Australian Standard Risk Management Principles and Guidelines.

The department is exposed to financial risk – liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

(a) Categorization of financial assets

The following table discloses the categorization of financial assets and financial liabilities:

Category of financial asset and financial liability	Statement of Financial Position line item	Note	2017		2016	
			Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets						
Cash and cash equivalents	Cash and cash equivalents	15	373 574	373 574	342 979	342 979
Loans and receivables	Receivables ⁽¹⁾⁽²⁾	16	3 830	3 830	5 408	5 408
Total financial assets at cost			377 404	377 404	348 387	348 387
Financial liabilities						
Financial liabilities at cost	Payables ⁽¹⁾	19	8 426	8 426	7 795	7 795
	Other financial liabilities	21	33 642	33 642	34 011	34 011
Total financial liabilities at cost			42 068	42 068	41 806	41 806

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

² Receivables amount disclosed here excludes prepayments. Prepayments are presented in Note 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.

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Note A25 Financial instruments – administered items (continued)

Financial Assets

Cash and Receivables are recorded at the carrying amount which approximates net fair value.

Financial Liabilities

Financial liabilities principally represent taxation receipts payable to the Treasurer. The carrying amount of all financial liabilities is considered to be a reasonable estimate of net fair value.

Credit Risk

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

Allowances for impairment of financial assets are calculated on past experiences and expected changes in client credit rating. Currently the Department does not hold any collateral as security for any of its financial assets. There are no financial assets administered by the Department.

(b) Ageing analysis of financial assets

The following table discloses the ageing of financial assets which are past due, analysed into those assets which are impaired and not impaired.

	Past due by			Total \$'000
	Overdue for < 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for > 60 days \$'000	
2017				
Not impaired				
Receivables ⁽¹⁾	3 519	174	137	3 830
Impaired				
Receivables ⁽¹⁾	-	-	-	-
2016				
Not impaired				
Receivables ⁽¹⁾	4 889	378	141	5 408
Impaired				
Receivables ⁽¹⁾	-	-	-	-

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Note A25 Financial instruments – administered items (continued)

(c) Maturity analysis of financial assets and liabilities

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

	Carrying amount \$'000	Contractual Maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
2017				
Financial assets				
Cash & cash equivalents	373 574	373 574	-	-
Receivables ⁽¹⁾	3 830	3 830	-	-
Total financial assets	377 404	377 404	-	-
Financial liabilities				
Payables ⁽¹⁾	8 426	8 426	-	-
Other financial liabilities	33 642	33 642	-	-
Total financial liabilities	42 068	42 068	-	-

	Carrying amount \$'000	Contractual Maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
2016				
Financial assets				
Cash & cash equivalents	342 979	342 979	-	-
Receivables ⁽¹⁾	5 408	5 408	-	-
Total financial assets	348 387	348 387	-	-
Financial liabilities				
Payables ⁽¹⁾	7 795	7 795	-	-
Other financial liabilities	34 011	34 011	-	-
Total financial liabilities	41 806	41 806	-	-

Liquidity Risk

Financial liabilities principally represent taxation receipts payable to the Treasurer.

(d) Market risk

Cash administered by the Department is subject to interest rate risk.

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note A25 Financial instruments – administered items (continued)

Sensitivity Analysis

The impact of a 1% movement in interest rates on financial assets administered by the Department is shown in the following table.

	Carrying amount \$'000	Interest rate risk	
		-1% Operating surplus \$'000	1% Operating surplus \$'000
2017			
Financial assets			
Cash and cash equivalents	373 574	(3 736)	3 736
Total increase/(decrease)		(3 736)	3 736
2016			
Financial assets			
Cash and cash equivalents	342 979	(3 430)	3 430
Total increase/(decrease)		(3 430)	3 430

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note A26 Transactions with SA Government

	Note	SA Government		Non-SA Government		Total	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses							
Payments to Consolidated Account		347 703	362 354	-	-	347 703	362 354
Grants and subsidies	A9						
Legal Services Commission		-	-	38 097	37 122	38 097	37 122
Victims of Crime		2 202	1 793	2 121	2 083	4 323	3 876
Liquor subsidies			-	1 204	3 082	1 204	3 082
Other		994	818	1 865	1 230	2 859	2 048
Victims of Crime payments	A10	8	30	17 283	13 390	17 291	13 420
State Rescue Helicopter Service charges	A11	-	101	16 231	15 266	16 231	15 367
Employee benefits expenses	A12	387	638	9 192	14 617	9 579	15 255
Depreciation and amortisation expense	A13		-	5 782	6 133	5 782	6 133
Donated asset		3 823	-	-	-	3 823	-
Net loss from the disposal of non-current assets	A8	-	-	664	9	664	9
Other expenses	A14						
Government Radio Network		169	289	19 283	18 593	19 452	18 882
Suitor payments		7	53	17 771	16 883	17 778	16 936
Information and communications technology		231	290	2 194	2 207	2 425	2 497
Transfer from Victims of Crime Fund		-	-	2 768	2 137	2 768	2 137
Claims		-	-	1 900	13 550	1 900	13 550
Gaming Machine Trading Round disbursements		-	19	1 343	5 415	1 343	5 434
Legal fees		17	43	1 279	1 134	1 296	1 177
Operating lease minimum payments		438	860	-	-	438	860
Accommodation		413	60	16	286	429	346
Office expenses		206	219	193	278	399	497
Contract staff		72	-	299	2 466	371	2 466
Consultants		-	-	157	2 453	157	2 453
Contract maintenance		-	-	113	458	113	458
Other		333	408	1 135	2 068	1 468	2 476
Total expenses		357 003	367 975	140 890	160 860	497 893	528 835

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note A26 Transactions with SA Government (continued)

	Note	SA Government		Non-SA Government		Total	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Income							
Taxation	A3	-	-	265 652	287 588	265 652	287 588
Revenues from SA Government	A4	82 736	64 902	-	-	82 736	64 902
Commonwealth revenues		-	-	16 250	15 699	16 250	15 699
Grants and subsidies received	A5						
SA Computer Aided Dispatch		290	290	-	-	290	290
State Rescue Helicopter Service		1 465	2 857	-	-	1 465	2 857
Other		807	712	-	-	807	712
Interest revenues	A6						
Interest from the DTF		3 568	4 049	-	-	3 568	4 049
Victims of Crime levies		11 893	12 831	30 052	29 206	41 945	42 037
Fines and related fees		780	863	93 573	85 792	94 353	86 655
Fees and charges		-	-	2 697	2 778	2 697	2 778
Government Radio Network recoveries		25 362	25 309	681	821	26 043	26 130
Recoveries and other incomes	A7						
Recoveries for State Rescue Helicopter Service		4 951	3 956	302	193	5 253	4 149
Gaming Machine Trading Round revenue		-	-	1 508	5 707	1 508	5 707
Confiscation of profits		1 106	1 579	-	-	1 106	1 579
Sundry recoveries		875	1 476	231	1 962	1 106	3 438
Recoveries from offenders		-	-	807	640	807	640
Other		-	-	40	71	40	71
Total income		133 833	118 824	411 793	430 457	545 626	549 281
Financial assets							
Receivables	A16						
Receivables		1 711	2 163	21 595	22 643	23 306	24 806
Accrued interest		308	350	-	-	308	350
Prepayments		4	11	890	479	894	490
Other		1 379	1 562	1 057	823	2 436	2 385
Total financial assets		3 402	4 086	23 542	23 945	26 944	28 031
Financial liabilities							
Payables	A19						
Creditors and Accruals		2 006	232	6 426	6 306	8 432	6 538
Employment on costs		99	178	152	146	251	324
Other liabilities	A21						
Gaming, fines and other receipts payable to the DTF		28 042	30 198	-	-	28 042	30 198
Crown Solicitor's Trust Account		4 119	2 889	-	-	4 119	2 889
Other liabilities		23	23	1 458	901	1 481	924
Total financial liabilities		34 289	33 520	8 036	7 353	42 325	40 873

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note A27 **Budgetary reporting and explanations of major variances between budget and actual amounts**

The following are brief explanations of variances between original budget and actual amounts.

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

Statement of Comprehensive Income	Note	Original budget ¹	Actual	Variance
		2017 \$'000	2017 \$'000	\$'000
Expenses				
Payments to Consolidated Account		368 045	347 703	(20 342)
Grants and subsidies		50 438	46 483	(3 955)
Victims of Crime payments		20 364	17 291	(3 073)
State Rescue Helicopter Service Charges		15 140	16 231	1 091
Employee benefits		18 488	9 579	(8 909)
Depreciation and amortisation		12 230	5 782	(6 448)
Donated assets		-	3 823	3 823
Net loss from the disposal of non-current assets		-	664	664
Other		33 863	50 337	16 474
Total expenses		518 568	497 893	(20 675)
Income				
Taxation		291 527	265 652	(25 875)
Revenues from SA Government	a	114 282	82 736	(31 546)
Fines and related fees		75 131	94 353	19 222
Victims of Crime levies		44 059	41 945	(2 114)
Government Radio Network recoveries		26 009	26 043	34
Commonwealth revenues		15 879	16 250	371
Grants and subsidies received		6 179	2 562	(3 617)
Interest revenues		21 341	3 568	(17 773)
Fees and charges		448	2 697	2 249
Recoveries and other income		9 758	9 820	62
Total income		604 613	545 626	(58 987)
Net result		86 045	47 733	(38 312)
Total comprehensive result		86 045	47 733	(38 312)

1 These budgeted amounts have not been subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2016-17 Budget Papers, Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

a) Revenues from SA government was lower than the original budget due to funding for the SA Government Radio Network which has been carried over from 2016-17.

Attorney-General's Department
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Note A27 **Budgetary reporting and explanations of major variances between budget and actual amounts (continued)**

		Original budget ¹ 2017 \$'000	Actual 2017 \$'000	Variance \$'000
Investing expenditure summary	Note			
Total existing projects	a	48 935	27 145	(21 790)
Total annual programs		226	2 218	1 992
Total investing expenditure		49 161	29 363	(19 798)

1 These budgeted amounts have not been subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2016-17 Budget Papers, Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

a) The decrease in investing expenditure compared to original budget is mainly due to funding for the SA Government Radio Network which has been carried over from 2015-16.

Note A28 **Donated Assets**

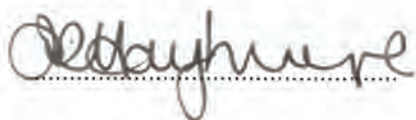
The majority of donated assets relate to the transfer of assets relating to the Electro-Optical Infra-Red System, associated with the State Rescue Helicopter Service, to South Australia Police during 2016-17.

Attorney-General's Department
Statement of Certification
for the year ended 30 June 2017

We certify that the attached general purpose financial statements for the Attorney-General's Department:

- comply with relevant Treasurer's Instructions issued under Section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Attorney-General's Department; and
- present a true and fair view of the financial position of the Attorney-General's Department as at 30 June 2017 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Attorney-General's Department for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.

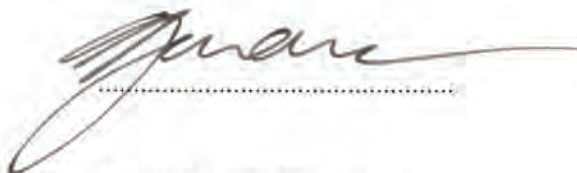


Ingrid Haythorpe

Chief Executive

Attorney-General's Department

15 September 2017



Andrew Swanson FCPA

Executive Director - Finance, People and Performance

Attorney-General's Department

15 September 2017



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To the Chief Executive Attorney-General's Department

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Attorney-General's Department for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Attorney-General's Department as at 30 June 2017, 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.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- Disaggregated Disclosures – Expenses and Income for the year ended 30 June 2017
- Disaggregated Disclosures – Assets and Liabilities as at 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2017
- a Statement of Administered Financial Position as at 30 June 2017
- a Statement of Administered Changes in Equity for the year ended 30 June 2017
- a Statement of Administered Cash Flows for the year ended 30 June 2017
- a Schedule of Expenses and Income attributable to administered activities for the year ended 30 June 2017
- a Schedule of Assets and Liabilities attributable to administered activities as at 30 June 2017
- notes, comprising significant accounting policies and other explanatory information for administered items
- a Certificate from the Chief Executive and the Executive Director, Finance, People and Performance.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Attorney-General's Department. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Chief Executive 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 management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

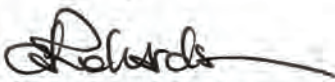
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

21 September 2017

Auditor-General's Department

Financial report
for the year ended
30 June 2017

Auditor-General's Department

Statement of Comprehensive Income for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Expenses:			
Employee expenses	2	12 174	12 747
Supplies and services:			
Contractors		1 359	1 300
Office accommodation and service costs		683	689
Consultancies		264	266
Other supplies and services	5	1 303	1 331
		3 609	3 586
Depreciation and amortisation		254	169
Total expenses		16 037	16 502
Income:			
Other income		1	1
Total income		1	1
Net cost of providing services		16 036	16 501
Revenues from (Payments to) SA Government:			
Appropriations and contingency provision grant	6	16 966	16 603
Return of surplus cash	6	-	(1 000)
Total revenues from (payments to) SA Government		16 966	15 603
Net result		930	(898)
Total comprehensive result		930	(898)

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

**Statement of Financial Position
as at 30 June 2017**

	Note	2017 \$'000	2016 \$'000
Current assets:			
Cash and cash equivalents	7	5 828	4 770
Receivables	8	135	172
Total current assets		<u>5 963</u>	<u>4 942</u>
Non-current assets:			
Computing and office facilities	9	311	334
Intangible assets	9	25	40
Total non-current assets		<u>336</u>	<u>374</u>
Total assets		<u>6 299</u>	<u>5 316</u>
Current liabilities:			
Payables	10	389	467
Employee benefits	3	1 611	1 415
Provision for workers compensation	4	33	18
Total current liabilities		<u>2 033</u>	<u>1 900</u>
Non-current liabilities:			
Payables	10	307	318
Employee benefits	3	3 009	3 116
Provision for workers compensation	4	73	35
Total non-current liabilities		<u>3 389</u>	<u>3 469</u>
Total liabilities		<u>5 422</u>	<u>5 369</u>
Net assets		<u>877</u>	<u>(53)</u>
Equity:			
Opening balance – surplus (deficit)		(53)	845
Increase (Decrease) in net assets		930	(898)
Total equity		<u>877</u>	<u>(53)</u>

Total equity is attributable to the SA Government as owner

Commitments 11

Statement of Changes in Equity for the year ended 30 June 2017

	Retained earnings \$'000	Total \$'000
Balance at 1 July 2015	845	845
Total comprehensive result for the year 2015-16	(898)	(898)
Balance at 30 June 2016	(53)	(53)
Total comprehensive result for the year 2016-17	930	930
Balance at 30 June 2017	877	877

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

Statement of Cash Flows for the year ended 30 June 2017

		2017 Inflows (Outflows) \$'000	2016 Inflows (Outflows) \$'000
Cash flows from operating activities:	Note		
Cash outflows:			
Employee expenses		(11 921)	(11 826)
Supplies and services		(4 171)	(3 922)
Payments for Paid Parental Leave Scheme		(54)	(47)
Cash inflows:			
Other income		1	1
Goods and services tax refunds from Australian Taxation Office		396	334
Receipts for Paid Parental Leave Scheme		57	47
Cash flows from (to) SA Government:			
Appropriations and contingency provision grant	6	16 966	16 603
Return of surplus cash		-	(1 000)
Net cash provided by (used in) operating activities		1 274	190
Cash flows from investing activities:			
Cash outflows:			
Purchase of computing and office facilities		(213)	(186)
Purchase of intangible assets		(3)	(23)
Net cash (used in) investing activities		(216)	(209)
Net increase (decrease) in cash and cash equivalents		1 058	(19)
Cash and cash equivalents at 1 July		4 770	4 789
Cash and cash equivalents at 30 June	7	5 828	4 770

Notes to and forming part of the financial statements

1. Objectives of the Auditor-General's Department (the Department)

The Department is an administrative unit of the public service established under the *Public Finance and Audit Act 1987* (PFAA). The Department's main statutory responsibilities are to audit and examine the activities of State and Local Government agencies and to report the results to Parliament as required by the PFAA.

Controlled

The Department's sole activity is the provision of auditing services covering the various audit and examination responsibilities prescribed under the PFAA. Within this activity class there are two subactivities:

Prescribed audits

Includes all audit and examination work for State and Local Government agencies initiated and undertaken by the Auditor-General under the PFAA. During the year the Department spent \$16.04 million (\$16.50 million) on this activity. The main component of work relates to the annual statutory audit of State public sector agencies.

Special investigations

Under the PFAA, the Parliament, Treasurer, a Minister or the Independent Commissioner Against Corruption can require the Auditor-General to undertake certain examinations and report these to Parliament. In 2015-16, there were no such requests that resulted in expenditure on this activity. A request was received in May 2017 which resulted in some expenditure being incurred in 2016-17. These costs were absorbed as part of our prescribed audits expenditure.

Administered

We also administer certain activities on behalf of the SA Government but do not control the related income, expenses, assets or liabilities. These comprise the following two activities:

Receiving and passing on auditing fees

We charge fees for our audits as permitted by section 39 of the PFAA, but do not retain these fees. We transfer audit fees, less the GST into the Government's Consolidated Account as they are received.

Administering special acts

Section 24(4) of the PFAA provides that the salary and allowances of the Auditor-General, as determined by the Governor, will be paid from the Government's Consolidated Account. The Auditor-General's remuneration, and recoveries from the Consolidated Account for it, are reported as administered items.

2. Employee expenses

	2017	2016
	\$'000	\$'000
Employee benefits:		
Salaries	9 356	9 419
Annual leave	864	848
Long service leave	168	590
Skills and experience retention leave	54	57
Total employee benefits	10 442	10 914
Employee on-costs:		
Superannuation	1 079	1 080
Payroll tax	592	616
Total employee on-costs	1 671	1 696
Workers compensation	61	137
Total employee expenses	12 174	12 747

Remuneration of employees

The number of employees whose normal remuneration is equal to or greater than the base executive remuneration level during the year are grouped within the following bands:

	Executive		Staff	
	2017	2016	2017	2016
	Number	Number	Number	Number
\$147 001 - \$157 000	-	-	1	-
\$157 001 - \$167 000	-	1	-	-
\$177 001 - \$187 000	4	3	-	-
\$217 001 - \$227 000	1	1	-	-
\$237 001 - \$247 000	1	1	-	-
\$377 001 - \$387 000	1	1	-	-
Total	7	7	1	-

The table includes all employees whose normal remuneration is equal to or greater than the base executive remuneration level of \$147 196. Total remuneration received or receivable by these employees was \$1.73 million (\$1.55 million). The employee remuneration figures detailed above include employee remuneration recorded in both the Department's financial statements and in the administered financial statements of the Department.

3. Employee benefits	2017	2016
Current:	\$'000	\$'000
Salaries	195	154
Annual leave	1 008	958
Long service leave	334	235
Skills and experience retention leave	74	68
Total current	1 611	1 415
Non-current:		
Long service leave	3 009	3 116
Total non-current	3 009	3 116
Total employee benefits	4 620	4 531

Salaries

Liabilities for unpaid salaries for service prior to the reporting date are measured at current pay rates.

Annual leave and skills and experience retention leave

The annual leave liability and the skills and experience retention leave liability are expected to be payable within 12 months and are measured at the undiscounted amount expected to be paid. The salary inflation rate remained at 3% in 2017.

Sick leave

No liability is recognised, as all sick leave is non-vesting and the average sick leave taken is estimated to be less than the annual entitlement for sick leave.

Long service leave

AASB 119 'Employee Benefits' contains the calculation methodology for long service leave liability. An actuarial assessment of long service leave liability has been undertaken by the Department of Treasury and Finance. The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data for SA Government entities. Expected future payments are discounted using government bonds rates with durations that align with estimated future cash flows.

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 increased from 2% at 30 June 2016 to 2.50% at 30 June 2017. This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service liability of \$132 000 and employee benefit expense of \$132 000. 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 by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The long service leave expected to be taken in the 12 months to 30 June 2018 (current long service leave), has been estimated by adding the estimated termination payments in this period to the estimated long service leave to be taken by ongoing employees in the 12 months (based on previous years' experience). The basis of calculation is similar to that used in previous years.

4. Provision for workers compensation	2017	2016
Current:	\$'000	\$'000
Provision for workers compensation	33	18
Total current	33	18
Non-current:		
Provision for workers compensation	73	35
Total non-current	73	35
Total provision	106	53
Carrying amount at 1 July	53	37
Increase (Decrease) in provision	53	16
Carrying amount at 30 June	106	53

The Department is responsible for the payment of workers compensation claims. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. The workers compensation provision is an actuarial estimate of the outstanding liability at 30 June 2017 provided by a consulting actuary engaged through the Office for the Public Sector.

5. Other supplies and services	2017	2016
	\$'000	\$'000
Computing and network processing costs	485	483
Staff recruitment, development and training	255	299
Other expenses	220	197
Motor vehicles	151	158
Shared Services SA charges	67	66
Fringe benefits tax	64	61
Staff travel, accommodation and allowances	61	67
Total other supplies and services	1 303	1 331

6. Revenues from (Payments to) government

Appropriations to the Department in 2016-17 amounted to \$16.966 million (\$16.598 million). There was not a contingency provision grant in 2016-17 (\$5000).

In 2015-16 the Department paid \$1 million to the Consolidated Account for the return of surplus cash in accordance with the principals of the cash alignment policy.

7. Cash and cash equivalents

Deposits with the Treasurer:

Auditor-General's Department Operating Account	3 769	2 824
Accrual Appropriation Excess Funds	2 059	1 946
Total cash and cash equivalents	5 828	4 770

8. Receivables

Current:

Goods and services tax	124	158
Other	11	14
Total current	135	172

Assets that are sold, consumed or realised as part of the normal operating cycle have been classified as current.

9. Non-current assets

9.1 Classes of assets

Computing and office equipment – at cost	733	684
Accumulated depreciation	(592)	(544)
	141	140
Laptop computer equipment – at cost	384	388
Accumulated depreciation	(232)	(273)
	152	115
Leasehold improvements – at cost	786	783
Accumulated depreciation	(768)	(704)
	18	79
Intangible assets – Computer software – at cost	552	549
Accumulated amortisation	(527)	(509)
	25	40
	336	374

9.2 Reconciliation of carrying amount

	Carrying amount 01.07.16 \$'000	Additions \$'000	Disposals \$'000	Depreciation/ Amortisation \$'000	Carrying amount 30.06.17 \$'000
Computing and office equipment	140	74	-	73	141
Laptop computer equipment	115	136	-	99	152
Leasehold improvements	79	3	-	64	18
Computer software	40	3	-	18	25
Total computing and office facilities	374	216	-	254	336

Computing and office facilities are held at fair value as required by the Accounting Policy Statements. We use cost less accumulated depreciation to determine fair value. Intangible assets are held at cost less accumulated amortisation. We only capitalise items greater than \$2000. There are no indications of impairment of our assets.

We depreciate/amortise all assets over three years except laptops which we depreciate over two years. Depreciation and amortisation is on a straight-line basis. All computing and office facilities are classified as level 3 as a key input is management's assessment of the useful life and condition.

10. Payables	2017	2016
Current:	\$'000	\$'000
Employee on-costs	291	262
Creditors	74	65
Accrued expenses	22	140
Paid Parental Leave Scheme payable	2	-
Total current	389	467
Non-current:		
Employee on-costs	307	318
Total non-current	307	318
Total payables	696	778

Employment on-costs

Include payroll tax and superannuation contributions. Superannuation contributions are paid to the South Australian Superannuation Board. The Department does not have any liability for payments to beneficiaries as these have been assumed by the respective superannuation schemes. The superannuation liabilities reported reflect amounts to be paid to the South Australian Superannuation Board.

Other payables

Payables are normally settled within 30 days from the date of the invoice or date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables approximates fair value.

11. Commitments

Operating lease commitments

The Department's leases of office accommodation and motor vehicles are operating leases.

Office accommodation

Office accommodation is leased from the Building Management Division of the Department of Planning, Transport and Infrastructure. The lease expires on 30 June 2020. The rental amount is based on floor space, with the rental rate reviewable by the Department of Planning, Transport and Infrastructure every two years.

Motor vehicles

Motor vehicles are leased from SAFA through their agent LeasePlan Australia. The vehicles are leased for a specified time period or a specified number of kilometres, whichever occurs first. The lease rate is determined according to the type of vehicle being leased and the number of months of the lease period, and are reviewed annually.

At the reporting date the Department had the following obligations under non-cancellable operating leases (these obligations have not been recognised as liabilities):	2017	2016
	\$'000	\$'000
Not later than one year	723	700
Later than one year but not later than five years	1 364	1 927
Total operating lease commitments as lessee	2 087	2 627

Other contractual commitments

At the reporting date the Department had the following obligations under non-cancellable contracts for audit services (these obligations have not been recognised as liabilities):

Not later than one year	1 316	974
Later than one year but not later than five years	1 079	1 315
Total contractual commitments as lessee	2 395	2 289

12. Significant accounting policies

(a) *Basis of preparation*

The financial statements are general purpose financial statements, prepared in accordance with applicable Australian Accounting Standards – Reduced Disclosure Requirements, Treasurer's Instructions (TIs) including Accounting Policy Statements (APSS) issued under the PFAA. The APSS require certain disclosures in addition to Australian Accounting Standards.

We have not early-adopted any Australian Accounting Standards or Australian interpretations issued by the Australian Accounting Standards Board.

The Department is a not-for-profit entity for financial reporting purposes.

The historical cost convention is used, unless otherwise stated. This means that assets are recorded at their initial cost and liabilities are valued at the amount initially received in exchange for the obligation.

The administered financial statements have been prepared applying the same accounting policies as for items controlled by the Auditor-General's Department.

(b) *Taxation*

The Department is liable for payroll tax, fringe benefits tax and goods and services tax (GST) but not income tax. Income, expenses and assets are recognised net of the amount of goods and services tax except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office it is recognised as part of the cost of acquisition of an asset or as part of an item of expense
- receivables and payables which are stated with the amount of goods and services tax included.

Operating cash flows in the Statement of Cash Flows include GST. The GST on investing and financing cash flows are included as operating cash flows.

(c) *Revenues from (Payments to) SA Government*

We are funded by Parliamentary appropriations, paid into a special deposit account titled 'Auditor-General's Department Operating Account'. We are also appropriated for some expenses which will not require a cash payment, such as depreciation. Some appropriations are deposited into a special deposit account at Department of Treasury and Finance titled 'Accrual Appropriation Excess Funds'. Although we control this money, its use must be separately approved by the Treasurer. We do not earn interest on either of these special deposit accounts.

The appropriation for special acts reported in the administered financial statements relates to recoveries from the Government for the Auditor-General's salary.

Other significant accounting policies are described under related notes.

13. Accounting standards issued not yet adopted which will have a material impact on our financial report

AASB 16 'Leases' will apply for the first time to our 30 June 2020 financial report. The new standard introduces a single accounting model for leases, eliminating the distinction between operating and finance leases. This standard will require us to recognise all leased items with a term of more than 12 months, in the statement of financial position.

As at 30 June 2017, the Department has operating lease commitments of \$2.09 million, refer note 11. These are currently recorded as commitments and are not captured in the statement of financial position.

As most operating leases will meet the definition of leases under AASB 16 and therefore come on balance sheet, recognition of right-of-use lease assets and lease liabilities will have a significant impact on the statement of financial position and an increase in net debt.

It is also anticipated that there will be a marginal impact on our net result due to the changed timing of expenses throughout the lease terms.

Cash paid for the principal portion of the lease liability will be presented within operating activities in the cash flow statement.

The Department has not quantified the impact of applying AASB 16. The quantitative effect will depend on the transition method adopted, discount rates applied, the extent to which we use practical measures and recognition exemptions and any additional leases entered into.

14. Financial instruments

	Carrying amount	
	2017	2016
Financial assets	\$'000	\$'000
Cash and cash equivalents	5 828	4 770
Receivables*	11	14
Financial liabilities		
Payables	96	205

* Receivables amounts disclosed exclude amounts relating to statutory receivables where rights or obligations have their source in legislation such as the goods and services tax.

15. Related party transactions

The Department is an administrative unit of the public sector. It is a wholly owned and controlled entity of the Crown. Accordingly, all government-related entities are related parties of the Department.

In addition, all key management personnel and their close family members are related parties of the Department.

Key management personnel

The key management personnel of the Department are the Auditor-General and the six Assistant Auditor-Generals.

Total compensation for the Department's key management personnel was \$1.58 million (\$1.55 million). This includes compensation recorded in both the Department's financial statements and in the administered financial statements of the Department.

16. Budgetary reporting and explanations of major variances

The following provides details of the 2016-17 original budget, actual amounts and the associated variances.

Statement of Comprehensive Income		Original budget	Actual	Variance
Expenses:		\$'000	\$'000	\$'000
Employee expenses		13 016	12 174	(842)
Supplies and services:				
Contractors		1 658	1 359	(299)
Office accommodation and service costs		731	683	(48)
Consultancies		140	264	124
Other supplies and services		1 203	1 303	100
Depreciation and amortisation		217	254	37
Total expenses		16 965	16 037	(928)
Income:				
Other income		1	1	-
Total income		1	1	-
Net cost of providing services		16 964	16 036	(928)
Revenues from SA Government:				
Appropriations and contingency provision grant		16 966	16 966	-
Total Revenues from SA Government		16 966	16 966	-
Net result and total comprehensive result		2	930	(1)(928)
Investing expenditure summary:				
Minor capital works and equipment		216	216	-
Total annual programs		216	216	-

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 (2016-17 Budget Paper 4) and the amounts have not been adjusted to reflect revised budgets. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements.

- (1) The variance in the net result and total comprehensive result is primarily due to the Department being under budget for employee expenses. This was due to staffing levels being below established FTE caps and the impact of the reduction in the actuarial valuation of long service leave.

**Statement of Administered Comprehensive Income
for the year ended 30 June 2017**

	Note	2017 \$'000	2016 \$'000
Expenses:			
Employee expenses		324	345
Audit fees paid/payable to Consolidated Account		14 718	14 575
Total expenses		<u>15 042</u>	<u>14 920</u>
Income:			
Fees for audit services		14 718	14 575
Appropriation – Special Acts		317	316
Total income		<u>15 035</u>	<u>14 891</u>
Net result		<u>(7)</u>	<u>(29)</u>
Total comprehensive result		<u>(7)</u>	<u>(29)</u>

**Statement of Administered Financial Position
as at 30 June 2017**

	Note	2017 \$'000	2016 \$'000
Current assets:			
Cash and cash equivalents		249	586
Receivables	AI	584	766
Total assets		<u>833</u>	<u>1 352</u>
Current liabilities:			
Employee benefits		55	40
Audit fees payable to Consolidated Account		532	731
Goods and services tax payable		126	445
Total current liabilities		<u>713</u>	<u>1 216</u>
Non-current liabilities:			
Employee benefits – long service leave		325	334
Total non-current liabilities		<u>325</u>	<u>334</u>
Total liabilities		<u>1 038</u>	<u>1 550</u>
Net assets		<u>(205)</u>	<u>(198)</u>
Equity:			
Opening balance – deficit		(198)	(169)
Decrease in net assets		(7)	(29)
Total equity		<u>(205)</u>	<u>(198)</u>

**Statement of Administered Changes in Equity
for the year ended 30 June 2017**

	Retained earnings \$'000	Total \$'000
Balance at 1 July 2015	(169)	(169)
Total comprehensive result for the year 2015-16	(29)	(29)
Balance at 30 June 2016	(198)	(198)
Total comprehensive result for the year 2016-17	(7)	(7)
Balance at 30 June 2017	(205)	(205)

**Statement of Administered Cash Flows
for the year ended 30 June 2017**

		2017 Inflows (Outflows) \$'000	2016 Inflows (Outflows) \$'000
Cash flows from operating activities:	Note		
Cash outflows:			
Employee expenses		(317)	(317)
Amounts paid to Consolidated Account		(14 917)	(14 829)
Goods and services tax paid to Australian Taxation Office		(1 791)	(1 661)
Cash inflows:			
Fees for audit services	A1	16 371	16 346
Cash flows from SA Government:			
Appropriations – Special Acts		317	316
Net cash (used in) operating activities		(337)	(145)
Net (decrease) in cash and cash equivalents		(337)	(145)
Cash and cash equivalents at 1 July		586	731
Cash and cash equivalents at 30 June		249	586

Notes to and forming part of the administered financial statements

A1. Receivables	2017 \$'000	2016 \$'000
Fees outstanding at 1 July	766	1 079
Billings	16 189	16 033
	16 955	17 112
Receipts	16 371	16 346
Fees outstanding at 30 June	584	766

In addition, at 30 June, the value of audit work in progress was \$7.08 million (\$6.97 million). We are of the opinion that this amount is recoverable.

A2. Budgetary reporting and explanations of major variances

The following provides details of the 2016-17 original budget, actual amounts and the associated variances. No explanations are provided as the variances do not exceed the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

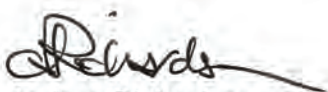
Statement of Comprehensive Income	Original Budget \$'000	Actual \$'000	Variance \$'000
Expenses:			
Employee expenses	332	324	(8)
Amounts paid/payable to Consolidated Account	14 701	14 718	17
Total expenses	15 033	15 042	9
Income:			
Fees for audit services	14 701	14 718	17
Appropriation – Special Acts	320	317	(3)
Total income	15 021	15 035	14
Net result and total comprehensive result	(12)	(7)	(5)

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 (2016-17 Budget Paper 4) and the amounts have not been adjusted to reflect revised budgets. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements.

Certification of the Financial Report

We certify that the:

- financial statements:
 - are in accordance with the accounts and records of the Department; and
 - comply with relevant Treasurer's Instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Department at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Department over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Andrew Richardson
Auditor-General

11 September 2017



Megan Stint
Manager, Finance

11 September 2017

**AUDITOR-GENERAL'S DEPARTMENT
INDEPENDENT AUDITOR'S REPORT TO THE TREASURER OF THE SOUTH AUSTRALIAN GOVERNMENT**

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of the Auditor-General's Department ('the Department'), which comprises the Statement of Financial Position and Statement of Administered Financial Position as at 30 June 2017, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows, Statement of Administered Comprehensive Income, Statement of Administered Changes in Equity and Statement of Administered Cash Flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory notes and the Certification of the Financial Report by Auditor-General and the Manager, Finance.

In our opinion, the accompanying financial report of the Department is in accordance with the *Public Finance and Audit Act 1987*; including:

- i) the financial report presents fairly, in all material respects, the financial position of the Department, as at 30 June 2017, and of its financial performance and cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act 1987 and the Australian Accounting Standards (including the Australian Accounting Interpretations); and
- ii) the financial report also complies with accounts and records of the Department; and
- iii) the internal controls employed by the Department for the financial year ended 30 June 2017 over its financial reporting and the preparation of the financial statements are effective.

We have obtained all of the information and explanations required from the Department.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Department in accordance with the ethical requirements of the *Public Finance and Audit Act 1987* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**AUDITOR-GENERAL'S DEPARTMENT
INDEPENDENT AUDITOR'S REPORT TO THE TREASURER OF THE SOUTH AUSTRALIAN GOVERNMENT (CONT)**

Other information

The Auditor-General is responsible for the other information. The other information comprises the information in the Department's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Auditor-General's responsibility for the financial report

The Auditor-General is responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with the Treasurers Instructions promulgated under the *Public Finance and Audit Act 1987* and Australian Accounting Standards (including Australian Accounting Interpretations) and for such internal control as the Auditor-General determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Auditor-General is responsible for assessing the Department's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

**AUDITOR-GENERAL'S DEPARTMENT
INDEPENDENT AUDITOR'S REPORT TO THE TREASURER OF THE SOUTH AUSTRALIAN GOVERNMENT (CONT)**

Auditor's responsibility for the audit of the financial report (cont)

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Auditor-General.
- Conclude on the appropriateness of the Auditor-General's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Department to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Auditor-General regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Nexia Edwards Marshall
Chartered Accountants



Jamie Dreckow
Partner

Adelaide
South Australia

15 September 2017

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Central Adelaide Local
Health Network Incorporated

Financial report
for the year ended
30 June 2017

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2017

	Note	Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
Expenses					
Staff benefit expenses	4	1,336,412	1,345,086	1,329,841	1,339,355
Supplies and services	5	738,096	704,297	735,105	701,397
Depreciation and amortisation expense	6	47,465	60,201	47,338	60,014
Grants and subsidies	7	5,422	5,055	5,172	4,755
Borrowing costs	8	12,740	584	12,740	584
Net loss from disposal of non-current and other assets	14	19,869	2,787	19,873	2,787
Other expenses	9	51,339	97,517	51,115	97,353
Total expenses		2,211,343	2,215,527	2,201,184	2,206,245
Income					
Revenue from fees and charges	10	325,617	312,896	316,652	304,605
Grants and contributions	11	203,581	186,009	203,701	186,069
Interest revenue	12	1,452	2,049	1,309	1,851
Resources received free of charge	13	4,018	2,150	4,018	2,150
Other revenue	15	40,224	36,178	38,666	34,515
Total income		574,892	539,282	564,346	529,190
Net cost of providing services		1,636,451	1,676,245	1,636,838	1,677,055
Revenues from SA Government					
Revenue from SA Government	16	1,636,837	1,619,453	1,636,837	1,619,453
Total revenues from SA Government		1,636,837	1,619,453	1,636,837	1,619,453
Net result		386	(56,792)	(1)	(57,602)
Other comprehensive income					
Items that will not be reclassified to net result					
Changes in property, plant and equipment asset revaluation surplus		(6,746)	(7,341)	(6,746)	(7,341)
Items that will be reclassified subsequently to net result when specific conditions are met					
Gains/(losses) recognised directly in equity	4	(899)	-	-	-
Total other comprehensive income		(6,742)	(8,240)	(6,746)	(7,341)
Total comprehensive result		(6,356)	(65,032)	(6,747)	(64,943)

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.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Note	Consolidated		Parent	
		2017	2016	2017	2016
		\$ '000	\$ '000	\$ '000	\$ '000
Current assets					
Cash and cash equivalents	18	88,125	106,090	86,514	104,378
Receivables	19	71,639	81,261	70,247	79,723
Other financial assets	20	12,279	10,151	4,865	2,881
Inventories	21	19,752	20,566	19,537	20,305
Total current assets		191,795	218,068	181,163	207,287
Non-current assets					
Receivables	19	4,148	5,698	4,148	5,698
Other financial assets	20	2,001	2,471	1,150	1,150
Property, plant and equipment	22	3,420,457	702,463	3,420,094	702,206
Investment property	23	4,670	3,825	-	-
Intangible assets	24	65,596	30,718	65,596	30,718
Total non-current assets		3,496,872	745,175	3,490,988	739,772
Total assets		3,688,667	963,243	3,672,151	947,059
Current liabilities					
Payables	26	86,014	117,311	85,372	116,429
Borrowings	27	31,973	718	31,973	718
Staff benefits	28	192,937	186,301	192,185	185,726
Provisions	29	9,791	12,075	9,791	12,075
Other liabilities	30	1,803	2,470	1,803	2,470
Total current liabilities		322,518	318,875	321,124	317,418
Non-current liabilities					
Payables	26	10,242	11,392	10,242	11,392
Borrowings	27	2,749,519	10,228	2,749,519	10,228
Staff benefits	28	210,618	218,047	210,592	218,025
Provisions	29	12,255	16,122	12,255	16,122
Other liabilities	30	2,734	2,903	2,734	2,903
Total non-current liabilities		2,985,368	258,692	2,985,342	258,670
Total liabilities		3,307,886	577,567	3,306,466	576,088
Net assets		380,781	385,676	365,685	370,971
Equity					
Asset revaluation surplus		7,156	14,277	7,156	14,277
Other reserves		40	36	-	-
Retained earnings		373,585	371,363	358,529	356,694
Total equity		380,781	385,676	365,685	370,971
The total equity is attributable to the SA Government as owner					
Unrecognised contractual commitments	31				
Contingent assets and liabilities	34				

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CASH FLOWS
For the year ended 30 June 2017

	Note	Consolidated		Parent	
		2017	2016	2017	2016
		\$ '000	\$ '000	\$ '000	\$ '000
Cash flows from operating activities					
Cash outflows					
Staff benefit payments		(1,343,959)	(1,287,841)	(1,337,573)	(1,292,929)
Payments for supplies and services		(831,632)	(748,444)	(828,247)	(735,261)
Payments for grants and subsidies		(5,866)	(5,539)	(5,616)	(5,180)
Interest paid		(547)	(584)	(547)	(584)
Payments for paid parental leave scheme		(3,627)	(3,934)	(3,627)	(3,934)
Other payments		(20,559)	(52,359)	(20,335)	(52,137)
Cash used in operations		(2,206,190)	(2,098,701)	(2,195,945)	(2,090,025)
Cash inflows					
Fees and charges		336,778	299,624	327,503	291,366
Grants and contributions		206,990	186,732	207,110	186,856
Interest received		1,956	2,073	1,309	1,827
GST recovered		53,406	59,104	53,406	59,104
Receipts for paid parental leave scheme		3,651	3,841	3,651	3,841
Other receipts		37,624	34,861	36,909	34,151
Cash generated from operations		640,405	586,235	629,888	577,145
Cash flows from SA Government					
Receipts from SA Government		1,636,884	1,609,108	1,636,885	1,609,108
Total cash flows from SA Government		1,636,884	1,609,108	1,636,885	1,609,108
Net cash provided by operating activities		71,099	96,642	70,828	96,228
Cash flows from investing activities					
Cash outflows					
Purchase of property, plant and equipment		(81,004)	(101,268)	(80,759)	(101,089)
Purchase of intangibles		(7,193)	(12,048)	(7,193)	(12,047)
Purchase of investments		(5,507)	(8,807)	(22)	-
Cash used in investing activities		(93,704)	(122,123)	(87,974)	(113,136)
Cash inflows					
Proceeds from sale of property, plant and equipment		16	15	-	15
Proceeds from sale/maturities of investments		5,342	8,631	-	-
Cash generated from investing activities		5,358	8,646	-	15
Net cash provided by/(used in) investing activities		(88,346)	(113,477)	(87,974)	(113,121)
Cash flows from financing activities					
Cash outflows					
Repayment of finance leases		(718)	(679)	(718)	(679)
Cash used in financing activities		(718)	(679)	(718)	(679)
Net cash provided by/(used in) financing activities		(718)	(679)	(718)	(679)
Net increase/(decrease) in cash and cash equivalents		(17,965)	(17,514)	(17,864)	(17,572)
Cash and cash equivalents at the beginning of the period		106,090	123,604	104,378	121,950
Cash and cash equivalents at the end of the period	18	88,125	106,090	86,514	104,378
Non-cash transactions	35				

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

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2017

CONSOLIDATED

	Note	Asset revaluation surplus \$ '000	Other reserves \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2015		31,646	935	418,809	451,390
Net result for 2015-16		-	-	(56,792)	(56,792)
Gain/(loss) on revaluation of land and buildings	22	(7,306)	-	-	(7,306)
Gain/(loss) on revaluation of plant and equipment	22	(35)	-	-	(35)
Gain/(loss) on realisation of assets held for sale		-	(899)	-	(899)
Total comprehensive result for 2015-16		(7,341)	(899)	(56,792)	(65,032)
Transfer between equity components		(10,028)	-	10,028	-
Transactions with SA Government as owner					
Net assets received from an administrative restructure	33	-	-	(1,963)	(1,963)
Net assets transferred as a result of an administrative restructure	33	-	-	1,281	1,281
Balance at 30 June 2016		14,277	36	371,363	385,676
Net result for 2016-17		-	-	386	386
Gain/(loss) on revaluation of land and buildings	22	(6,746)	-	-	(6,746)
Gain/(loss) on realisation of assets held for sale		-	4	-	4
Total comprehensive result for 2016-17		(6,746)	4	386	(6,356)
Transfer between equity components		(375)	-	375	-
Transactions with SA Government as owner					
Net assets received from an administrative restructure	33	-	-	1,461	1,461
Balance at 30 June 2017		7,156	40	373,585	380,781

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2017

PARENT

	Note	Asset revaluation surplus \$ '000	Other reserves \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2015		31,646	-	404,950	436,596
Net result for 2015-16		-	-	(57,602)	(57,602)
Gain/(loss) on revaluation of land and buildings	22	(7,306)	-	-	(7,306)
Gain/(loss) on revaluation of plant and equipment	22	(35)	-	-	(35)
Total comprehensive result for 2015-16		(7,341)	-	(57,602)	(64,943)
Transfer between equity components		(10,028)	-	10,028	-
Transactions with SA Government as owner					
Net assets received from an administrative restructure	33	-	-	(1,963)	(1,963)
Net assets transferred as a result of an administrative restructure	33	-	-	1,281	1,281
Balance at 30 June 2016		14,277	-	356,694	370,971
Net result for 2016-17		-	-	(1)	(1)
Gain/(loss) on revaluation of land and buildings	22	(6,746)	-	-	(6,746)
Total comprehensive result for 2016-17		(6,746)	-	(1)	(6,747)
Transfer between equity components		(375)	-	375	-
Transactions with SA Government as owner					
Net assets received from an administrative restructure	33	-	-	1,461	1,461
Balance at 30 June 2017		7,156	-	358,529	365,685

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

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

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

1 Objectives of the Central Adelaide Local Health Network

The Central Adelaide Local Health Network Incorporated (the Hospital) is committed to a health system that produces positive health outcomes by focusing on health promotion, illness prevention, early intervention, treatment, rehabilitation, teaching, research and achieving equitable health outcomes for all South Australians.

The Hospital is part of the SA Health portfolio providing health services for central Adelaide, including those managed on a State-wide basis, and is responsible to the Minister for Health, Minister for Mental Health and Substance Abuse and the Minister for Ageing.

The Hospital is structured to contribute to the outcomes for which the portfolio is responsible by providing hospital-based quaternary care including medical, surgical and other acute services, rehabilitation, mental health and palliative care, dental, breast screening and other community health services to veterans and other persons living within the Central Adelaide metropolitan area and Statewide as appropriate.

The Chief Executive Officer administers and manages the Hospital under delegation from the Chief Executive of the Department for Health and Ageing (the Department) and is accountable to the Chief Executive of the Department.

The Central Adelaide Local Health Network Advisory Council Incorporated was established pursuant to the *Health Care Act 2008* (the Act). The Council's functions include advising, monitoring, providing strategic oversight, conferring and making recommendations to the Chief Executive of the Department and Chief Executive Officer of the Hospital. The Council has no powers to direct or make decisions with respect to the management and administration of the Hospital.

The Hospital is comprised of:

Royal Adelaide Hospital (RAH), Hampstead Rehabilitation Centre

The Queen Elizabeth Hospital, St Margaret's Hospital, Pregnancy Advisory Centre

Statewide Clinical Support Services including SA Pathology, SA Medical Imaging and SA Pharmacy

Primary Health Care Services

Prison Health SA

SA Dental Services

Breast Screen SA

Glenside and community mental health

Donate Life

1.1 Reporting Entity

The Hospital was incorporated on 1 July 2011 under the Act.

The consolidated entity consists of the Hospital and its controlled entity, Medvet Science Pty Ltd (Medvet).

The financial statements and accompanying notes include all controlled activities of the Hospital.

The consolidated financial statements have been prepared by combining the financial statements of all entities that comprise the consolidated entity, being the Hospital and Medvet in accordance with AASB 10 *Consolidated Financial Statements*. Consistent accounting policies have been applied and all inter-entity balances and transactions arising within the consolidated entity have been eliminated in full. Information on the consolidated entity's interests in other entities is at Note 37.

The Hospital has administered activities and resources. Transactions and balances relating to administered resources are not recognised as the Hospital's controlled income, expenses, assets and liabilities. As administered items are insignificant in relation to the Hospital's overall financial performance and position, they are disclosed in the Schedule of Administered Financial Statements following the consolidated entity's general purpose financial statements. Except as otherwise disclosed administered items are accounted for on the same basis and using the same accounting policies as for the consolidated entity transactions.

2 Significant accounting policies

2.1 Statement of compliance

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

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

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

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

2.2 Basis of preparation

The preparation of the financial statements requires:

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

The financial statements have been prepared based on a 12 month period and are presented in Australian currency; and have used the historical cost convention unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.. Any transactions in foreign currency are translated into Australian dollars at the exchange rates at the date the transaction occurs.

2.3 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, or as otherwise noted.

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

2.4 Rounding

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

2.5 Taxation

The Consolidated Entity is not subject to income tax. The Consolidated Entity is liable for 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 (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

The 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.

2.6 Continuity of Operations

As at 30 June 2017, the Consolidated Entity had working capital deficiency of \$130.723 million (\$100.807 million deficiency). The SA Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Consolidated Entity to enable it to perform its functions.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

2.7 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.

Refer to Note 40 for disclosure relating to events after the reporting period.

2.8 Current and non-current classification

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

2.9 Non-current assets

a. Acquisition and recognition of non-current assets

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. Where assets are acquired at no or nominal value as part of a restructure of administrative arrangements, the assets are recorded at the value held by the transferor public authority prior to the restructure.

The Consolidated Entity capitalises all non-current tangible property, plant and equipment and intangible assets that it controls valued at or greater than \$10,000. Assets recorded as works in progress represent projects physically incomplete as at the reporting date. Componentisation of complex assets is generally performed when the complex asset's fair value at the time of acquisition is equal to or greater than \$5 million for infrastructure assets and \$1 million for other assets.

b. Depreciation and amortisation of non-current assets

All non-current assets, that have a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

The useful lives, depreciation and amortisation methods of all major assets held by the Consolidated Entity are reassessed on an annual basis.

Changes in 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 or revised remaining useful life of the following classes of assets as follows:

<u>Class of asset</u>	<u>Useful life (years)</u>
Buildings and improvements including Finance Leased	30 - 200
Leasehold improvements	Life of lease
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	5 - 15
• Computing equipment	3 - 5
• Vehicles	2 - 25
• Finance Leased	Life of lease
• Other plant and equipment	3 - 25
Intangible Assets	
• Other Intangible assets	5 - 10

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

2.9 Non-current assets

c. Revaluation of non-current assets

All non-current tangible assets are valued at fair value (written down cost).

The Consolidated Entity revalues all land, buildings and site improvements triennially via a Certified Practicing Valuer. A triennial revaluation of other non-current assets by a Certified Practicing Valuer is only performed when the asset's fair value at the time of acquisition is greater than \$1 million and the estimated useful life exceeds three years.

If at any time management considers that the carrying amount of an asset greater than \$1 million materially differs from its fair value, then the asset will be revalued regardless of when the last revaluation took place.

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

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class, but are not offset in respect of assets in different classes.

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 asset revaluation surplus relating to that asset is transferred to retained earnings.

d. Impairment

The Consolidated Entity holds its property, plant and equipment and intangible assets for their service potential (value in use). All non-current tangible assets are valued at fair value. Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be closer to or greater than fair value. 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. The 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 that class of assets, to the extent that the impairment loss does not exceed the amount in the respective asset revaluation surplus.

e. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost and are tested for indications of impairment at each reporting date. 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 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.

Capitalised software is amortised over the useful life of the asset.

f. 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 Consolidated Entity 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.

In determining fair value, the Consolidated Entity 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 and financially feasible).

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

2.9 Non-current assets (continued)

f. Fair value measurement

The Consolidated Entity's current use is the highest and best use of the asset unless other factors suggest an alternative use. As the Consolidated Entity 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 22, 23 and 25 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

2.10 Liabilities - Staff benefits

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

Salaries, wages, annual leave, SERL and sick leave

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

The annual leave liability and the SERL liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages, annual leave and SERL liability are payable later than 12 months, the liability will be measured at present value.

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

Long service leave

The liability for LSL was determined through an actuarial assessment undertaken by Mercer Consulting (Australia) Pty Ltd, in accordance with AASB 119 *Employee Benefits*.

The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over the health 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.

2.11 Equity

The Consolidated Entity uses the asset revaluation surplus 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.

Other reserves represents investment revaluation reserve to record unrealised gains or losses on available for sale investments.

2.12 Public Private Partnership

A 35 year contract was entered into in June 2011 with SA Health Partnership Consortium now trading as Celsus to finance, design, build, operate and maintain the new Royal Adelaide Hospital (new RAH). Under the arrangement, Celsus will maintain and provide non-medical support services including facilities management by Spotless and information communication technology (ICT) support and maintenance by DXC Technology for the duration of the contract. This arrangement is referred to as a Public Private Partnership (PPP). Commercial acceptance was achieved on 13 June 2017.

Under the PPP agreement, the Hospital pays the operator over the period of the arrangement, subject to specified performance criteria being met.

The PPP costs are disclosed as:

- a component accounted for as finance lease payment for the buildings and furniture, fitting and equipment provided under the agreement; and
- a component related to the ongoing operation and maintenance of the facilities accounted for as PPP Operating Costs, which are expensed in the Statement of Comprehensive Income.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

2.12 Public Private Partnership (continued)

At the conclusion of the contract in 2046, the Hospital will take ownership of the new RAH. Celsus have an obligation to deliver the new RAH in a condition fit for its intended purpose and fully maintained in accordance with the agreed asset management plan.

3 New and revised accounting standards and policies

The Consolidated Entity did not voluntarily change any of its accounting policies during 2016-17.

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 Consolidated Entity for the period ending 30 June 2017. The Consolidated Entity 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 Consolidated Entity, except as outlined below.

Reference	Title and date of Standard application	Summary	Impact on Financial Statements	Application date for agency
AASB 15	Revenue from Contracts with Customers 1 January 2019	AASB 15 is the new standard for revenue recognition and replaces AASB 111 Construction Contracts and AASB 118 Revenue. It establishes a comprehensive framework for determining whether, how and when revenue is recognised. The principle in the new standard is 'when control of a good or service transfers to a customer' rather than 'when the risk and rewards of ownership reside'	SA Health is currently assessing the impact of AASB 15 and has identified there could be a potential impact on the timing of the recognition of revenue from fees and charges. At this stage, SA Health is not able to estimate the impact of AASB 15 on its financial statements. SA Health will make a more detailed assessment of the impact over the next 12 months.	1 July 2019
AASB 16	Leases 1 January 2019	This new standard introduces a single accounting model for lessees. The standard 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. In effect, the majority of leases currently classified as operating leases will be reported on the Statement of Financial Position. 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 required the Consolidated Entity to record almost all operating leases arrangements on the Statement of Financial Position. There will be significant work for the Consolidated Entity to report these assets and liabilities due to the large scale of it's leasing activities. The Consolidated Entity has not yet quantified the impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 to its current operating lease arrangements.	1 July 2019

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

3 New and revised accounting standards and policies (continued)

Reference	Title and date of Standard application	Summary	Impact on Financial Statements	Application date for agency
AASB 1058	<i>Income of Not-for-Profit Entities</i> 1 January 2019	This standard clarifies and simplifies the income recognition requirements that apply to not-for-profit entities in conjunction with AASB 15. AASB 15 and 1058 will supersede the majority of income recognition requirements relating to public sector not-for-profit entities, previously in AASB 1004. The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation or a contribution by owners related to an asset received by the entity. AASB 1058 applies when a not-for-profit entity receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.	SA Health is currently assessing the impact of AASB 1058 and has identified there could be a potential impact on the timing of the recognition of grant revenue and disclosures relating to volunteer services, whether recognised or not. At this stage, SA Health is not able to estimate the impact of AASB 1058 on its financial statements. SA Health will make a more detailed assessment of the impact over the next 12 months.	1 July 2019

4 Staff benefit expenses

	Consolidated		Parent	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Salaries and wages	1,090,053	1,055,873	1,084,719	1,051,269
TVSP (refer below)	993	975	993	975
Long service leave (LSL)	19,446	59,824	19,371	59,770
Annual leave	100,788	96,060	100,551	95,828
Skills and experience retention leave (SERL)	5,017	4,882	5,017	4,882
Staff on-costs - superannuation*	108,564	107,817	108,030	107,376
Staff on-costs - other	279	238	-	-
Workers compensation	3,119	11,222	3,085	11,188
Board and committee fees	172	232	126	144
Other staff related expenses	7,981	7,963	7,949	7,923
Total staff benefit expenses	1,336,412	1,345,086	1,329,841	1,339,355

* The superannuation employment on-cost charge represents the Consolidated Entity's contribution to superannuation plans in respect of current services of the Consolidated Entity's current employees. The Department of Treasury and Finance (DTF) centrally recognises the superannuation liability in the whole-of-government financial statements.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

4 Staff benefit expenses (continued)

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Targeted voluntary separation packages (TVSPs)				
Amount paid during the reporting period to separated staff:				
TVSPs	993	975	993	975
Annual leave, LSL and SERL paid to those employees	502	556	502	556
	1,495	1,531	1,495	1,531
Number of staff who received a TVSP during the reporting period	13	10	13	10

	Consolidated		Parent	
	2017	2016	2017	2016
	Total	Total	Total	Total
	Number	Number	Number	Number
Remuneration of staff				
The number of staff whose remuneration received or receivable falls within the following bands:				
\$145,000 - \$147,000*	n/a	36	n/a	36
\$147,001 - \$157,000	164	133	164	133
\$157,001 - \$167,000	125	98	125	97
\$167,001 - \$177,000	74	76	74	76
\$177,001 - \$187,000	71	59	70	59
\$187,001 - \$197,000	37	41	37	40
\$197,001 - \$207,000	51	43	50	43
\$207,001 - \$217,000	37	42	37	42
\$217,001 - \$227,000	35	35	35	35
\$227,001 - \$237,000	23	29	23	29
\$237,001 - \$247,000	27	31	27	31
\$247,001 - \$257,000	22	19	22	19
\$257,001 - \$267,000	18	12	18	12
\$267,001 - \$277,000	22	13	22	13
\$277,001 - \$287,000	20	16	20	16
\$287,001 - \$297,000	19	16	19	15
\$297,001 - \$307,000	18	19	17	19
\$307,001 - \$317,000	18	20	18	20
\$317,001 - \$327,000	23	24	23	24
\$327,001 - \$337,000	19	17	19	17
\$337,001 - \$347,000	21	21	21	21
\$347,001 - \$357,000	22	13	22	13
\$357,001 - \$367,000	20	20	20	20
\$367,001 - \$377,000	19	14	19	14
\$377,001 - \$387,000	11	15	11	15
\$387,001 - \$397,000	18	14	18	14
\$397,001 - \$407,000	14	19	14	19
\$407,001 - \$417,000	18	16	18	16
\$417,001 - \$427,000	8	12	8	12
\$427,001 - \$437,000	14	12	14	12
\$437,001 - \$447,000	16	11	16	11
\$447,001 - \$457,000	10	11	10	11
\$457,001 - \$467,000	14	12	14	12
\$467,001 - \$477,000	16	14	16	14
\$477,001 - \$487,000	6	13	6	13
\$487,001 - \$497,000	11	9	11	9
\$497,001 - \$507,000	5	5	5	5
\$507,001 - \$517,000	10	6	10	6
\$517,001 - \$527,000	5	9	5	9
\$527,001 - \$537,000	6	8	6	8
\$537,001 - \$547,000	6	6	6	6
\$547,001 - \$557,000	9	6	9	6
\$557,001 - \$567,000	4	7	4	7
\$567,001 - \$577,000	5	9	5	9

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

4 Staff benefit expenses (continued)	Consolidated		Parent	
	2017	2016	2017	2016
Remuneration of staff	Total	Total	Total	Total
The number of staff whose remuneration received or receivable falls within the following bands:	Number	Number	Number	Number
\$577,001 - \$587,000	14	9	14	9
\$587,001 - \$597,000	9	7	9	7
\$597,001 - \$607,000	6	6	6	6
\$607,001 - \$617,000	7	2	7	2
\$617,001 - \$627,000	4	6	4	6
\$627,001 - \$637,000	3	4	3	4
\$637,001 - \$647,000	3	6	3	6
\$647,001 - \$657,000	3	2	3	2
\$657,001 - \$667,000	1	1	1	1
\$667,001 - \$677,000	-	2	-	2
\$677,001 - \$687,000	1	1	1	1
\$697,001 - \$707,000	-	1	-	1
\$707,001 - \$717,000	1	-	1	-
\$727,001 - \$737,000	1	-	1	-
\$747,001 - \$757,000	2	-	2	-
\$757,001 - \$767,000	-	1	-	1
\$777,001 - \$787,000	2	1	2	1
\$817,001 - \$827,000	1	-	1	-
\$847,001 - \$857,000	-	1	-	1
\$957,001 - \$967,000	1	-	1	-
Total number of staff	1,170	1,111	1,167	1,108

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration for 2015-16.

Total remuneration received or due and received by employees included above:	Consolidated				Parent			
	2017		2016		2017		2016	
	No.	\$'000	No.	\$'000	No.	\$'000	No.	\$'000
Medical (excluding Nursing) remuneration	968	291,471	953	284,421	968	291,471	953	284,421
Executive remuneration	26	6,857	26	5,920	26	6,857	26	5,920
Nursing remuneration	90	15,065	49	7,657	90	15,065	49	7,657
Non-medical (i.e. administration) remuneration	86	15,281	83	14,604	83	14,594	80	13,931
Total	1,170	328,674	1,111	312,602	1,167	327,987	1,108	311,929

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

5 Supplies and services	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Administration	7,024	8,115	8,523	9,473
Advertising	829	672	693	504
Communication	3,387	3,957	3,301	3,873
Computing	19,736	19,937	19,438	19,733
Contractors	19,811	18,907	19,779	18,837
Contractors - agency staff	33,993	37,662	33,976	37,657
Consultants	2,742	2,439	2,720	2,265
Contract of services	2,520	11	2,520	11
Cost of goods sold	1,944	1,906	6	-
Drug supplies	206,429	187,307	206,429	187,307
Electricity, gas and fuel	11,909	12,067	11,870	12,036
Fee for service	24,977	24,296	24,977	24,296
Finance lease contingent rentals	20	-	20	-

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5	Supplies and services (continued)	Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
	Food supplies	9,219	9,052	9,219	9,052
	Housekeeping	39,650	40,637	39,589	40,588
	Insurance	10,096	9,357	10,047	9,310
	Internal SA Health SLA payments	16,250	23,416	16,250	23,416
	Interstate patient transfers	35	-	35	-
	Legal	6,834	1,230	6,310	846
	Medical, surgical and laboratory supplies	157,579	155,163	157,579	155,163
	Minor equipment	15,271	9,915	15,258	9,905
	Motor vehicle expenses	1,991	2,166	1,956	2,127
	Occupancy rent and rates	17,926	16,767	17,729	16,573
	Patient transport	8,895	8,600	8,895	8,600
	Payments to Shared Services SA	10,456	10,115	10,456	10,115
	Postage	7,505	6,813	7,492	6,785
	Printing and stationery	6,406	6,530	6,373	6,494
	PPP Operating Expenses	1,580	-	1,580	-
	Rental expense on operating lease*	1,681	1,744	1,681	1,744
	Repairs and maintenance	33,820	30,085	33,803	30,079
	Security	12,722	10,612	12,722	10,612
	Staff training and development	11,403	10,938	11,259	10,790
	Staff travel expenses	8,027	10,987	7,931	10,882
	Other supplies and services	25,429	22,894	24,689	22,324
	Total supplies and services	738,096	704,297	735,105	701,397

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

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

Professional indemnity and general public insurance

Professional indemnity and general public liability claims arising from the Consolidated Entity's operations are managed as part of the State Government Insurance Program. The Consolidated Entity pays an annual premium to the Department for Health and Ageing (the Department). The Department and the SA Government Financing Authority, SAICORP Division are responsible for meeting the cost of any claims. Consequently, no provision for these claims is recognised in the Consolidated Entity's financial statements.

The number and dollar amount of consultancies paid/payable included in supplies and services expense) that fell within the following bands:	Consolidated				Parent			
	2017		2016		2017		2016	
	No.	\$'000	No.	\$'000	No.	\$'000	No.	\$'000
Below \$10,000	2	2	11	33	1	2	5	13
Above \$10,000	25	2,740	20	2,406	24	2,718	18	2,252
Total paid/payable to consultants engaged	27	2,742	31	2,439	25	2,720	23	2,265

6	Depreciation and amortisation expense	Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
	Buildings and improvements	26,701	31,923	26,701	31,923
	Medical, surgical, dental and biomedical equipment	15,927	22,642	15,927	22,642
	Other plant and equipment	945	1,158	818	990
	Leasehold improvements	931	2,087	931	2,087
	Intangible assets	2,961	2,391	2,961	2,372
	Total depreciation and amortisation	47,465	60,201	47,338	60,014

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.

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7	Grants and subsidies	Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
	Recurrent grants	19	2	19	2
	Subsidies	250	300	-	-
	Funding to non-government organisations	5,153	4,753	5,153	4,753
	Total grants and subsidies	5,422	5,055	5,172	4,755

The grants given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation. Contributions payable will be recognised as a liability and an expense when the Consolidated Entity has a present obligation to pay the contribution and the expense recognition criteria are met.

8	Borrowing costs	Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
	Finance charges on finance leases	12,100	584	12,100	584
	Other finance charges	640	-	640	-
	Total borrowing cost	12,740	584	12,740	584

The Consolidated Entity does not capitalise borrowing costs. The total borrowing costs from financial liabilities not at fair value through profit and loss was \$12.740 million (\$0.584 million).

Included in Finance charges on finance leases is \$11.552 million which relates to interest on PPP.

9	Other expenses	Note	Consolidated		Parent	
			2017	2016	2017	2016
			\$'000	\$'000	\$'000	\$'000
	Bad and doubtful debts	19	5,521	1,993	5,491	1,984
	Bank fees and charges		70	64	53	52
	Donated assets expense		919	9	919	9
	Impairment expense		30,726	8,820	30,726	8,820
	Net loss on revaluation of investments		-	5,244	-	5,244
	Net loss on sale of investments		-	29	-	-
	Royalty payments		11,590	11,109	11,590	11,109
	Assets transferred to the Department		-	31,355	-	31,355
	Deed of Settlement		-	36,535	-	36,535
	Other*		2,513	2,359	2,336	2,245
	Total other expenses		51,339	97,517	51,115	97,353

Donated assets expense includes transfer of property, plant and equipment and intangible assets and is recorded as expenditure at their fair value.

* Audit fees paid or payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$0.459 million (\$0.478 million) for the Consolidated Entity and \$0.397 million (\$0.418 million) for the Parent. No other services were provided by the Auditor-General's Department.

10	Revenue from fees and charges	Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
	Ambulance transport	147	161	147	161
	Fines, fees and penalties	142	145	142	145
	Insurance recoveries	318	452	318	452
	Patient and client fees	230,044	215,334	221,066	207,043
	Private practice fees	34,699	31,488	34,699	31,488
	Recoveries	36,832	42,736	36,832	42,736
	Sale of goods - medical supplies	183	204	196	204
	Other user charges and fees	23,252	22,376	23,252	22,376
	Total fees and charges	325,617	312,896	316,652	304,605

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11 Grants and contributions	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Commonwealth grants and donations	5,111	5,959	5,111	5,959
Pharmaceutical benefits scheme Commonwealth subsidy	181,540	164,233	181,540	164,233
Other SA Government grants and contributions	1,484	2,568	1,604	2,628
Private sector grants and contributions	15,446	13,249	15,446	13,249
Total grants and contributions	203,581	186,009	203,701	186,069

Contributions are recognised as an asset and income when the Consolidated Entity obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met.

The grants received are usually subject to terms and conditions set out in the contract, correspondence, or by legislation.

Of the \$203.581 million (\$186.009 million) received in 2016-17 \$9.087 million (\$8.110 million) was provided for specific purposes such as research and associated activities.

12 Interest revenue	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Bank interest	150	399	7	201
Interest on Special Purpose Funds (SPF)	1,302	1,650	1,302	1,650
Total interest revenue	1,452	2,049	1,309	1,851

13 Resources received free of charge	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Plant and equipment	4,018	2,150	4,018	2,150
Total resources received free of charge	4,018	2,150	4,018	2,150

Resources received free of charge include property, plant and equipment and immunisation drugs and are recorded at their fair value.

Contribution 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.

14 Net gain/(loss) from disposal of non-current and other assets	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Land and buildings:				
Net book value of assets disposed	(18,916)	(668)	(18,916)	(668)
Net gain/(loss) from disposal of land and buildings	(18,916)	(668)	(18,916)	(668)
Plant and equipment:				
Proceeds from disposal	16	15	-	15
Less net book value of assets disposed	(969)	(2,134)	(957)	(2,134)
Net gain/(loss) from disposal of plant and equipment	(953)	(2,119)	(957)	(2,119)
Total assets:				
Total proceeds from disposal	16	15	-	15
Less total value of assets disposed	(19,885)	(2,802)	(19,873)	(2,802)
Total net gain/(loss) from disposal of assets	(19,869)	(2,787)	(19,873)	(2,787)

Gains or losses on disposal are recognised at the date control of the asset is passed from the Consolidated Entity and are determined after deducting the cost of the asset from the proceeds at that time. When revalued assets are disposed, the revaluation surplus is transferred to retained earnings.

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15 Other revenues	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Commissions revenue	41	20	41	20
Dividend revenue	198	151	-	-
Royalty income	17,123	15,892	17,123	15,892
Training revenue	33	84	33	84
Donations	7,983	6,725	7,983	6,725
Car parking revenue	3,386	3,611	3,386	3,611
Gain on revaluation of investment property	845	-	-	-
Other	10,615	9,695	10,100	8,183
Total other revenues	40,224	36,178	38,666	34,515

16 Revenue from SA Government	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Recurrent funding	1,495,756	1,455,780	1,495,756	1,455,780
Capital funding	141,081	163,673	141,081	163,673
Total revenues from Department for Health and Ageing	1,636,837	1,619,453	1,636,837	1,619,453

The Department provides recurrent and capital funding under a service level agreement to the Consolidated Entity for the provision of general health services. Contributions from the Department are recognised as revenues when the Consolidated Entity obtains control over the funding. Control over the funding is normally obtained upon receipt.

17 Unexpended funding commitments

The Consolidated Entity is engaged in a variety of funding programs involving State and Commonwealth sources who provide monies to the Consolidated Entity on the premise that these funds are expended in a manner consistent with the terms of the program. The Consolidated Entity had outstanding funding commitments to the following programs:

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
SACS Survivorship Program Grant	-	40	-	40
Organ Tissue Authority Grant	171	-	171	-
National Cervical Screening Program Grant	60	-	60	-
SBIR Phase II Grant	100	-	100	-
Total unexpended funding commitments	331	40	331	40

18 Cash and cash equivalents	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Cash at bank or on hand - non-government financial institutions	4,245	16,670	2,634	14,958
Deposits with Treasurer	83,852	89,351	83,852	89,351
Imprest account/cash on hand	28	69	28	69
Total cash	88,125	106,090	86,514	104,378

Cash is measured at nominal amounts.

The Consolidated Entity receives specific purpose funds from various sources including government, private sector and individuals. The amounts are controlled by the Consolidated Entity, and are used to help achieve the Consolidated Entity objectives, notwithstanding that specific uses can be determined by the grantor or donor. Amounts are treated as revenue at the time they are earned or at the time control passes to the Consolidated Entity.

The Government has a policy to align agency cash balances with the appropriation and expenditure authority.

Deposits with the Treasurer

The Consolidated Entity operates through the Department's two deposit accounts held with the Treasurer, one general operating account and one special purpose deposit account. The Consolidated Entity earns interest on the special deposit account and does not earn interest on the general operating account held with the Treasurer.

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19 Receivables	Note	Consolidated		Parent	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current					
Patient/client fees					
Compensable		7,460	10,690	7,460	10,690
Other		34,574	34,382	34,574	34,382
Debtors		15,483	13,108	14,284	11,839
Less: allowance for doubtful debts	19.1	(10,455)	(9,551)	(10,359)	(9,464)
Prepayments		776	1,297	605	1,148
Interest income receivable		32	66	-	-
Grants		5	64	5	64
Sundry receivables and accrued revenue		16,540	23,202	16,389	23,012
GST recoverable		1,830	1,767	1,895	1,816
Workers compensation provision recoverable		5,394	6,236	5,394	6,236
Total current receivables		71,639	81,261	70,247	79,723
		2017	2016	2017	2016
Non-Current		\$'000	\$'000	\$'000	\$'000
Debtors		140	185	140	185
GST recoverable		861	930	861	930
Workers compensation provision recoverable		3,147	4,583	3,147	4,583
Total non-current receivables		4,148	5,698	4,148	5,698
Total receivables		75,787	86,959	74,395	85,421

19.1 Movement in the allowance for doubtful debts

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

An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	Consolidated		Parent	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Movements in the allowance for doubtful debts (impairment loss)				
Carrying amount at the beginning of the period	9,551	10,330	9,464	10,252
Amounts written off	(2,182)	(1,814)	(2,182)	(1,814)
Increase/(Decrease) in allowance recognised in the Statement of Comprehensive Income	3,086	1,035	3,077	1,026
Carrying amount at the end of the period	10,455	9,551	10,359	9,464

The Consolidated Entity has recognised a bad and doubtful debt expense of \$5.521 million (\$1.993 million).

Interest rate and credit risk

Receivables arise in the normal course of selling goods and services to other agencies and to the public. The Consolidated Entity's trading terms for receivables are generally 30 days, after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Consolidated Entity will not be able to collect the debt. 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 further information on risk management.

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20 Other financial assets	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Current				
Term deposits:				
Finance institutions	2,800	4,467	803	782
Other investments*	9,479	5,684	4,062	2,099
Total current investments	12,279	10,151	4,865	2,881
Non-current	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Term deposits:				
Finance institutions	1,618	2,038	-	-
Other investments*	383	433	1,150	1,150
Total non-current investments	2,001	2,471	1,150	1,150
Total investments	14,280	12,622	6,015	4,031

The Consolidated Entity measures financial assets and debts at historical cost, except for listed equities which are measured at market value.

As at 30 June 2003 after the completion of construction of the RAH Car park the remaining unexpended funds received from the private financier were invested to satisfy the Capital Reserve Fund and Insurance Fund requirements as specified in the car park agreement and are reflected in the Financial Institutions terms deposits.

* Other investments includes shares in other corporations, floating rate notes, listed securities and managed funds.

Refer to Note 32 for further information on risk management.

21 Inventories	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Current - held for distribution				
Materials at cost:				
Drug supplies	12,402	12,698	12,402	12,698
Inventory imprest stock	6,983	7,478	6,983	7,478
Other	367	390	152	129
Total current inventories - held for distribution	19,752	20,566	19,537	20,305

Inventories held for distribution at no or nominal consideration, are measured at the lower of average weighted cost and replacement cost. All other inventories are measured at the lower of average weighted cost or their net realisable value.

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

22 Property, plant and equipment	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Land and buildings				
Land	134,602	164,776	134,602	164,776
Buildings and improvements	2,892,592	353,160	2,892,592	353,160
Accumulated depreciation - buildings and improvements	(53,231)	(29,847)	(53,231)	(29,847)
Buildings and improvements under construction (work in progress)	9,277	90,022	9,277	90,022
Total land, buildings and improvements	2,983,240	578,111	2,983,240	578,111
Leasehold improvements				
Leasehold improvements at fair value	24,973	22,081	24,973	22,081
Accumulated amortisation	(7,473)	(6,542)	(7,473)	(6,542)
Total leasehold improvements	17,500	15,539	17,500	15,539

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22 Property, plant and equipment (continued)	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Plant and equipment				
Medical, surgical, dental and biomedical equipment at cost (deemed fair value)	182,964	185,223	182,965	184,952
Accumulated depreciation - medical, surgical, dental and biomedical	(129,204)	(127,611)	(129,204)	(127,340)
Other plant and equipment at cost (deemed fair value)	273,846	15,891	272,496	14,645
Accumulated depreciation - other plant and equipment	(10,005)	(10,149)	(8,981)	(9,137)
Plant and equipment under construction (work in progress)	102,116	45,459	102,078	45,436
Total plant and equipment	419,717	108,813	419,354	108,556
Total property, plant and equipment	3,420,457	702,463	3,420,094	702,206

Valuation of land and buildings

An independent valuation of land and buildings, including site improvements, was performed in May 2015 by a Certified Practising Valuer from Australian Valuation Solutions Pty Ltd, as at 1 June 2015.

The valuer arrived at the fair value of unrestricted land using the market approach. The valuation was based on recent market transactions for similar land and buildings (non-specialised) in the area and includes adjustment for factors specific to the land and buildings being valued such as size, location and current use.

The valuer used depreciated replacement cost for specialised land and buildings, due to there not being an active market for such land and buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition, location and current use of the assets. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

Valuation of plant and equipment

All items of plant and equipment that had a fair value at the time of acquisition less than \$1 million have not been revalued in accordance with Accounting Policy Framework III *Asset Accounting Framework*. The carrying value of these items are deemed to approximate fair value. These assets are classified in Level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the asset condition and remaining useful life.

The Consolidated Entity's plant and equipment assets with a fair value greater than \$1 million were revalued using the fair value methodology, as at 1 June 2015, based on independent valuations performed by Simon O'Leary, AAPI, C.P.V, Australian Valuation Solutions Pty Ltd.

Impairment

Impairment losses were recognised for property, plant and equipment assets as follows:

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Impairment of property, plant and equipment:				
Land	23,117	7,963	23,117	7,963
Buildings	7,609	-	7,609	-
Other plant and equipment at cost (deemed fair value)	-	857	-	857
Total impairment of property, plant and equipment	30,726	8,820	30,726	8,820

Notwithstanding Cabinet's impending decision regarding the future use of the existing RAH site, based on external and internal indicators, the Hospital considers there is an impairment event for the land. Renewal SA has advised that the restriction on the title (requiring hospital usage) will be removed to permit development immediately upon closure of the existing RAH, and a change of use that will include residential, which is deemed a sensitive land use under EPA guidelines, triggering a requirement for remediation works. The cost of demolition and remediation works is estimated to exceed the carrying value of the existing RAH land and buildings.

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Reconciliation of property, plant and equipment and investment properties

The following table shows the movement

Consolidated

2016-17

	Land and buildings				Plant and equipment				Capital works in progress		Total
	Land	Buildings	Buildings under PPP	Capital works in progress land and buildings	Leasehold improvements	Medical/surgical/dental/biomedical	Other plant and equipment	Plant and equipment under PPP	Capital works in progress plant and equipment	Investment Property	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	164,776	323,313	-	90,022	15,539	57,612	5,742	-	45,459	3,825	706,288
Additions	-	-	-	-	-	-	-	-	-	-	-
Assets received free of charge	-	-	2,500,822	48,749	-	4,988	284	258,249	33,044	-	2,846,136
Disposals	-	-	-	-	-	4,018	-	-	-	-	4,018
Donated assets disposal	(310)	(609)	-	(18,916)	-	(686)	(233)	-	(52)	-	(19,887)
Acquisition / (disposal) through administrative restructuring	-	-	-	-	-	-	-	-	-	-	(919)
Transfers between asset classes	-	11	50,134	(110,578)	1,431	3,947	744	-	23,665	-	(30,646)
Other movements	-	-	-	-	-	(192)	-	-	-	-	(192)
Subtotal:	164,466	322,715	2,550,956	9,277	18,431	69,687	6,537	258,249	102,116	3,825	3,506,259
Gains/(losses) for the period recognised in net result:											
Depreciation and amortisation	-	(26,701)	-	-	(931)	(15,927)	(945)	-	-	-	(44,504)
Revaluation increment / (decrement)	-	-	-	-	-	-	-	-	-	845	845
Impairment (losses) / reversals	(23,117)	(7,609)	-	-	-	-	-	-	-	-	(30,726)
Subtotal:	(23,117)	(34,310)	-	-	(931)	(15,927)	(945)	-	-	845	(74,385)
Gains/(losses) for the period recognised in other comprehensive income:											
Revaluation increment / (decrement)	1,636	-	-	-	-	-	-	-	-	-	1,636
Impairment (losses) / reversals	(8,383)	-	-	-	-	-	-	-	-	-	(8,383)
Subtotal:	(6,747)	-	-	-	-	-	-	-	-	-	(6,747)
Carrying amount at the end of the period*	134,602	288,405	2,550,956	9,277	17,500	53,760	5,592	258,249	102,116	4,670	3,425,127

* The net carrying amount at the end of the reporting period for buildings under financial lease is \$18,377 million and plant and equipment under finance lease is nil.

All property, plant and equipment are classified in the level 3 fair value hierarchy except for Investment properties (classified as level 2) and capital works in progress (not classified).

Resources received free of charge

The Hospital received \$4,018 million in plant and equipment free of charge, the majority of which relates to equipment provided under the lease agreement with University of Adelaide for the new SA Dental facility.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

Consolidated
2015-16

	Land and buildings			Plant and equipment					
				Medical/ surgical/ dental/ biomedical	Other plant and equipment	Plant and equipment under PPP	Capital works in progress plant and equipment	Investment Property	Total
	Land \$'000	Buildings \$'000	Buildings under PPP \$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the period	196,760	364,356	-	35,613	14,863	7,560	8,996	3,825	698,769
Additions	-	52	-	63,772	-	277	43,180	-	113,506
Assets received free of charge	-	-	-	2,135	-	15	-	-	2,150
Disposals	-	-	-	(1,797)	(639)	(337)	-	-	(2,802)
Donated assets disposal	(24,678)	(6,677)	-	(9)	-	-	-	-	(31,364)
Transfers between asset classes	-	5,468	-	6,904	3,402	277	(6,717)	-	-
Subtotal:	172,082	363,199	-	80,254	17,626	7,792	45,459	3,825	780,259
Gains/(losses) for the period recognised in net result:									
Depreciation and amortisation	-	(31,923)	-	-	(2,087)	(1,158)	-	-	(57,810)
Revaluation increment / (decrement)	(7,306)	-	-	(22,642)	-	(35)	-	-	(7,341)
Impairment (losses) / reversals	-	(7,963)	-	-	-	(857)	-	-	(8,820)
Subtotal:	(7,306)	(39,886)	-	(22,642)	(2,087)	(2,050)	-	-	(73,971)
Carrying amount at the end of the period*	164,776	323,313	-	57,612	15,539	5,742	45,459	3,825	706,288

* The net carrying amount at the end of the reporting period for buildings under financial lease is \$19,300 million and plant and equipment under finance lease is \$0.094 million.

All property, plant and equipment are classified in the level 3 fair value hierarchy except for Investment properties (classified as level 2) and capital works in progress (not classified).

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

Parent
2016-17

	Land and buildings				Plant and equipment						Total \$'000
	Land \$'000	Buildings \$'000	Buildings under PPP \$'000	Capital works in progress land and buildings \$'000	Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Plant and equipment under PPP \$'000	Capital works in progress plant and equipment \$'000	Investment Property \$'000	
Carrying amount at beginning of the period	164,776	323,313	-	90,022	15,539	57,612	5,508	-	45,436	-	702,206
Additions	-	-	2,500,822	48,749	-	4,988	53	258,249	33,029	-	2,845,890
Assets received free of charge	-	-	-	-	-	4,018	-	-	-	-	4,018
Disposals	-	-	-	(18,916)	-	(685)	(221)	-	(52)	-	(19,874)
Donated assets disposal	(310)	(609)	-	-	-	-	-	-	-	-	(919)
Acquisition / (disposal) through administrative restructuring	-	-	-	-	1,461	-	-	-	-	-	1,461
Transfers between asset classes	-	11	50,134	(110,578)	1,431	3,947	744	-	23,665	-	(30,646)
Other movements	-	-	-	-	-	(192)	-	-	-	-	(192)
Subtotal:	164,466	322,715	2,550,956	9,277	18,431	69,688	6,084	258,249	102,078	-	3,501,944
Gains/(losses) for the period recognised in net result:											
Depreciation and amortisation	-	(26,701)	-	-	(931)	(15,927)	(818)	-	-	-	(44,377)
Impairment (losses) / reversals	(23,117)	(7,609)	-	-	-	-	-	-	-	-	(30,726)
Subtotal:	(23,117)	(34,310)	-	-	(931)	(15,927)	(818)	-	-	-	(75,103)
Gains/(losses) for the period recognised in other comprehensive income:											
Revaluation increment / (decrement)	1,636	-	-	-	-	-	-	-	-	-	1,636
Impairment (losses) / reversals	(8,383)	-	-	-	-	-	-	-	-	-	(8,383)
Subtotal:	(6,747)	-	-	-	-	-	-	-	-	-	(6,747)
Carrying amount at the end of the period*	134,602	288,405	2,550,956	9,277	17,500	53,761	5,266	258,249	102,078	-	3,420,094
* The net carrying amount at the end of the reporting period for buildings under financial lease is \$18.377 million and plant and equipment under finance lease is nil.											

* The net carrying amount at the end of the reporting period for buildings under financial lease is \$18.377 million and plant and equipment under finance lease is nil.

All property, plant and equipment are classified in the level 3 fair value hierarchy except for Investment properties (classified as level 2) and capital works in progress (not classified).

Resources received free of charge

The Hospital received \$4.018 million in plant and equipment free of charge, the majority of which relates to equipment provided under the lease agreement with University of Adelaide for the new SA Dental facility.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

Parent
2015-16

	Land and buildings				Plant and equipment						Total \$'000
	Land \$'000	Buildings \$'000	Buildings under PPP \$'000	Capital works in progress land and buildings \$'000	Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Plant and equipment under PPP \$'000	Capital works in progress plant and equipment \$'000	Investment Property \$'000	
Carrying amount at beginning of the period	196,760	364,356	-	35,613	14,863	66,796	7,328	-	8,982	-	694,698
Additions	-	52	-	63,772	-	6,225	121	-	43,157	-	113,327
Assets received free of charge	-	-	-	-	-	2,135	15	-	-	-	2,150
Disposals	-	-	-	(29)	(639)	(1,797)	(337)	-	-	-	(2,802)
Donated assets disposal	(24,678)	(6,677)	-	-	-	(9)	-	-	-	-	(31,364)
Transfers between asset classes	-	5,468	-	(9,334)	3,402	6,904	263	-	(6,703)	-	-
Subtotal:	172,082	363,199	-	90,022	17,626	80,254	7,390	-	45,436	-	776,009
net result:											
Depreciation and amortisation	-	(31,923)	-	-	(2,087)	(22,642)	(990)	-	-	-	(57,642)
Revaluation increment / (decrement)	(7,306)	-	-	-	-	-	(35)	-	-	-	(7,341)
Impairment (losses) / reversals	-	(7,963)	-	-	-	-	(857)	-	-	-	(8,820)
Subtotal:	(7,306)	(39,886)	-	-	(2,087)	(22,642)	(1,882)	-	-	-	(73,803)
Carrying amount at the end of the period*	164,776	323,313	-	90,022	15,539	57,612	5,508	-	45,436	-	702,206

* The net carrying amount at the end of the reporting period for buildings under financial lease is \$19.300 million and plant and equipment under finance lease is \$0.094 million.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

Reconciliation of intangible assets
Consolidated

	2016-17			2015-16		
	Computer software \$'000	Capital works in progress intangibles \$'000	Total \$'000	Computer software \$'000	Capital works in progress intangibles \$'000	Total \$'000
Carrying amount at beginning of the period	11,904	18,814	30,718	14,276	6,732	21,008
Additions	-	7,193	7,193	-	12,082	12,082
Depreciation and amortisation	(2,961)	-	(2,961)	(2,372)	-	(2,372)
Transfers between asset classes	17,913	12,733	30,646	-	-	-
Carrying amount at the end of the period	26,856	38,740	65,596	11,904	18,814	30,718

Parent

	2016-17			2015-16		
	Computer software \$'000	Capital works in progress intangibles \$'000	Total \$'000	Computer software \$'000	Capital works in progress intangibles \$'000	Total \$'000
Carrying amount at beginning of the period	11,904	18,814	30,718	14,276	6,732	21,008
Additions	-	7,193	7,193	-	12,082	12,082
Depreciation and amortisation	(2,961)	-	(2,961)	(2,372)	-	(2,372)
Transfers between asset classes	17,913	12,733	30,646	-	-	-
Carrying amount at the end of the period	26,856	38,740	65,596	11,904	18,814	30,718

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

23 Investment property	Consolidated		Parent	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Investment property (at fair value)	4,670	3,825	-	-
Total investment property	4,670	3,825	-	-

Valuation of investment property

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.

The valuation of the investment property located at Dalglish Street, Thebarton was performed by Carol Simons, B Bus. Prop(Val), AAPI Certified Practising Valuer, an independent valuer from Knight Frank Valuations as at June 2017. The valuer arrived at a fair value based on recent market transactions for similar properties in the area taking in to account zoning and restricted use.

Where there is recent market transactions for similar properties, the valuations are based on the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in the active market for similar properties. These investment properties have been categorised as Level 2.

Amounts recognised in profit or loss

The Consolidated Entity recognised rental income from investment property during the period of \$0.425 million (\$0.483 million).

Impairment

There were no indications of impairment of investment property assets at 30 June 2017.

24 Intangible assets	Consolidated		Parent	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Computer software	36,087	18,175	36,087	18,175
Accumulated amortisation - computer software	(9,231)	(6,271)	(9,231)	(6,271)
Other intangibles	-	2,395	-	-
Accumulated amortisation - other intangibles	-	(2,395)	-	-
Intangibles under construction (Work in progress)	38,740	18,814	38,740	18,814
Total intangible assets	65,596	30,718	65,596	30,718

Impairment

There were no indications of impairment of intangible assets at 30 June 2017.

25 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 Consolidated Entity categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement as follows:

Fair value measurements at 30 June 2017

	Consolidated			Parent		
	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements						
Land (Note 22)	-	134,602	134,602	-	134,602	134,602
Buildings and improvements (Note 22)	-	2,839,361	2,839,361	-	2,839,361	2,839,361
Leasehold improvements (Note 22)	-	17,500	17,500	-	17,500	17,500
Plant and equipment (Note 22)	-	317,601	317,601	-	317,276	317,276
Investment property (Note 23)	4,670	-	4,670	-	-	-
Total	4,670	3,309,064	3,313,734	-	3,308,739	3,308,739

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

25 Fair Value Measurement (continued)

Fair value measurements at 30 June 2016

	Consolidated			Parent		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements						
Land (Note 22)	-	164,776	164,776	-	164,776	164,776
Buildings (Note 22)	-	323,313	323,313	-	323,313	323,313
Leasehold improvements (Note 22)	-	15,539	15,539	-	15,539	15,539
Plant and equipment (Note 22)	-	63,354	63,354	-	63,120	63,120
Investment property (Note 23)	3,825	-	3,825	-	-	-
Total	3,825	566,982	570,807	-	566,748	566,748

There are no non-recurring fair value measurements.

The Consolidated Entity's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. Valuation techniques and inputs used to derive level 2 and 3 fair values are at Notes 22 and 23.

During 2017 and 2016, the department had no valuations categorised into Level 1; there were no transfers of assets between Level 1, 2 and 3 fair value hierarchy levels in 2016-17.

Valuation techniques and inputs

Land fair values were derived by using the market approach, being recent sales transactions of other similar land holdings within the region, adjusted for differences in key attributes such as property size, zoning and any restrictions on use, and then adjusted with a discount factor. For this reason they are deemed to have been valued using Level 3 valuation inputs.

Due to the predominantly specialised nature of health service assets, the majority of building and plant and equipment valuations have been undertaken using a cost approach (depreciated replacement cost), an accepted valuation methodology under AASB 13. The extent of unobservable inputs and professional judgement required in valuing these assets is significant, and as such they are deemed to have been valued using Level 3 valuation inputs.

Unobservable inputs used to arrive at final valuation figures included:

- Estimated remaining useful life, which is an economic estimate and by definition, is subject to economic influences;
- Cost rate, which is the estimated cost to replace an asset with the same service potential as the asset undergoing valuation (allowing for over-capacity), and based on a combination of internal records including: refurbishment and upgrade costs, historical construction costs, functional utility users, industry construction guides, specialised knowledge and estimated acquisition/transfer costs;
- Characteristics of the asset, including condition, location, any restrictions on sale or use and the need for ongoing provision of Government services;
- Effective life, being the expected life of the asset assuming general maintenance is undertaken to enable functionality but no upgrades are incorporated which extend the technical life or functional capacity of the asset; and
- Depreciation methodology, noting that AASB 13 dictates that regardless of the depreciation methodology adopted, the exit price should remain unchanged.

Although there were some buildings valued using Level 2 inputs, the fair value of these was immaterial in comparison to the whole class, therefore all buildings (with the exception of investment property) have been classified as Level 3. Investment property has been valued using the income approach, based on capitalised net income at an appropriate yield, and is classified as Level 2.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

26 Payables	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Current				
Creditors and accrued expenses	63,816	97,653	63,214	96,807
Paid Parental Leave Scheme payable	135	112	135	112
Staff on-costs*	16,875	16,012	16,835	15,976
Other payables	5,188	3,534	5,188	3,534
Total current payables	86,014	117,311	85,372	116,429
Non-current				
Creditors and accrued expenses	410	268	410	268
Staff on-costs*	9,832	11,124	9,832	11,124
Total non-current payables	10,242	11,392	10,242	11,392
Total payables	96,256	128,703	95,614	127,821

*Staff on-costs include superannuation contributions. The Consolidated Entity 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.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of LSL taken as leave has decreased from the 2016 rate of 51% to 48%. Further, Mercer Consulting (Australia) Pty Ltd has determined that the average factor for the calculation of employer superannuation cost on-cost has decreased from 10.03% in 2016 to 9.62%. These rates are used in the employment on-cost calculation. The net financial effect of the above changes in the current financial year is a decrease in the employment on-cost of \$1.109 million, and employee benefits expense of \$1.109 million. The expected impact on 2018 and 2019 is \$1.153 million and \$1.199 million respectively.

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

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/received.

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

Interest rate and credit risk

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owed. Sundry creditors are normally settled within 30 days from the date the invoice is first received. Staff on-costs are settled when the respective staff benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand.

Refer to Note 32 for further information on risk management.

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27 Borrowings	Note	Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
Current					
Finance lease	31.3	31,973	718	31,973	718
Total current borrowings		31,973	718	31,973	718
Non-current					
Finance lease	31.3	2,749,519	10,228	2,749,519	10,228
Total non-current borrowings		2,749,519	10,228	2,749,519	10,228
Total borrowings		2,781,492	10,946	2,781,492	10,946

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

Refer to Note 32 for further information on risk management.

Defaults and breaches

There were no defaults or breaches on any of the above liabilities throughout the year.

28 Staff benefits		Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
Current					
Annual leave		116,501	107,304	116,271	107,078
Long service leave		36,675	32,439	36,411	32,203
Accrued salaries and wages		29,015	36,356	28,767	36,253
Fringe benefits tax		10	10	-	-
Skills and experience retention leave		10,647	10,076	10,647	10,076
Other		89	116	89	116
Total current staff benefits		192,937	186,301	192,185	185,726
Non-current					
Long service leave		210,618	218,047	210,592	218,025
Total non-current staff benefits		210,618	218,047	210,592	218,025
Total staff benefits		403,555	404,348	402,777	403,751

AASB 119 *Employee Benefits* contains the calculation methodology for LSL. The actuarial assessment performed by Mercer Consulting (Australia) Pty Ltd has provided a basis for the measurement of long service leave. AASB 119 requires the use of a yield on long term Commonwealth Government bonds which matched the expected term of the liabilities as the discount rate in the measurement of the long service leave liability. The appropriate yield on long term Commonwealth Government bonds has increased from 2016 (1.9%) to 2017 (2.51%).

This increase in the bond yield, which is used as the rate to discount future LSL cash flows, results in a decrease in the reported LSL liability. The net financial effect of the change in the bond yield in the current year is a decrease in the LSL liability of \$11.059 million and employee benefit expense of \$11.572 million. The impact on the future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption being the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 3.00% 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.

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29 Provisions

	Note	Consolidated		Parent	
		2017	2016	2017	2016
Current		\$'000	\$'000	\$'000	\$'000
Workers compensation	29.1	9,791	12,075	9,791	12,075
Total current provisions		9,791	12,075	9,791	12,075
Non-current					
Workers compensation	29.1	12,255	16,122	12,255	16,122
Total non-current provisions		12,255	16,122	12,255	16,122
Total provisions		22,046	28,197	22,046	28,197

Workers Compensation

The Hospital is an exempt employer under the *Return to Work Act 2014*. Under a scheme arrangement, the Hospital is responsible for the management of workers rehabilitation and compensation, and is directly responsible for meeting the cost of workers' compensation claims and the implementation and funding of preventive programs.

Although the Department provides funds to the Consolidated Entity for the settlement of lump sum and redemption payments, the cost of these claims, together with other claim costs, are met directly by the Consolidated Entity, and are thus reflected as an expense from ordinary activities in the Statement of Comprehensive Income.

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2017 provided by a consulting actuary engaged through the Office of the Public Sector. The provision is for the estimated cost of ongoing payments to staff as required under current legislation. The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling these claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all claims do not have to be paid in the immediate future.

29.1 Reconciliation of workers compensation

The following table shows the movement of workers compensation:

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	28,197	30,539	28,197	30,539
Increase in provisions recognised		3,134		3,134
Reductions resulting from re-measurement or settlement without cost	(3,900)	-	(3,900)	-
Reductions arising from payments/other sacrifices of future economic benefits	(2,251)	(5,476)	(2,251)	(5,476)
Carrying amount at the end of the period	22,046	28,197	22,046	28,197

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.

30 Other liabilities

	Consolidated		Parent	
	2017	2016	2017	2016
Current	\$'000	\$'000	\$'000	\$'000
Unclaimed monies	26	467	26	467
Unearned revenue	1,142	1,230	1,142	1,230
Lease incentive	160	160	160	160
Other	475	613	475	613
Total current other liabilities	1,803	2,470	1,803	2,470
Non-current				
Unearned revenue	774	858	774	858
Lease incentive	1,246	1,353	1,246	1,353
Other	714	692	714	692
Total non-current other liabilities	2,734	2,903	2,734	2,903
Total other liabilities	4,537	5,373	4,537	5,373

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
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31 Unrecognised contractual commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources, and are disclosed at their nominal value. Unrecognised contractual commitments are disclosed net of the amount of GST recoverable or payable. If GST is not recoverable or payable, the commitments are disclosed on a gross basis.

31.1 Operating lease revenue commitments

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as assets are receivable as follows:				
Within one year	462	80	-	-
Later than one year but not longer than five years	-	1,750	-	-
Total operating lease revenue commitments	462	1,830	-	-

31.2 Operating lease expenditure commitments

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:				
Within one year	12,571	12,338	12,536	12,285
Later than one year but not longer than five years	35,774	22,633	35,761	22,629
Later than five years	21,020	25,269	21,020	25,269
Total operating lease commitments	69,365	60,240	69,317	60,183
Representing:				
Non-cancellable operating leases	69,365	60,240	69,317	60,183
Total operating lease commitments	69,365	60,240	69,317	60,183

The Consolidated Entity has a number of lease agreements. Lease terms vary in length. Each lease agreement has renewal options for a determined period, exercisable by both the lessor and lessee.

31.3 Finance lease liabilities commitments

Finance lease liability commitments - RAH car park

Future minimum lease payments for the Consolidated Entity under finance lease and hire purchase contracts together with the present value of net minimum lease payments for the RAH car park are as follows:

	2017		2016	
	Minimum lease payments	Present value of lease payments	Minimum lease payments	Present value of lease payments
	\$'000	\$'000	\$'000	\$'000
Within one year	2,135	759	2,100	718
Later than one year but not longer than five years	8,540	3,502	8,401	3,310
Later than five years	11,208	5,967	13,129	6,918
Total minimum lease payments	21,883	10,228	23,630	10,946
Less future finance lease charges and contingent rentals	(11,655)		(12,684)	
Total finance lease commitments	10,228	10,228	10,946	10,946

Included in finance lease commitments above is \$0.930 million (\$0.996 million) which is the GST component of the finance lease commitments.

The RAH car park arrangement commenced in 1999-2000 and is for a 28 year term, at which time the car park ownership will be transferred to the RAH. This arrangement is shown in the Statement of Financial Position as a liability and a property asset.

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31.3 Finance lease liabilities commitments (continued)

Finance lease liability commitments - new RAH building and plant and equipment

Future minimum lease payments for the Consolidated Entity under the PPP arrangement together with the present value of net minimum lease payments for the buildings and plant and equipment at the new RAH are as follows:

	2017		2016	
	Minimum lease payments	Present value of lease payments	Minimum lease payments	Present value of lease payments
	\$'000	\$'000	\$'000	\$'000
Within one year	288,032	268,782	-	-
Later than one year but not longer than five years	1,237,880	913,750	-	-
Later than five years	6,900,106	1,588,730	-	-
Total minimum lease payments	8,426,018	2,771,262	-	-
Less future finance lease charges and contingent rentals	(5,654,756)		-	
Total finance lease commitments	2,771,262	2,771,262	-	-

There is nil GST in the finance lease commitments above.

Refer to note 2.12 for further detail of the PPP arrangement.

31.3 Finance lease liabilities commitments (continued)

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Included in the Statement of Financial Position as:				
Current borrowings (Note 27)	31,973	718	31,973	718
Non-current borrowings (Note 27)	2,749,519	10,228	2,749,519	10,228
Total included in borrowings	2,781,492	10,946	2,781,492	10,946

31.4 Expenditure Commitments

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Capital commitments				
Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:				
Within one year	63,959	56,704	35,442	56,597
Total capital commitments	63,959	56,704	35,442	56,597

The Consolidated Entity's capital commitments are for plant and equipment ordered but not received and capital works.

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Other expenditure commitments				
Within one year	89,562	38,144	89,562	38,009
Later than one year but not longer than five years	307,382	13,288	307,382	13,288
Later than five years	2,605,206	21,415	2,605,206	21,415
Total	3,002,150	72,847	3,002,150	72,712
Less contingent rentals	(1,200,858)		(1,200,858)	
Total other expenditure commitments	1,801,292	72,847	1,801,292	72,712

The Consolidated Entity expenditure commitments are for agreements for goods and services ordered but not received.

Included in other expenditure commitments above is \$2,984.055 million (including contingent rentals) which relates directly to the PPP operations and maintenance commitments (2016: nil).

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32 Financial instruments/financial risk management

32.1 Financial risk management

Risk management is managed by the Department for Health and Ageing's Risk and Assurance Services section and risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

The Consolidated Entity's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Liquidity Risk

The Consolidated Entity is funded principally by the Department for Health and Ageing. The Department for Health and Ageing works with the Department of Treasury and Finance to determine the cash flows associated with this Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Refer to Note 26 and 27 for further information

Credit and market risk

The Consolidated Entity has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Consolidated Entity does not trade in foreign currency, enter into transactions for speculative purposes, nor for hedging. No collateral is held as security and no credit enhancements relate to financial assets held by the Consolidated Entity.

Refer to Notes 18, 19 and 20 for further information.

Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. The Consolidated Entity'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.

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 or the respective financial asset / financial liability note.

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

The Consolidated Entity 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, 19 and 26).
- Borrowings are initially recognised at fair value, plus any transaction cost directly attributable to the borrowings, then subsequently held at amortised cost. The fair value of borrowings approximates the carrying amount, as the impact of discounting is not significant (refer Notes 2 and 27).
- 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 20).

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32.2. Categorisation of financial instruments (continued)

Category of financial asset and financial liability	Notes	Consolidated		Parent	
		2017 Carrying amount/ Fair value \$'000	2016 Carrying amount/ Fair value \$'000	2017 Carrying amount/ Fair value \$'000	2016 Carrying amount/ Fair value \$'000
Financial assets					
Cash and equivalent					
Cash and cash equivalents	18, 35	88,125	106,090	86,514	104,378
Loans and receivables					
Receivables ⁽¹⁾⁽²⁾	19	63,561	71,896	62,275	70,458
Available for sale financial assets					
Other financial assets	20	14,280	12,622	6,015	4,031
Total financial assets		165,966	190,608	154,804	178,867
Financial liabilities					
Financial liabilities at cost					
Payables ⁽¹⁾	26	69,047	101,076	68,445	100,230
Borrowings	27	-	-	-	-
Other financial liabilities	30	2,621	3,285	2,621	3,285
Finance lease liability	27, 31	2,781,492	10,946	2,781,492	10,946
Total financial liabilities		2,853,160	115,307	2,852,558	114,461

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth taxes; Auditor-General's Department audit fees etc.). 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⁾ Receivable amount disclosed here excludes prepayments. Prepayments are presented in Note 19 as trade and other receivables in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

33 Transferred functions
Transferred in

Assets and liabilities transferred were:	Consolidated		Parent	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Property, plant and equipment	1,461	-	1,461	-
Total assets	1,461	-	1,461	-
Staff benefits	-	1,963	-	1,963
Total liabilities	-	1,963	-	1,963
Total net assets transferred	1,461	(1,963)	1,461	(1,963)

Net assets assumed by the Consolidated Entity as a result of the administrative restructure are at the carrying amount of those assets in the transferor's Statement of Financial Position immediately prior to the transfer. The net assets transferred were treated as a contribution by the Government as owner.

2016-17

- Following an agreement between the Chief Executive Officers of CALHN and Northern Adelaide Local Health Network (NALHN), it was agreed to transfer assets associated with the Old Person's Mental Health Service from NALHN to CALHN effective 1 August 2016.

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33 Transferred functions (continued)

2015-16

- Following a review of departmental functions, effective 1 July 2015, the Chief Executive of the Department approved the transfer of operational employees within the Workforce division of the Department to the Local Health Networks and SA Ambulance Service Inc.

Transferred Out

Liabilities transferred were:	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Staff benefits	-	1,281	-	1,281
Total liabilities	-	1,281	-	1,281
Total net assets transferred	-	(1,281)	-	(1,281)

Net assets transferred by the Consolidated Entity as a result of the administrative restructures were at the carrying amount immediately prior to the transfer. The net assets transferred were treated as a distribution to the Government as owner.

2016-17

- There were no transfers out during this period.

2015-16

- Following a review of SA Pathology to improve service and business performance, effective 1 July 2015, the Chief Executive of the Department approved the transfer of the Information and Communication Technology function from the Central Adelaide Local Health Network (SA Pathology) to eHealth Systems division of the Department.

34 Contingent assets and liabilities

Contingent Assets

The new RAH project is being delivered under a public-private partnership agreement with Celsus. The new RAH PPP agreement contains a number of indexation elements which relate to adjustments to certain service payments i.e. interest rate and refinancing service payment adjustments. Where the indexation element is closely related to a lease contract, such as the interest rate payment adjustment, it is not required to be separately accounted for as a derivative. The change in interest rate is accounted for as a contingent rental and expensed in the period incurred.

Like the interest rate service payment adjustment, the refinancing element is an embedded derivative. However the economic characteristics and risks of this embedded derivative are not closely related to the lease contract and are required to be accounted for separately in the financial statements. The refinancing element could be considered akin to a purchase option in that the Hospital benefits from a portion of gains without exposure to any of the losses. The valuation of this derivative would be derived via the present value of the estimated future cash flows over the life of the project based on observable interest yield curves, basis spread, credit spreads and option pricing models, as appropriate, adjusted for Celsus's credit risk, (i.e. forward curve of credit risk margin).

The estimated value of the contingent asset is unable to be fully determined because of the following uncertain future events that will have an impact on Celsus's credit margin:

- Celsus's credit risk profiling and the number of times Celsus will refinance during the term of the PPP arrangement
- The type of finance Celsus sources e.g. short term debt from the banking market vs longer term debt potentially sourced via a private placement.
- Uncertainty around the margin negotiated and whether it will be higher or lower than those assumed margins in the financial modelling
- Whether the State Government will make a Capital Contribution during the first or any refinancing points
- The lodgement and resolution of any claims under the PPP Agreement

The new RAH Completion Deed has referred excluded defects to arbitration. It is not possible to quantify a contingent asset that may arise from these proceedings.

Contingent Liabilities

The Consolidated Entity (Hospital) is aware of potential claims associated with the new RAH, however it is not possible to estimate the dollar impact of any loss or whether potential claims will be successful.

Guarantees

The Consolidated Entity has made no guarantees.

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35 Cash flow reconciliation

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'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	88,125	106,090	86,514	104,378
Cash as per Statement of Financial Position	88,125	106,090	86,514	104,378
Balance as per Statement of Cash Flows	88,125	106,090	86,514	104,378
Reconciliation of net cash provided by operating activities to net cost of providing services:				
Net cash provided by/(used in) operating activities	71,099	96,642	70,828	96,228
Department for Health and Ageing contributions for the provision of health services	(1,636,837)	(1,619,453)	(1,636,837)	(1,619,453)
Add/less non-cash items				
Depreciation and amortisation expense of non-current assets	(47,465)	(60,201)	(47,338)	(60,014)
Impairment of non-current assets	(30,726)	(8,820)	(30,726)	(8,820)
Gain/(loss) on sale or disposal of non-current assets	(19,869)	(2,787)	(19,873)	(2,787)
Increments/(decrements) on revaluation of non-current assets	-	(5,244)	-	(5,244)
Donated Asset Expense	(919)	(9)	(919)	(9)
Assets acquired at no cost or nominal consideration	4,018	2,150	4,018	2,150
Revenue credited directly to investments	(470)	1,032	-	24
Other movements	(195)	-	(194)	-
Capital revenues	2,231	8,410	2,230	8,410
Net Gains on Revaluations of Investment	2,804	-	1,962	-
Declared surplus assets transferred to the Department	-	(31,355)	-	(31,355)
Loss on sale of investments	-	(29)	-	-
Capitalised Borrowing Costs-nRAH	(12,193)	-	(12,193)	-
Movement in assets/liabilities				
Increase/(Decrease) in receivables	(11,172)	17,647	(11,026)	17,821
Increase/(Decrease) in inventories	(814)	3,951	(768)	3,899
(Increase)/Decrease in staff benefits	793	(58,099)	974	(47,232)
(Increase)/Decrease in payables and provisions	42,428	(21,748)	42,188	(32,341)
(Increase)/Decrease in other liabilities	836	1,668	836	1,668
Net cost of providing services	(1,636,451)	(1,676,245)	(1,636,838)	(1,677,055)

Cash and cash equivalents in the Statement of Cash Flows consist of cash and cash equivalents as per the Statement of Financial Position, net of bank overdrafts.

36 Interests in other entities

The Consolidated Entity through its control of the LHNs has interests in a number of other entities as detailed below.

Controlled Entities

Central Adelaide Local Health Network Incorporated has a 100% interest (1,150,000 shares) in Medvet. Medvet is a national provider of on-site health and safety services delivered by qualified and experienced professional staff to businesses throughout Australia.

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36 Interests in other entities (continued)

Joint arrangements

The Consolidated Entity participates in the following joint operations:

Name of arrangement	Nature of the arrangement	Principal activity	Location	Interest
Centre for Cancer Biology Alliance	Agreement between the University of South Australia and Central Adelaide Local Health Network Incorporated	Undertake health and medical research in South Australia as an integrated clinical, educational and research activity, with a focus on cancer research.	Adelaide SA	50%
South Australian Cancer Genome Facility	Agreement between the University of South Australia and Central Adelaide Local Health Network Incorporated	Provide cost effective and high quality genomics services and support research into the initiation and progression of, and treatment and genetic determinants for cancer, to provide access to the equipment within the facility.	Adelaide SA	50%

Structured entities

The Consolidated Entity participates in the unconsolidated structured entity, CTM@CRC Ltd - the CRC for Cell Therapy Manufacturing (CTM). CTM is a cooperative research centre designed to implement research to provide new treatments and develop new materials-based manufacturing technologies to increase the accessibility, affordability and efficacy of cell therapies for previously incurable, or difficult to treat diseases.

CTM is funded by cash and in-kind resources from a number of partners in the health and research sectors throughout Australia in addition to a \$20,000 million grant from the Australian Government. CTM's headquarters are at the University of South Australia's Mawson Lakes campus.

37 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.

Parent

Note	SA Government		Non-SA Government		Total	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES						
4 Staff benefit expenses	4,275	4,278	1,325,566	1,335,077	1,329,841	1,339,355
5 Supplies and services	157,613	163,057	577,492	538,340	735,105	701,397
Administration	2,235	2,276	6,288	7,197	8,523	9,473
Advertising	352	184	341	320	693	504
Communication	971	1,556	2,330	2,317	3,301	3,873
Computing	15,388	14,055	4,050	5,678	19,438	19,733
Contractors	414	247	19,365	18,590	19,779	18,837
Contractors - agency staff	5,208	7,840	28,768	29,817	33,976	37,657
Consultants	-	-	2,720	2,265	2,720	2,265
Contract of services	-	-	2,520	11	2,520	11
Cost of goods sold	-	-	6	-	6	-
Drug supplies	1,672	1,613	204,757	185,694	206,429	187,307
Electricity, gas and fuel	221	185	11,649	11,851	11,870	12,036
Fee for service	1,184	1,284	23,793	23,012	24,977	24,296
Finance lease contingent rentals	11	-	9	-	20	-
Food supplies	343	320	8,876	8,732	9,219	9,052
Housekeeping	2,302	2,121	37,287	38,467	39,589	40,588
Insurance	9,423	8,659	624	651	10,047	9,310
Internal SA Health SLA payments	16,250	23,416	-	-	16,250	23,416
Interstate patient transfers	-	-	35	-	35	-

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37 Transactions with SA Government (continued)

Parent Note	SA Government		Non-SA Government		Total	
	2017	2016	2017	2016	2017	2016
EXPENSES	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Legal	2,181	663	4,129	183	6,310	846
Medical, surgical and laboratory supplies	32,629	33,531	124,950	121,632	157,579	155,163
Minor equipment	1,466	3,856	13,792	6,049	15,258	9,905
Motor vehicle expenses	1,855	1,989	101	138	1,956	2,127
Occupancy rent and rates	8,280	8,332	9,449	8,241	17,729	16,573
Patient transport	7,161	6,717	1,734	1,883	8,895	8,600
Printing and stationery	1,741	1,930	4,632	4,564	6,373	6,494
Payments to Shared Services SA	10,456	10,115	-	-	10,456	10,115
Postage	93	84	7,399	6,701	7,492	6,785
PPP Operating Expenses	-	-	1,580	-	1,580	-
Rental expense on operating lease	701	775	980	969	1,681	1,744
Repairs and maintenance	31,004	27,200	2,799	2,879	33,803	30,079
Security	248	143	12,474	10,469	12,722	10,612
Staff training and development	30	79	11,229	10,711	11,259	10,790
Staff travel expenses	7	7	7,924	10,875	7,931	10,882
Other supplies and services	3,787	3,880	20,902	18,444	24,689	22,324
6 Depreciation and amortisation expense	-	-	47,338	60,014	47,338	60,014
7 Grants and subsidies	-	-	5,172	4,755	5,172	4,755
Recurrent grants	-	-	19	2	19	2
Funding to non-government organisations	-	-	5,153	4,753	5,153	4,753
8 Borrowing costs	-	-	12,740	584	12,740	584
14 Net loss from disposal of non-current and other assets	-	-	19,873	2,787	19,873	2,787
Total proceeds from disposal	-	-	-	(15)	-	(15)
Less total value of assets disposed	-	-	19,873	2,802	19,873	2,802
9 Other expenses	7,979	38,097	43,136	22,721	51,115	60,818
Bad and doubtful debts	-	-	5,491	1,984	5,491	1,984
Bank fees and charges	-	-	53	52	53	52
Donated assets expense	919	9	-	-	919	9
Net loss on revaluation of investment	-	-	-	5,244	-	5,244
Assets transferred to the Department	-	31,355	-	-	-	31,355
Impairment expense	-	-	30,726	8,820	30,726	8,820
Royalty payments	5,246	4,296	6,344	6,813	11,590	11,109
Other	1,814	2,437	522	(192)	2,336	2,245
TOTAL EXPENSES	169,867	205,432	2,031,317	1,964,278	2,201,184	2,169,710
INCOME						
10 Revenue from fees and charges	109,203	80,927	207,449	223,678	316,652	304,605
Ambulance transport	112	118	35	43	147	161
Fines, fees and penalties	-	-	142	145	142	145
Insurance recoveries	318	452	-	-	318	452
Patient and client fees	72,360	42,944	148,706	164,099	221,066	207,043
Private practice fees	-	-	34,699	31,488	34,699	31,488
Recoveries	31,382	32,629	5,450	10,107	36,832	42,736
Sale of goods - medical supplies	167	160	29	44	196	204
Other user charges and fees	4,864	4,624	18,388	17,752	23,252	22,376
11 Grants and contributions	1,604	2,628	202,097	183,441	203,701	186,069
Commonwealth grants and donations	-	-	5,111	5,959	5,111	5,959
Pharmaceutical benefits scheme	-	-	181,540	164,233	181,540	164,233
Commonwealth subsidy	-	-	-	-	-	-
Other SA Government grants and contributions	1,604	2,628	-	-	1,604	2,628
Private sector grants and contributions	-	-	15,446	13,249	15,446	13,249

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37 Transactions with SA Government (continued)

Parent

Note	SA Government		Non-SA Government		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
12 Interest revenue	1,302	1,650	7	201	1,309	1,851
13 Resources received free of charge	-	2,105	4,018	45	4,018	2,150
15 Other revenue	148	286	38,518	34,229	38,666	34,515
Commissions revenue	-	-	41	20	41	20
Royalty income	-	-	17,123	15,892	17,123	15,892
Training revenue	1	-	32	84	33	84
Donations	2	3	7,981	6,722	7,983	6,725
Car parking revenue	-	-	3,386	3,611	3,386	3,611
Other	145	283	9,955	7,900	10,100	8,183
16 Revenue from SA Government	1,636,837	1,619,453	-	-	1,636,837	1,619,453
TOTAL INCOME	1,749,094	1,707,049	452,089	441,594	2,201,183	2,148,643
FINANCIAL ASSETS						
18 Cash and cash equivalents	83,852	89,351	2,662	15,027	86,514	104,378
19 Receivables	9,554	11,615	64,841	73,806	74,395	85,421
Patient/client fees						
Compensable	-	-	7,460	10,690	7,460	10,690
Other	175	236	34,399	34,146	34,574	34,382
Debtors	838	560	13,586	11,464	14,424	12,024
Less: allowance for doubtful debts	-	-	(10,359)	(9,464)	(10,359)	(9,464)
Prepayments	-	-	605	1,148	605	1,148
Grants	-	-	5	64	5	64
Sundry receivables and accrued revenue	-	-	16,389	23,012	16,389	23,012
GST recoverable	-	-	2,756	2,746	2,756	2,746
Workers compensation provision recoverable	8,541	10,819	-	-	8,541	10,819
20 Other financial assets	1,150	1,150	4,865	2,881	6,015	4,031
Finance institutions	-	-	803	782	803	782
SA Government Financing Authority	-	-	-	-	-	-
Other investments	1,150	1,150	4,062	2,099	5,212	3,249
TOTAL FINANCIAL ASSETS	94,556	102,116	72,368	91,714	166,924	193,830
FINANCIAL LIABILITIES						
26 Payables	7,812	5,680	87,802	122,141	95,614	127,821
Creditors and accrued expenses	7,597	5,588	56,027	91,487	63,624	97,075
Paid Parental Leave Scheme payable	-	-	135	112	135	112
Employment on-costs	-	-	26,667	27,100	26,667	27,100
Other payables	215	92	4,973	3,442	5,188	3,534
27 Borrowings	-	-	2,781,492	10,946	2,781,492	10,946
Finance lease	-	-	2,781,492	10,946	2,781,492	10,946
Other borrowings	-	-	-	-	-	-
30 Other liabilities	(69)	-	4,606	5,373	4,537	5,373
Unclaimed monies	-	-	26	467	26	467
Unearned revenue	-	-	1,916	2,088	1,916	2,088
Lease incentive	-	-	1,406	1,513	1,406	1,513
Other	(69)	-	1,258	1,305	1,189	1,305
TOTAL FINANCIAL LIABILITIES	7,743	5,680	2,873,900	138,460	2,881,643	144,140

**CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017**

38 Remuneration of board and committee members

Members of boards/committees that served for all or part of the financial year and were entitled to receive income from membership in accordance with APFI were:

Board/Committee name:	Government employee members*	Other members
BSSA State Quality Committee	7	Bretag T, Cannon A, Muller J (Chair), Oliver I, Roder D
Central Adelaide Local Health Network Consumer Advisory Council		Chester M, Cocking M (resigned 01/01/2017), Coulls J (appointed 01/06/2017), Cousins M (resigned 01/07/2016), Curry M, Fyfe D (Chair), Heydrich S, Marshall J, McMahon J, Nagel L, Tsogas C (resigned 31/01/2017)
Central Adelaide Local Health Network LHN Advisory Council		
Central Adelaide Local Health Network Risk Management & Audit Committee	-	Beilby J, Deegan V, Dimonte R, Ellery B, Evans T (Presiding Member), Fyfe D, Miller S, Davies T (appointed 01/02/2017), Deegan V (Chair), Ellery B, May E
Central Adelaide Rehabilitation Services (CARS) Consumer Advocacy Group	5	Arkle G (resigned 24/02/2017), Bedford L, Canavan D (appointed 28/04/2017), Chester M, Fyfe D, Heydrich S (Chair), Honeychurch P, Muller A, Whiteway L
Eastern Lived Experience Liason Group	8	Brown J, Coulls J, Cutler J, Langdon M, Lloyd C, Lucas G, O'Brien E, O'Keefe K (Chair), Parkin M, Powell A, Sinclair M, Whiteway L (resigned 26/08/2016)
Eastern Section Management Committee	-	Brown J, O'Keefe K (Chair)
Hampstead Rehabilitation Centre Brain Injury Rehabilitation Services Consultative Advisory Panel		Angel D, Bedford E (resigned 14/10/2016), Canavan D (Chair), Chumba B (appointed 01/02/2017), Dwyer A, Fyfe D, Heydrich S, Morgan T, Stewart L (appointed 08/06/2017)
Medvet Board	2	Kowalick I
New RAH Steering Committee	10	Michele A
Royal Adelaide Hospital Consumer Advisory Group		Agus P (appointed 01/03/2017), Anderson R (appointed 01/04/2017), Bah S, Brown R (resigned 31/12/2016), Chester M (Chair), Cocking M, Durand M (resigned 31/12/2016), Matiasz S (resigned 01/10/2016), Neale D, O'Brien S (appointed 01/01/2017), Price J (appointed 01/04/2017), Priest C
Royal Adelaide Hospital Research Ethics Committee	3	Andrews J A/Prof, Bradley J Dr, Fitzgerald A, Lee J Dr, Louise J Dr, McCulloch D, McInerney M, Need A A/Prof, O'Connor S, Parry B, Prideaux M, Sewell D, Van Der Linden B Rev, Williams P Rev, Wilmot J
SA Cancer Service - Strategic Committee	18	Beecher I (appointed 01/03/2017), Christensen C (appointed 01/02/2017), Davis L, Frank O Dr, Marker J (resigned 01/02/2017), Miller S, Mitchell A, Smith A Dr (appointed 01/03/2017), Sparrow A (appointed 01/03/2017)
SADS Consumer Advisory Committee	1	Beddall P, Brown M, Costa D, Dobie K, Matiasz S (appointed 20/01/2017), McMahon J (Chair), Miller P, Stone J (resigned 01/10/2016), Zerna J

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

38 Remuneration of board and committee members (continued)

Board/Committee name:	Government employee members*	Other members
Safety & Quality Governance	-	Coulls J, Law D, O'Keefe K (Chair)
The Queen Elizabeth Consumer Advisory Group		Arkley G, Chester M, Curry M (Chair), Dann R (resigned 30/06/2017), Duffy L, Heydrich S, Hickman C (resigned 30/09/2016), Jenkins M (resigned 30/09/2016), Martini J, McMahon J, Raschella F, Whiteway L (resigned 01/03/2017)
The Queen Elizabeth Hospital Research Ethics Committee	2	
Trauma Informed Care & Practice Committee	11	Carr P, Crabb A, Huxtable E, Kuyper J, Lupoi G, McCulloch D, Prideaux M, Sewell D
Western Lived Experience Liaison Group	-	O'Keefe K (Chair), Scott D
Youth Cancer Advisory Group	4	Blazewicz R, Coull J, Cutler J, Duffield I, Hunt D, Langdon M, Law D, Lloyd C, Lucas G, O'Brien E, O'Neil S, Parkin M, Sinclair M, Sutton P, Sutton S, Tsogas C (Chair), Tsogas G
	1	Armstrong N, Binns T, Contibas M, Fenton R, Fowler N, Hadaway S, Haseloff M, Mitra D, Ryan B

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

	2017 No. of Members	2016 No. of Members
\$0	123	87
\$1 - \$9,999	71	80
\$10,000 - \$19,999	2	3
\$20,000 - \$29,999	-	2
\$30,000 - \$49,999	2	2
Total	198	174

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 \$0.175 million (\$0.235 million).

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

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

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

39 Related Party Transactions

The Consolidated Entity is controlled by the SA Government.

Related parties of the Consolidated Entity include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Significant transactions with government related entities

The Consolidated Entity received funding from the SA Government via the Department (Note 11), and incurred expenditure via the Department for medical, surgical and laboratory supplies, inter-health staff recharging, insurance and computing (Note 5 and 37). The Department transferred capital works in progress of \$2.230 million to the Hospital. In addition, the Consolidated Entity incurred significant expenditure with the Department of Planning, Transport and Infrastructure (DPTI) for capital works of \$4.206 million and for property repairs and maintenance of \$25.253 million (Note 5 and 37). As at 30 June the outstanding balance payable to DPTI was \$4.277 million and the value of unrecognised contractual expenditure commitments with DPTI was \$2.662 million.

Quantitative information about transactions and balances between the Consolidated Entity and other SA Government controlled entities are disclosed at Note 37.

In addition, the Consolidated Entity has lease arrangements (both as lessee and as lessor) with other SA Government controlled entities. These premises are provided/received at nil or nominal rental with outgoings such as utilities being paid by the lessee.

Key Management Personnel

Key management personnel (KMP) of the Consolidated Entity includes the Ministers, the Chief Executive of the Department, Chief Executive Officer of the Consolidated Entity and the eight members of the Executive Management Group who have responsibility for the strategic direction and management of the Consolidated Entity.

The compensation detailed below excludes salaries and other benefits received by:

- The Minister for Health, The Minister for Ageing and the Minister for Mental Health and Substance Abuse. These Ministers' remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*; and
- The Chief Executive of the Department. The Chief Executive of the Department is compensated by the Department and there is no requirement for the Consolidated Entity to reimburse those expenses.

	2017
Compensation	\$'000
Salaries and other short term employee benefits	2,455
Post-employment benefits	243
Termination Benefits	681
Total	3,379

For those employees doing long term acting in KMP roles, only compensation for the period that they were acting is included.

The Consolidated Entity did not enter into any transactions with KMP or their close family in 2016-17 that were not consistent with normal procurement arrangements.

40 Events after balance date

On 1 August 2017, Hansen Yuncken Pty Ltd and CPB Contractors Pty Ltd (formerly known as Leighton Contractors Pty Ltd) filed legal proceedings against Celsus Pty Ltd (formerly known as SA Health Partnership Nominees Pty Ltd), independent certifier Donald Cant Watts Corke Pty Ltd and the Crown in right of the State of South Australia for alleged breaches of contract in relation to the construction of the new Royal Adelaide Hospital. The case is being heard in the Federal Court of Australia (New South Wales Registry) and the first case management hearing is scheduled for 29 September 2017. It is not possible to estimate the dollar effect of this claim or whether it will be successful.

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

41 Schedules of administered funds

The following incomes, expenses, assets and liabilities were administered but not controlled by the Consolidated Entity and have not been included in the financial statements. In accordance with Accounting Policy Framework II *General Purpose Financial Statements* para. APS 3.13.2, these items are regarded as insignificant to the Consolidated Entity's overall performance and are disclosed in the following schedules.

Description of categories of administered funds

Private Practice Funds represents funds billed on behalf of salaried medical officers and subsequently distributed to the LHN and salaried medical officers according to individual Rights of Private Practice Deeds of Agreement.

Other administered funds include the following:

- Research and Other;
- Patient Trusts and Fund Raising;

Schedule of Administered Expenses and Income

	Research & Other	Patient Trusts & Fund Raising	Private Practice Funds	Total
	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000
Administered expenses				
Staff benefit expenses	218	-	-	218
Supplies and services	103	-	(1,827)	(1,724)
Other expenses	42	404	66,341	66,787
Total administered expenses	363	404	64,514	65,281
Administered income				
Grants and contributions	31	-	-	31
Revenue from fees and charges	-	-	63,381	63,381
Interest revenue	-	2	-	2
Other revenue	6	365	2	373
Total administered income	37	367	63,383	63,787
Net result	(326)	(37)	(1,131)	(1,494)

	Research & Other	Patient Trusts & Fund Raising	Private Practice Funds	Total
	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000
Administered expenses				
Staff benefit expenses	746	-	-	746
Supplies and services	534	-	(2,126)	(1,592)
Other expenses	-	545	49,004	49,549
Total administered expenses	1,280	545	46,878	48,703
Administered income				
Grants and contributions	1,137	-	-	1,137
Revenue from fees and charges	-	-	48,603	48,603
Interest revenue	-	3	-	3
Other revenue	6	406	-	412
Total administered income	1,143	409	48,603	50,155
Net result	(137)	(136)	1,725	1,452

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

41 Schedules of administered funds (continued)

Schedule of Administered Assets and Liabilities

	Research & Other	Patient Trusts & Fund Raising	Private Practice Funds	Total
	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000
Administered current assets				
Cash and cash equivalents	117	516	5,481	6,114
Receivables	-	-	5,387	5,387
Total administered current assets	117	516	10,868	11,501
Total administered assets	117	516	10,868	11,501
Administered current liabilities				
Payables	23	-	5,406	5,429
Staff benefits	24	-	-	24
Other current provisions/liabilities	-	-	17	17
Total administered current liabilities	47	-	5,423	5,470
Administered non-current liabilities				
Staff benefits	30	-	-	30
Total administered non-current liabilities	30	-	-	30
Total administered liabilities	77	-	5,423	5,500
Net administered assets	40	516	5,445	6,001

	Research & Other	Patient Trusts & Fund Raising	Private Practice Funds	Total
	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000
Administered current assets				
Cash and cash equivalents	312	559	4,902	5,773
Receivables	22	-	5,030	5,052
Total administered current assets	334	559	9,932	10,825
Total administered assets	334	559	9,932	10,825
Administered current liabilities				
Payables	72	-	4,660	4,732
Staff benefits	57	-	-	57
Other current provisions/liabilities	-	-	33	33
Total administered current liabilities	129	-	4,693	4,822
Administered non-current liabilities				
Payables	2	-	-	2
Staff benefits	54	-	-	54
Total administered non-current liabilities	56	-	-	56
Total administered liabilities	185	-	4,693	4,878
Net administered assets	149	559	5,239	5,947

CENTRAL ADELAIDE LOCAL HEALTH NETWORK
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

41 Schedules of administered funds (continued)

Schedule of Administered Changes in Equity

	Total	Total
	2017	2016
	\$'000	\$'000
Balance at the beginning of the reporting period	5,947	4,495
Net result	(1,494)	1,452
Transfer Oakden Patient Trust to Northern Adelaide Local Health Network	(82)	-
Total comprehensive result for the period	(1,576)	1,452
Balance at the end of the reporting period	4,371	5,947

Schedule of Administered Cash Flows

	Total	Total
	2017	2016
	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
Grants and contributions	51	1,155
Fees and charges	63,027	49,501
Interest revenue	2	3
Other revenue	373	412
Total cash inflows	63,453	51,071
Cash outflows		
Staff benefit payments	276	677
Supplies and services	(1,698)	(1,074)
Other payments	64,534	50,276
Total cash outflows	63,112	49,879
Net cash inflows/cash outflows from operating	341	1,192
Net increase/(decrease) in cash held	341	1,192
Cash at the beginning of the reporting period	5,773	4,581
Cash at the end of the reporting period	6,114	5,773

Administered expenses and administered cash outflows

The Consolidated Entity makes various transfer payments to eligible beneficiaries in the capacity of an agent responsible for the administration of the transfer process. Amounts relating to these transfer payments are not controlled by the Consolidated Entity, since they are made at the discretion of Government in accordance with Government policy. These transfers are disclosed as administered expenses and administered cash outflows.

Administered incomes and administered cash inflows

The Consolidated Entity collects various revenues and grants on behalf of Government. The amounts are not controlled by the Consolidated Entity and are not recognised by the Consolidated Entity. These amounts are disclosed as administered revenues and administered cash inflows.

Administered assets and liabilities

The Consolidated Entity manages various assets and liabilities on behalf of the Government. The amounts are not controlled by the Consolidated Entity and are not recognised by the Consolidated Entity. These amounts are disclosed as administered assets and liabilities.

Administered contingent assets and liabilities

The Consolidated Entity has no administered contingent assets and liabilities.

Certification of the financial statements

We certify that the:

- financial statements of the Central Adelaide Local Health Network Inc.:
 - are in accordance with the accounts and records of the authority; and
 - comply with relevant Treasurer's instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the authority at the end of the financial year and the result of its operations and cash flows for the financial year.
- Internal controls employed by the Central Adelaide Local Health Network Inc. over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.


.....
Jenny Richter
Interim Chief Executive Officer


.....
Jamin Woolcock
Chief Finance Officer

Date 15/9/17
.....

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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To the Chief Executive Officer Central Adelaide Local Health Network Incorporated

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 36(2) of the *Health Care Act 2008*, I have audited the financial report of the Central Adelaide Local Health Network Incorporated and the consolidated entity comprising Central Adelaide Local Health Network Incorporated and its controlled entity for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Central Adelaide Local Health Network Incorporated and its controlled entity as at 30 June 2017, 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.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive Officer and the Chief Finance Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Central Adelaide Local Health Network Incorporated and its controlled entity. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Chief Executive Officer for the financial report

The Chief Executive 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 the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

The Chief Executive Officer is responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the audit of the financial report

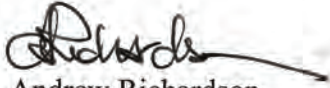
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

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

Andrew Richardson

Auditor-General

21 September 2017

Department for Child Protection

Financial report
for the year ended
30 June 2017

Department for Child Protection
Statement of Comprehensive Income
for the period 1 November 2016 to 30 June 2017

	Note	2017 \$'000
Expenses		
Employee benefits expenses	5	112 328
Supplies and services	6	32 476
Contracted Out-of-Home care services	7	82 196
Grants and subsidies	8	82 802
Depreciation and amortisation expense	9	1 203
Other expenses	10	390
Total expenses		311 395
Income		
Commonwealth revenues	11	786
Revenues from fees and charges	12	1 262
Grants and contributions	13	582
Other revenues	14	3 401
Total income		6 031
Net cost of providing services		305 364
Revenues from SA Government		
Revenues from SA Government	15	326 592
Net result		21 228
Other comprehensive income		
<i>Items that will not be reclassified to net result</i>		
Changes in revaluation surplus	18	1 795
Total comprehensive result		23 023

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.

Department for Child Protection
Statement of Financial Position
as at 30 June 2017

	Note	2017 \$'000
Current assets		
Cash and cash equivalents	16	31 592
Receivables	17	4 279
Total current assets		35 871
Non-current assets		
Receivables	17	123
Property, plant and equipment	18	38 949
Intangible assets	19	1 742
Total non-current assets		40 814
Total assets		76 685
Current liabilities		
Payables	21	19 127
Employee benefits	22	18 953
Provisions	23	4 198
Other liabilities		12
Total current liabilities		42 290
Non-current liabilities		
Payables	21	2 539
Employee benefits	22	27 436
Provisions	23	12 185
Total non-current liabilities		42 160
Total liabilities		84 450
Net assets		(7 765)
Equity		
Retained earnings	24	(9 560)
Revaluation surplus	24	1 795
Total equity		(7 765)
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.

Department for Child Protection
Statement of Changes in Equity
for the period 1 November 2016 to 30 June 2017

	Note	Revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 November 2016		-	-	-
Net result for 2016-17		-	21 228	21 228
Gain on revaluation of land during 2016-17	18	1,795	-	1,795
Total comprehensive result for 2016-17		1 795	21 228	23 023
Transactions with SA Government as owner:				
Net liabilities received from an administrative restructure	27	-	(30 788)	(30 788)
Balance at 30 June 2017	24	1 795	(9 560)	(7 765)

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

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

Department for Child Protection
Statement of Cash Flows
for the period 1 November 2016 to 30 June 2017

		2017 \$'000
	Note	Inflows (Outflows)
Cash flows from operating activities		
Cash outflows		
Employee benefit payments		(112 017)
Payments for supplies and services		(41 018)
Payments for Contracted Out-of-Home care services		(90 899)
Payments of grants and subsidies		(88 415)
Other payments		(367)
Cash used in operations		(332 716)
Cash inflows		
Receipts from Commonwealth		786
Fees and charges		2 311
Grants and contributions received		624
GST recovered from the ATO		15 308
Other receipts		2 872
Cash generated from operations		21 901
Cash flows from SA Government		
Receipts from SA Government		326 592
Cash generated from SA Government		326 592
Net cash provided by operating activities	29	15 777
Cash flows from investing activities		
Cash outflows		
Purchase of property, plant and equipment		(224)
Cash used in investing activities		(224)
Net cash used in investing activities		(224)
Cash flows from financing activities		
Cash outflows		
Repayment of borrowings		(285)
Cash used in financing activities		(285)
Cash inflows		
Cash transferred as a result of restructure	27	16 324
Cash generated from financing activities		16 324
Net cash provided by financing activities		16 039
Net increase/(decrease) in cash and cash equivalents		31 592
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	16	31 592

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

Department for Child Protection
Notes to and forming part of the financial statements

1 Objectives of the Department for Child Protection

The department's primary objective is to care for and protect children and young people by working together with key stakeholders and the wider South Australian community to address abuse and neglect and to keep children and young people safe from further harm.

The department receives notifications about abuse and neglect of children, investigates serious concerns and takes statutory action to keep children safe. This work occurs within a wider child development system where the welfare, safety and protection of children is the responsibility of everyone across government, the non-government sector and the wider community.

2 Significant accounting policies

(a) Statement of compliance

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

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

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

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the department's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring the substance of the underlying transactions or other events are reported; and
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosures, which have been included in this financial report:
 - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature;
 - b) expenses incurred as a result of engaging consultants;
 - c) employee targeted voluntary separation package information;
 - d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and
 - e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The financial statements have been prepared based on the period 1 November 2016 to 30 June 2017 and presented in Australian currency.

Department for Child Protection
Notes to and forming part of the financial statements

(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.

The department does not control any other entity and has no interests in unconsolidated structured entities.

(d) Transferred functions

On 21 June 2016, the government announced that it would establish a separate department to undertake functions related to the care for and protection of children and young people. This was in response to an interim recommendation of the Child Protection Systems Royal Commission.

The Child Protection Systems Royal Commission conducted a comprehensive investigation into the laws, policies, practices and structures in place for children at risk of harm, including those who are under the guardianship of the minister. The findings of the Royal Commission were published in 'The life they deserve' report, in August 2016.

'A fresh start', is the government's response to 'The life they deserve' and addresses each of the Royal Commission's recommendations. It looks beyond the statutory child protection system to develop a broader child protection system.

The Department for Child Protection (DCP) commenced operations on 1 November 2016. The expenditure and income for DCP for the period 1 November 2016 to 30 June 2017 has been included in the financial statements that follow. The financial transactions for the former Families SA (FSA) for the period 1 July 2016 to 31 October 2016 are recognised in the financial statements of the Department for Education and Child Development (DECD). Refer to note 27 for full details of transferred functions.

FSA assets and liabilities were transferred to DCP effective 1 November 2016.

(e) Comparative information

There is no comparative information to disclose for the reporting period as DCP only commenced operations on 1 November 2016.

(f) Rounding

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

(g) Taxation

The department is not subject to income tax. The department is liable for payroll tax, fringe benefits tax, goods and services tax (GST) and emergency services levy.

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

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

The 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.

Department for Child Protection
Notes to and forming part of the financial statements

(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 as 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) Current and non-current classification

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

(j) 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 costs 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 fair value in the Statement of Financial Position.

However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements then the assets are recognised at book value ie the amount recorded by the transferor public authority immediately prior to the restructure.

All non-current tangible assets with a value equal to or in excess of \$5 000 are capitalised.

Depreciation and amortisation

All non-current assets having a limited useful life are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

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

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

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

Land is not depreciated.

Department for Child Protection
Notes to and forming part of the financial statements

(j) Non-current assets (continued)

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

Class of asset	Useful life (years)
Residential accommodation housing	30-50
Leasehold improvements	Life of lease
Computing, communications, furniture and equipment	3-20
Intangible assets	3-30

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.

The department revalues residential accommodation housing at least every three years. However if at any time, management considers the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Land is revalued annually if the revaluation is considered to be material in nature.

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 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

The department holds its property, plant and equipment and intangible assets for their service potential (value in use).

All non-current tangible assets are valued at fair value.

The department also expects for all other non-current tangible assets that any costs of disposal will be negligible and the recoverable amount will be close to or greater than fair value.

Intangible assets

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

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

The acquisition of computer 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.

Department for Child Protection
Notes to and forming part of the financial statements

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 principle or most advantageous market, at the measurement date.

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

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

Level 2: not traded in an active market and are derived from inputs (input 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.

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

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

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

Refer to note 20 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

(k) Liabilities

Leases

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

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

No finance leases have been entered into.

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 are expected to be payable within 12 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.

Department for Child Protection
Notes to and forming part of the financial statements

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 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 across 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.

3 New or revised accounting standards and policies

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 2017.

AASB 16 *Leases* will apply for the first time for the year to reporting periods beginning on or after 1 Jan 2019. The amended standard introduces a single accounting model for lessees, eliminating the distinction between operating and finance leases.

The standard 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.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease payments will no longer be expensed in the Statement of Comprehensive Income on a straight line basis. Rather, they will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will be recognised as an expense.

It is anticipated that there will be a marginal impact on net result due to recognition of depreciation and interest on lease liabilities as expenses.

The classification of cash flows will be affected as operating lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively. Currently, operating lease payments are presented as operating cash flows and recorded as commitments, which are not captured in the Statement of Financial Position.

The department has not yet quantified the impact of applying AASB 16 *Leases* to its operating lease arrangements and the resulting impact on the Statement of Comprehensive Income, the Statement of Financial Position and the Commitments disclosure in the Notes to the Financial Statements.

AASB 1058 *Income of Not-for-Profit Entities* will replace a number of income recognition requirements under AASB 1004 *Contributions* and applies to reporting periods beginning on or after 1 January 2019. The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. Where there is no liability to be recognised under another standard, or the liability is less than the fair value of the asset received then revenue is recognised.

The department has not yet quantified the impact of applying AASB 1058 *Income of Not-for-Profit Entities* and the resulting impact on the statement of comprehensive income.

Department for Child Protection
Notes to and forming part of the financial statements

4 Activity of the department

In achieving its objective, the department provides a range of services classified into the following activity.

Care and protection

The department is focussed on providing services to protect children and young people who are at risk of abuse and neglect within their families, or whose families do not have the capacity to protect them.

These services include:

- providing family support services (directly or through referral) to strengthen the capacity of families to care for children
- receiving and responding to reports of concern about children and young people, including investigation and assessment where appropriate
- ensuring the ongoing safety of children and young people by working with families to resolve protective concerns
- initiating interventions where necessary, including applying for care and protection orders through a court and, in some situations, placing children or young people in out-of-home care to ensure their safety
- working with families to reunite children, who were previously removed for safety reasons
- securing permanent out-of-home care when it is determined that a child is unable to be returned to the care of his or her parents, and working with young people to identify alternative supported living arrangements where family reunification is not possible.

The department continues to build a strong family support focus so that all government and non-government services are flexible and responsive to the needs of vulnerable families.

5 Employee benefits expenses

	2017
	\$'000
Salaries and wages (including annual leave)	93 254
Employment on-costs - superannuation *	8 794
Employment on-costs - payroll tax	5 233
Long service leave	2 603
Other employee related expenses	1 129
Workers compensation	1 004
Skills and experience retention leave	311
Total employee benefits expenses	112 328

* The superannuation employment on-cost charge represents the department's contributions to superannuation plans in respect of current services of current employees.

Targeted voluntary separation packages (TVSPs)

Nil employees were paid TVSPs during the reporting period.

Department for Child Protection
Notes to and forming part of the financial statements

5 Employee benefits expenses (continued)

Remuneration of employees	2017	2017
The number of employees whose remuneration received or receivable falls within the following bands:	Number of Executives	Number of Employees ¹
\$147 001 to \$157 000	1	6
\$157 001 to \$167 000	-	3
\$167 001 to \$177 000	-	1
\$187 001 to \$197 000	1	1
\$197 001 to \$207 000	2	2
\$207 001 to \$217 000	-	1
\$247 001 to \$257 000	1	1
\$257 001 to \$267 000	1	1
\$267 001 to \$277 000	1	1
\$477 001 to \$487 000 ²	1	1
\$577 001 to \$587 000 ²	1	1
\$587 001 to \$597 000 ²	1	1
Total number of executives / employees	10	20

¹ The numbers of executives separately disclosed are also included in the number of employees total for 2017.

² These bands include 3 executives that were paid termination payments during 2016-17.

The table includes all employees who received remuneration equal to or greater than the base remuneration level between 1 July 2016 and 30 June 2017.

Remuneration of these employees reflect all costs of employment to the department and other relevant agencies (ie the former Families SA), including salary and wages, payments in lieu of leave, employer's superannuation contributions, salary sacrifice benefits, fringe benefits and any fringe benefits tax paid or payable in respect of these benefits.

The total remuneration received by these employees for the year was \$4.8 million.

Department for Child Protection
Notes to and forming part of the financial statements

6 Supplies and services

	2017
	\$'000
Rentals and leases	7 519
Minor works, maintenance and equipment	4 317
Contractors	4 019
Vehicle and travelling expenses	3 819
Computer expenses	2 886
Residential and client related costs	2 254
Shared Services SA charges	1 585
Telecommunications	1 097
Other supplies and services	780
Training and development	705
Utilities	604
Printing, postage and consumables	586
Consultants fees	556
Advertising expenses	474
Insurance (including self-insurance)	421
Cleaning	410
Legal costs	198
Criminal history screening charges	131
Security	115
Total supplies and services	32 476

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, as it is representative of the pattern of benefits derived from the leased assets.

Consultancy fees

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	No.	2017
		\$'000
Above \$10 000	5	556
Total paid/payable to consultants engaged	5	556

7 Contracted Out-of-Home care services

	2017
	\$'000
Contracted Out-of-Home care services	82 196
Total Contracted Out-of-Home care services	82 196

Contracted Out-of-Home care services incorporate payments made on invoices received for this service.

Department for Child Protection
Notes to and forming part of the financial statements

8 Grants and subsidies

	2017 \$'000
Grants and subsidies	82 802
Total grants and subsidies	82 802

Grants and subsidies incorporates residential base care, home based care, family group homes and other supported placement services.

9 Depreciation and amortisation expense

	2017 \$'000
Depreciation and amortisation	
Residential accommodation housing	535
Computer software	503
Leasehold improvements	126
Computing, communications, furniture and equipment	39
Total depreciation and amortisation expense	1 203

10 Other expenses

	2017 \$'000
Auditor's remuneration	
— Auditor-General's Department *	172
Other expenses	149
Other insurance	57
Allowance for doubtful debts and debt write-offs	10
Emergency Services Levy	2
Total other expenses	390

* Audit fees paid / payable to the Auditor-General's Department relate to work performed under the Public Finance and Audit Act 1987. No other services were provided by the Auditor-General's Department.

11 Commonwealth revenues

	2017 \$'000
Family allowances	365
Unaccompanied Humanitarian Minors	303
Transition to Independent Living Allowance	118
Total Commonwealth revenues	786

Department for Child Protection
Notes to and forming part of the financial statements

12 Revenues from fees and charges

	2017
	\$'000
Fees and charges	1 041
Salary recharges	159
Other	62
Total revenues from fees and charges	1 262

13 Grants and contributions

	2017
	\$'000
Adolescent Community Brokerage	421
Aboriginal Youth Early Intervention	159
Other	2
Total grants and contributions	582

14 Other revenues

	2017
	\$'000
Recoveries	2 889
Assets recognised for the first time	484
Other revenue	28
Total other revenues	3 401

15 Revenues from SA Government

	2017
	\$'000
Revenues from SA Government	
Appropriations from the Consolidated Account pursuant to the <i>Appropriation Act</i>	205 646
Appropriations from the Governor's Appropriation Fund	120 946
Total revenues from SA Government	326 592

Appropriation for program funding is recognised as revenue when the department obtains control over the funding. Control over appropriation is normally obtained upon receipt.

The original amount appropriated to the department under the annual Appropriation Act was not varied, however an additional advance of \$121 million was received from the Treasurer via the Governor's Appropriation Fund.

Total payments of \$285 000 were paid to DTF for the repayment of borrowings during 2016-17.

Department for Child Protection
Notes to and forming part of the financial statements

16 Cash and cash equivalents

	2017
	\$'000
Deposits with the Treasurer	31 368
Imprest account/cash on hand	224
Total cash and cash equivalents	31 592

Cash is measured at nominal amounts.

Deposits with the Treasurer

The department has two deposit accounts with the Treasurer, a general operating account and an Accrual Appropriation Excess Funds Account (AAEFA). Although the department controls the money in AAEFA its use must be approved by the Treasurer. The balance in this account at 30 June 2017 is \$12.5 million. The department does not earn interest on deposits with the Treasurer.

Non-cash financing and investing activities

Assumption of liabilities

During the reporting period the department assumed the net liabilities of FSA amounting to \$30.8 million. The assumption of net liabilities is not reflected in the Statement of Cash Flows. Refer Note 27.

17 Receivables

	2017
	\$'000
Current	
GST recoverable from the ATO	2 958
Receivables	923
Less allowance for doubtful debts	(10)
Prepayments	281
Accrued revenues	76
Workers compensation recoveries	51
Total current receivables	4 279
Non-current	
Workers compensation recoveries	123
Total non-current receivables	123
Total receivables	4 402

Movement in the allowance for doubtful debts

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

An allowance for impairment loss has been recognised in other expenses for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2017
	\$'000
Carrying amount at 1 November	-
Increase in the allowance	(10)
Carrying amount at 30 June	(10)

Department for Child Protection
Notes to and forming part of the financial statements

Interest rate and credit risk

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the department will not be able to collect the debt. 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 30 for further information on risk management.

18 Property, plant and equipment

	2017
	\$'000
Land	
Land	17 137
Total land	17 137
Residential accommodation housing	
Residential accommodation housing	36 787
Accumulated depreciation	(16 387)
Total Residential accommodation housing	20 400
Construction work in progress	
Construction work in progress	176
Total construction work in progress	176
Leasehold improvements	
Leasehold improvements	11 309
Accumulated amortisation	(10 253)
Total leasehold improvements	1 056
Computing, communications, furniture and equipment	
Computing, communications, furniture and equipment	860
Accumulated depreciation	(680)
Total computing, communications, furniture and equipment	180
Total property, plant and equipment	38 949

Department for Child Protection
Notes to and forming part of the financial statements

18 Property, plant and equipment (continued)

Valuation of non-current assets

The independent valuation of land was performed by the Valuer-General as at 30 June 2017.

The independent valuation of residential accommodation housing was performed as at 30 June 2015 by Fred Taormina, B.App.Sc. (Val), A.A.P.I. Certified Practicing Valuer of Valcorp Australia Pty Ltd. The valuation was performed by reference to market selling price utilising comparable sales evidence.

All leasehold improvements, computing, communications, furniture and equipment had a fair value at time of acquisition that was less than \$1 million and have not been revalued in accordance with APF III. The carrying values of these assets are deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustment to their fair value, except for management assumptions about condition and remaining useful life.

Impairment

There were no indications of impairment of property, plant and equipment at 30 June 2017.

Department for Child Protection
Notes to and forming part of the financial statements

18 Property, plant and equipment (continued)

The following table shows the movement of property, plant and equipment during 2016-17.

2016-17	Land \$'000	Residential accommodation housing \$'000	Construction work in progress \$'000	Leasehold improvements \$'000	Computing, communications, furniture and equipment \$'000	Tangible assets total \$'000
Carrying amount at 1 November 2016						
Acquisition through administrative restructure	-	-	-	-	-	-
Additions	15 342	20 935	-	698	171	37 146
Revaluation increment/(decrement)	-	-	176	-	48	224
Depreciation and amortisation	1 795	-	-	-	-	1 795
Assets recognised for the first time	-	(535)	-	(126)	(39)	(700)
	-	-	-	484	-	484
Carrying amount at the end of the period	17 137	20 400	176	1 056	180	38 949

Department for Child Protection
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19 Intangible assets

	2017 \$'000
Computer software	
Computer software	8 314
Accumulated amortisation	(6 572)
Total computer software	1 742
Total intangible assets	1 742

The computer software relates to the department's Connected Client and Case Management System (C3MS) for case management of children.

Impairment

There were no indications of impairment on intangible assets as at 30 June 2017.

The following tables show the movement of intangible assets:

2016-17	Computer software \$'000
Carrying amount at the beginning of the period	-
Acquisition through administrative restructure	2 245
Amortisation	(503)
Carrying amount at the end of the period	1 742

20 Fair value measurement

Fair value hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement as follows:

Fair value measurements at 30 June 2017

	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements			
Land	17 137	-	17 137
Residential accommodation housing	20 400	-	20 400
Leasehold improvements	-	1 056	1 056
Computing, communications, furniture and equipment	-	180	180
Total recurring fair value measurements	37 537	1 236	38 773
Total fair value measurements	37 537	1 236	38 773

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 used to derive level 2 and 3 fair values are at note 18.

During 2017 the department 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.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Department for Child Protection
Notes to and forming part of the financial statements

Reconciliation of Level 3 recurring fair value measurements as at 30 June 2017

2016-17	Leasehold improvements	Computing, communications, furniture and equipment
	\$'000	\$'000
Opening balance at the beginning of the period	-	-
Acquisition through administrative restructure	698	171
Assets recognised for the first time	484	-
Additions	-	48
Losses for the period recognised in net result		
Depreciation and amortisation	(126)	(39)
Carrying amount at the end of the period	1 056	180

21 Payables

	2017
	\$'000
Current	
Accrued expenses	15 252
Employment on-costs	3 635
Creditors	189
Paid Parental Leave Scheme payable	51
Total current payables	19 127
Non-current	
Employment on-costs	2 539
Total non-current payables	2 539
Total payables	21 666

Creditors include all unpaid invoices received relating to the normal operations of the department.

Employment on-costs include payroll tax, ReturnToWorkSA 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 date relates to any contributions due but not yet paid to the South Australian Superannuation Board and external schemes.

As a result of an actuarial assessment performed by DTF, the percentage of long service leave taken as leave in 2016-17 is 40% and the average factor for the calculation of employer superannuation for 2016-17 is 10.1%. These rates are used in the employment on-cost calculation.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period.

Department for Child Protection
Notes to and forming part of the financial statements

21 Payables (continued)

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.

Interest rate and credit risk

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received. Employment on-costs are settled when the respective employee benefits that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

For further information on risk management refer to note 30.

22 Employee benefits

	2017
	\$'000
Current	
Annual leave	13 699
Long service leave	1 993
Accrued salaries and wages	2 542
Skills and experience retention leave	719
Total current employee benefits	18 953
Non-current	
Long service leave	27 436
Total non-current employee benefits	27 436
Total employee benefits	46 389

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by DTF 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 was 2.5% in 2017

The actuarial assessment performed by DTF resulted in a salary inflation rate of 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability.

Department for Child Protection
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23 Provisions

	2017
	\$'000
Current	
Provision for workers compensation	4 138
Provision for legal claims	60
Total current provisions	4 198
Non-current	
Provision for workers compensation	12 105
Provision for legal claims	80
Total non-current provisions	12 185
Total provisions	16 383

Movements in provisions

	Note	2017
		\$'000
Provision for workers compensation		
Carrying amount at 1 November		-
Transfer in due to restructure	27	18 251
Reductions arising from payments		(2 986)
Additional provision recognised		978
Carrying amount at 30 June		16 243

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2017 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 department is responsible for the payment of workers compensation claims.

Movements in provisions

	Note	2017
		\$'000
Provision for legal claims		
Carrying amount at 1 November		-
Transfer in due to restructure	27	95
Reductions arising from payments		(10)
Additional provision recognised		55
Carrying amount at 30 June		140

A liability has been reported to reflect unsettled legal claims. The legal claims provision includes various claims relating to Professional indemnity, Public Liability and Property Damage.

Department for Child Protection
Notes to and forming part of the financial statements

24 Equity

	2017
	\$'000
Retained earnings	(9 560)
Revaluation surplus	1 795
Total equity	(7 765)

The revaluation surplus is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent they offset one another within each asset class. Relevant amounts are transferred to retained earnings when an asset is disposed.

25 Unrecognised Contractual Commitments

(a) Capital commitments

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

	2017
	\$'000
Within one year	185
Total capital commitments	185

The department's capital commitments are for commitments under the investing program.

(b) Expenditure commitments

Commitments in relation to expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements are payable as follows:

	2017
	\$'000
Within one year	92 985
Later than one year but not later than five years	65 153
Total expenditure commitments	158 138

The department's expenditure commitments are for outsourcing services agreements for out of home care and family support services.

Department for Child Protection
Notes to and forming part of the financial statements

(c) Operating lease commitments

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

	2017
	\$'000
Within one year	10 434
Later than one year but not later than five years	21 344
Later than five years	4 883
Total operating lease commitments	36 661

The department has entered into a number of operating leases for the provision of office accommodation and facilities used for the provision of services. Office accommodation is leased from DPTI. The property leases include both cancellable and non-cancellable leases and are for varied terms. Contingent rentals are based upon changes in market rental rates, the CPI or a specified rate of increase in the rental payments. Options exist to renew the leases at the end of the lease term. Some leases have no option to renew.

The department has non-cancellable operating lease commitments for the provision of vehicles to senior executive officers or sections (ie pool vehicles) with the South Australian Government Financing Authority (SAFA) through their agent LeasePlan Australia Ltd. There are no purchase options available to the department.

26 Contingent assets and liabilities

The department is not aware of any contingent assets or liabilities.

27 Transferred functions

Transferred In

On 21 June 2016, the government announced that it would establish a separate department to undertake functions related to the care for and protection of children and young people. This was in response to an interim recommendation of the Child Protection Systems Royal Commission.

On 27 October 2016 the Governor established DCP and designated the Minister for Education and Child Development as the Minister responsible for the new Agency. The Department for Child Protection (DCP) commenced operations on 1 November 2016.

Department for Child Protection
Notes to and forming part of the financial statements

27 Transferred functions (continued)

The total income and expenses attributable to DCP functions for 2016-17 were:

	DECD 01.07.16 to 31.10.16 \$'000	DCP 01.11.16 to 30.06.17 \$'000	Total \$'000
Employee benefits expenses	52 955	112 328	165 283
Supplies and services	16 136	32 476	48 612
Contracted Out-of-Home care services	44 450	82 196	126 646
Grants and subsidies	69 797	82 802	152 599
Depreciation and amortisation expense	599	1 203	1 802
Other expenses	17	390	407
Total expenses	183 954	311 395	495 349
Appropriation	175 614	326 592	502 206
Commonwealth revenues	164	786	950
Revenue from fees and charges	51	1 262	1 313
Grants and contributions	639	582	1 221
Other revenues	816	3 401	4 217
Total income	177 284	332 623	509 907
Net result	(6 670)	21 228	14 558

On creation of DCP, the following assets and liabilities of the transferred functions were recognised:

	Note	\$'000
Cash		16 324
Receivables		5 577
Property plant and equipment	18	37 146
Intangible assets	19	2 245
Total assets		61 292
Payables		29 506
Borrowings		285
Employee benefits		43 940
Provisions	23	18 346
Other liabilities		3
Total liabilities		92 080
Total net liabilities transferred		(30 788)

Net liabilities assumed by the department as a result of the administrative restructure are the carrying amount of those assets and liabilities in the transferor's Statement of Financial Position immediately prior to transfer. The net liabilities transferred were treated as a contribution by the Government as owner.

Department for Child Protection
Notes to and forming part of the financial statements

28 Related party transactions

The department is a government administrative unit and is wholly owned and controlled by the Crown.

Related parties of the department include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Significant transactions with government related entities

Other than the administrative restructure disclosed in note 27, there were no significant transactions with government related entities. All transactions have been adequately disclosed elsewhere in the financial statements.

Collectively, but not individually, significant transactions with government related entities.

Quantitative information about transactions and balances between the department and other SA Government controlled entities are disclosed at note 33.

Key Management Personnel

Key management personnel of the department include the Minister, the Chief Executive and the other members of the Senior Executive Team who have responsibility for the strategic direction and management of the department.

The compensation detailed below excludes salaries and other benefits the Minister for Education and Child Development receives. The Minister's remuneration and allowances are set by the Parliamentary Remuneration Act 1990 and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the Parliamentary Remuneration Act 1990.

	2017
	\$'000
Salaries and other short term employee benefits	2 069
Post-employment benefits (employer contributed superannuation)	192
Other long-term employment benefits	229
Termination benefits	787
Total compensation	3 277

Transactions with Key Management Personnel and other related parties

There are no transactions to disclose for key management personnel and related parties.

Department for Child Protection
Notes to and forming part of the financial statements

29 Cash flow reconciliation

	2017 \$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:	
Cash and cash equivalents disclosed in the Statement of Financial Position	31 592
Balance as per Statement of Cash Flows	31 592
 <i>Reconciliation of net cash provided by/(used in) operating activities to net cost of providing services</i>	
Net cash provided by operating activities	15 777
Revenues from SA Government	(326 592)
Non-cash items	
Assets recognised for the first time	484
Depreciation and amortisation expense	(1 203)
Administrative restructure	86 218
Movements in assets and liabilities	
Increase/(decrease) in receivables	4 402
(Increase)/decrease in employee benefits	(46 389)
(Increase)/decrease in payables	(21 666)
(Increase)/decrease in provisions	(16 383)
(Increase)/decrease in other liabilities	(12)
Net cost of providing services	(305 364)

30 Financial risk management/Financial instruments

30.1 Financial risk management

The department's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Liquidity risk

The department is funded principally from appropriation by the SA Government. The department works with DTF to determine the cash flows associated with its government approved program of work and to ensure funding is provided through the SA Government budgetary processes to meet the expected cash flows.

Department for Child Protection
Notes to and forming part of the financial statements

Credit risk and market risk

The department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

The department does not trade foreign currency, enter into transactions for speculative purposes, nor for hedging. The department 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*.

No collateral is held as security and no credit enhancements relate to financial assets held by the department.

Refer notes 16 and 17 for further information.

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 17 for information on the allowance for impairment in relation to receivables.

The following table discloses the ageing of financial assets that are past due but not impaired and impaired 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	
2017						
Receivables (1)	989	389	537	7	66	(10)
Total financial assets	989	389	537	7	66	(10)

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

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 or the respective financial asset/financial liability note.

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 notes 2, 17 and 21).

Department for Child Protection
Notes to and forming part of the financial statements

30.2 Categorisation of financial instruments (continued)

The following table discloses the carrying amounts of each of the following categories of financial assets and liabilities: Cash and cash equivalents; receivables; and financial liabilities measured at cost.

Category of financial asset and financial liability	Notes	2017 Carrying amount/fair value \$'000	2017 Contractual Maturities
			Within 1 year \$'000
Financial assets			
Cash and cash equivalent			
- Cash and cash equivalent	16	31 592	31 592
Loans and receivables			
- Receivables ⁽¹⁾⁽²⁾	17	989	989
Total financial assets		32 581	32 581
Financial liabilities			
Financial liabilities held at cost			
- Payables ⁽¹⁾	21	15 269	15 269
- Other liabilities		12	12
Total financial liabilities		15 281	15 281

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

⁽²⁾ Receivables amounts disclosed here exclude 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.

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

As the department was established on 1 November 2016, budget information has not been presented to Parliament.

32 Events after the end of the reporting period

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

Department for Child Protection
Notes to and forming part of the financial statements

33 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

		SA Government	Non-SA Government	Total
	Note	2017 \$'000	2017 \$'000	2017 \$'000
Expenses				
Employee benefits expenses	5			
Salaries and wages (including annual leave)		-	93 254	93 254
Employment on-costs - superannuation		-	8 794	8 794
Employment on-costs - payroll tax		5 233	-	5 233
Long service leave		-	2 603	2 603
Other employee related expenses		-	1 129	1 129
Workers Compensation		27	977	1 004
Skills and experience retention leave		-	311	311
Supplies and services	6			
Rentals and leases		7 426	93	7 519
Minor works maintenance and equipment		2 644	1 673	4 317
Contractors		193	3 826	4 019
Vehicle and travelling expenses		2 365	1 454	3 819
Computer expenses		202	2 684	2 886
Residential and client related costs		25	2 229	2 254
Shared Services SA charges		1 585	-	1 585
Telecommunications		343	754	1 097
Other supplies and services		135	645	780
Training and development		43	662	705
Utilities		92	512	604
Printing postage and consumables		2	584	586
Consultants fees		-	556	556
Advertising expenses		-	474	474
Insurance (including self insurance)		421	-	421
Cleaning		5	405	410
Legal costs		61	137	198
Criminal history screening charges		-	131	131
Security		45	70	115
Contracted Out-of-Home care services	7			
Contracted Out-of-Home care services		-	82 196	82 196
Grants and subsidies	8			
Grants and subsidies		898	81 904	82 802

Department for Child Protection
Notes to and forming part of the financial statements

33 Transactions with SA Government (continued)

		SA Government	Non-SA Government	Total
	Note	2017 \$'000	2017 \$'000	2017 \$'000
Depreciation and amortisation expense	9			
Residential accommodation housing		-	535	535
Computer software		-	503	503
Leasehold improvements		-	126	126
Computing, communications, furniture and equipment		-	39	39
Other expenses	10			
Auditor's remuneration – Auditor General's Department		172	-	172
Other expenses		149	-	149
Other insurance		2	55	57
Allowance for doubtful debts and debt write offs		-	10	10
Emergency Services Levy		2	-	2
Total expenses		22 070	289 325	311 395
Income				
Commonwealth revenues	11	-	786	786
Revenues from fees and charges	12			
Fees and charges		41	1 000	1 041
Salary recharges		-	159	159
Other fees and charges		-	62	62
Grants and contributions	13			
Adolescent Community Brokerage		421	-	421
Aboriginal Youth Early Intervention		159	-	159
Other		-	2	2
Other revenues	14			
Recoveries		-	2 889	2 889
Assets recognised for the first time		-	484	484
Other revenue		-	28	28
Revenues from SA Government	15			
Revenues from SA Government		326 592	-	326 592
Total income		327 213	5 410	332 623
Net result		305 143	(283 915)	21 228

Department for Child Protection
Notes to and forming part of the financial statements

33 Transactions with SA Government (continued)

		SA Government	Non-SA Government	Total
	Note	2017 \$'000	2017 \$'000	2017 \$'000
Financial assets				
Cash and cash equivalents	16			
Deposits with the Treasurer		31 368	-	31 368
Imprest account / cash on hand		-	224	224
Receivables	17			
GST recoverable from the ATO		-	2 958	2 958
Receivables		285	638	923
Less allowance for doubtful debts		-	(10)	(10)
Prepayments		-	281	281
Accrued revenues		76	-	76
Workers compensation recoveries		-	174	174
Total financial assets		31 729	4 265	35 994
Financial liabilities				
Payables	21			
Accrued expenses		1 159	14 093	15 252
Employment on-costs		3 241	2 933	6 174
Creditors		-	189	189
Paid Parental Leave Scheme payable		-	51	51
Other liabilities				
Other liabilities		-	12	12
Total financial liabilities		4 400	17 278	21 678

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Department for Child Protection:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the department; and
- present a true and fair view of the financial position of the department as at 30 June 2017 and the results of its operation and cash flows for the financial year.

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



Catherine Taylor
CHIEF EXECUTIVE

14/1/2017



Jennifer Browne
CHIEF FINANCIAL OFFICER

19/1/2017

INDEPENDENT AUDITOR'S REPORT



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Auditor-General's Department

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To the Chief Executive Department for Child Protection

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* I have audited the financial report of the Department for Child Protection for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department for Child Protection as at 30 June 2017, its financial performance and its cash flows for the period 1 November 2016 to 30 June 2017 in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the period 1 November 2016 to 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the period 1 November 2016 to 30 June 2017
- a Statement of Cash Flows for the period 1 November 2016 to 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive and the Chief Financial Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Department for Child Protection. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Chief Executive 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 the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

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

Andrew Richardson

Auditor-General

20 September 2017

Department for
Communities and
Social Inclusion

Financial report
for the year ended
30 June 2017

Department of Communities and Social Inclusion
Statement of Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Expenses			
Employee benefits	5	376 959	402 075
Supplies and services	6	285 762	273 484
Depreciation and amortisation	7	11 603	8 287
Grants, subsidies and client payments	8	567 113	534 887
Net loss from disposal of non-current assets	13	22	-
Other expenses	9	98 482	70 128
Total expenses		1 339 941	1 288 861
Income			
Revenues from rent, fees and charges	10	116 765	120 799
Commonwealth revenues	11	75 181	70 709
Interest revenues	12	1	1
Net gain from disposal of non-current assets	13	-	114
Other revenues	14	27 947	22 186
Total income		219 894	213 809
Net cost of providing services		(1 120 047)	(1 075 052)
Revenues from SA Government			
Revenues from SA Government	15	1 125 904	1 061 822
Total net revenues from SA Government		1 125 904	1 061 822
Net result		5 857	(13 230)
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in revaluation surplus		-	23 519
Total other comprehensive income		-	23 519
Total comprehensive result		5 857	10 289

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

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

Department for Communities and Social Inclusion
Statement of Financial Position
as at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	17	146 010	141 443
Receivables	18	27 211	22 795
Inventories	19	419	470
		173 640	164 708
Non-current assets classified as held for sale	20	28 075	33 069
Total current assets		201 715	197 777
Non-current assets			
Receivables	18	15 587	15 057
Property, plant and equipment	21	180 722	185 523
Capital works in progress	22	3 746	1 965
Intangible assets	23	2 531	2 568
Total non-current assets		202 586	205 113
Total assets		404 301	402 890
Current liabilities			
Payables	25	49 910	42 717
Employee benefits	26	60 799	68 529
Provisions	27	8 314	11 036
Other current liabilities	28	1 738	1 950
Total current liabilities		120 761	124 232
Non-current liabilities			
Payables	25	5 165	5 381
Employee benefits	26	56 078	57 173
Provisions	27	17 005	18 187
Other non-current liabilities	28	2 985	3 769
Total non-current liabilities		81 233	84 510
Total liabilities		201 994	208 742
Net assets		202 307	194 148
Equity			
Contributed capital	29	74 325	74 325
Retained earnings	29	84 977	73 051
Asset revaluation surplus	29	43 005	46 772
Total equity		202 307	194 148
The total equity is attributable to the SA Government as owner.			
Unexpended funding commitments	16		
Unrecognised contractual commitments	31		
Contingent assets and liabilities	32		

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

Department for Communities and Social Inclusion
Statement of Change in Equity
for the year ended 30 June 2017

		Contributed capital \$'000	Asset revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
	Note				
Balance at 30 June 2015		74 325	23 253	86 348	183 926
Prior period adjustments		-	-	(67)	(67)
Restated balance at 30 June 2015		74 325	23 253	86 281	183 859
Net result for 2015-16		-	-	(13 230)	(13 230)
Gain on revaluation of property, plant and equipment		-	23 519	-	23 519
Total comprehensive result for 2015-16		-	23 519	(13 230)	10 289
Balance at 30 June 2016		74 325	46 772	73 051	194 148
Prior period adjustments		-	-	2 302	2 302
Restated balance at 30 June 2016		74 325	46 772	75 353	196 450
Net result for 2016-17		-	-	5 857	5 857
Total comprehensive result for 2016-17		-	-	5 857	5 857
Transfer to retained earnings of net increment realised on sale of land and buildings		-	(3 767)	3 767	-
Balance at 30 June 2017	29	74 325	43 005	84 977	202 307

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

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

Department for Communities and Social Inclusion
Statement of Cash Flows
for the year ended 30 June 2017

		2017 Inflows (Outflows) \$'000	2016 Inflows (Outflows) \$'000
Cash flows from operating activities	Note		
Cash outflows			
Employee benefits payments		(388 994)	(377 888)
Payments for supplies and services		(414 282)	(384 598)
Payments of grants and subsidies		(566 969)	(533 945)
Cash used in operations		(1 370 245)	(1 296 431)
Cash inflows			
Fees and charges		117 087	115 528
Receipts from Commonwealth		52 028	48 309
Interest received		1	1
GST recovered from the ATO		57 528	55 429
Other receipts		27 661	25 132
Cash generated from operations		254 305	244 399
Cash flows from SA Government			
Receipts from SA Government		1 125 904	1 061 822
Cash generated from SA Government		1 125 904	1 061 822
Net cash provided by/(used in) operating activities	33	9 964	9 790
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment (including work in progress)		(10 328)	(10 020)
Cash used in investing activities		(10 328)	(10 020)
Cash inflows			
Proceeds from sale of property, plant and equipment		4 931	157
Cash generated from investing activities		4 931	157
Net cash provided by/(used in) investing activities		(5 397)	(9 863)
Net increase/(decrease) in cash and cash equivalents		4 567	(73)
Cash and cash equivalents at the beginning of the period		141 443	141 516
Cash and cash equivalents at the end of the period	17	146 010	141 443

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

Department for Communities and Social Inclusion
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2017

Activities (refer note 4)	Thriving Communities		Domiciliary and Community Care Services		Social Housing	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses						
Employee benefits	71 022	74 160	26 664	34 213	67 215	67 583
Supplies and services	21 747	22 474	16 777	17 944	4 442	4 355
Depreciation and amortisation	3 924	2 674	1 024	650	14	13
Grants, subsidies and client payments	28 314	25 997	31 065	34 763	223 247	214 367
Net loss from disposal of non-current assets	3	-	-	-	-	-
Other expenses	143	210	303	117	5	6
Total expenses	125 153	125 515	75 833	87 687	294 923	286 324
Income						
Revenues from rent, fees and charges	17 779	17 739	4 415	4 550	67 351	68 669
Commonwealth revenues	773	612	26 093	28 258	9 785	8 870
Interest revenues	-	-	1	1	-	-
Net gain from disposal of non-current assets	-	(6)	-	(3)	-	-
Other revenues	4 695	3 906	677	2 152	479	758
Total income	23 247	22 251	31 186	34 958	77 615	78 297
Net cost of providing services	(101 906)	(103 264)	(44 647)	(52 729)	(217 308)	(208 027)
Revenues from SA Government						
Revenues from SA Government	-	-	-	-	-	-
Net revenues from SA Government	-	-	-	-	-	-
Net result	(101 906)	(103 264)	(44 647)	(52 729)	(217 308)	(208 027)

Department for Communities and Social Inclusion
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2017

Activities (refer note 4)	Disability SA		Disability Services		NDIS and Service Reform	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefits	33 505	37 042	173 434	184 712	5 119	4 365
Supplies and services	181 655	167 355	58 861	60 059	2 280	1 297
Depreciation and amortisation	812	847	5 771	4 048	58	55
Grants, subsidies and client payments	282 675	259 590	534	160	1 278	10
Net loss from disposal of non-current assets	-	-	19	-	-	-
Other expenses	36 312	35 158	352	513	61 367	34 124
Total expenses	534 959	499 992	238 971	249 492	70 102	39 851
Income						
Revenues from rent, fees and charges	7 134	7 131	19 506	22 058	580	652
Commonwealth revenues	32 760	30 199	2 374	2 770	3 396	-
Interest revenues	-	-	-	-	-	-
Net gain from disposal of non-current assets	-	(5)	-	129	-	(1)
Other revenues	6 589	4 566	15 471	10 495	36	309
Total income	46 483	41 891	37 351	35 452	4 012	960
Net cost of providing services	(488 476)	(458 101)	(201 620)	(214 040)	(66 090)	(38 891)
Revenues from SA Government						
Revenues from SA Government	-	-	-	-	-	-
Total net revenues from SA Government	-	-	-	-	-	-
Net result	(488 476)	(458 101)	(201 620)	(214 040)	(66 090)	(38 891)

Department for Communities and Social Inclusion
Disaggregated Disclosures – Expenses and Income
for the year ended 30 June 2017

Activities (refer note 4)	General/Not Attributable		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses				
Employee benefits	-	-	376 959	402 075
Supplies and services	-	-	285 762	273 484
Depreciation and amortisation	-	-	11 603	8 287
Grants, subsidies and client payments	-	-	567 113	534 887
Net loss from disposal of non-current assets	-	-	22	-
Other expenses	-	-	98 482	70 128
Total expenses	-	-	1 339 941	1 288 861
Income				
Revenues from rent, fees and charges	-	-	116 765	120 799
Commonwealth revenues	-	-	75 181	70 709
Interest revenues	-	-	1	1
Net gain from disposal of non-current assets	-	-	-	114
Other revenues	-	-	27 947	22 186
Total income	-	-	219 894	213 809
Net cost of providing services	-	-	(1 120 047)	(1 075 052)
Revenues from SA Government				
Revenues from SA Government	1 125 904	1 061 822	1 125 904	1 061 822
Total net revenues from SA Government	1 125 904	1 061 822	1 125 904	1 061 822
Net result	1 125 904	1 061 822	5 857	(13 230)

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

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

1. Objectives of the Department for Communities and Social Inclusion
2. Significant accounting policies
3. New and revised accounting standards and policies
4. Activities of the department
5. Employee benefits expense
6. Supplies and services
7. Depreciation and amortisation expense
8. Grants, subsidies and client payments
9. Other expenses
10. Revenues from rent, fees and charges
11. Commonwealth revenues
12. Interest revenues
13. Net gain/(loss) from disposal of non-current assets
14. Other revenues
15. Revenues from SA Government
16. Unexpended funding commitments
17. Cash and cash equivalents
18. Receivables
19. Inventories
20. Non-current assets classified as held for sale
21. Property, plant and equipment
22. Capital works in progress
23. Intangible assets
24. Fair value measurements
25. Payables
26. Employee benefits
27. Provisions
28. Other liabilities
29. Equity
30. Financial instruments / financial risk management
31. Unrecognised contractual commitments
32. Contingent assets and liabilities
33. Cash flow reconciliation
34. Remuneration of board and committee members
35. Related party transactions
36. Budgetary reporting and explanations of major variances between budget and actual amounts
37. Transactions with SA Government
38. Residential Aged Care sector reporting
39. Events after balance date

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

1 Objectives of the Department for Communities and Social Inclusion

The Department for Communities and Social Inclusion (DCSI/the department) is committed to ensuring that all South Australians, particularly the most vulnerable and disadvantaged, have access to high quality services that protect and enhance the community's wellbeing and provide support to people when they need it. The department has a commitment to delivering better and more connected services to the vulnerable and disadvantaged in our community, and to build engaged, socially inclusive, strong and vibrant communities.

The work of the department supports the achievement of the South Australian Government Strategic Priorities. The department serves the Minister for Communities and Social Inclusion, Minister for Social Housing, Minister for Disabilities, Minister for Youth, Minister for Volunteers, Minister for the Status of Women, and Minister for Multicultural Affairs.

The department has responsibility for the delivery of specific programs to the public with respect to activities assigned to the department under various Acts as delegated, by the respective Ministers, to the Chief Executive of the department.

The department also functions as a service provider to the South Australian Housing Trust (SAHT). The financial affairs of SAHT do not form part of the department's financial report.

1.1 Transition to the National Disability Insurance Scheme (NDIS) and Commonwealth Aged Care Reform

Background

The NDIS and Commonwealth aged care reforms change the way disability and aged care services are funded, managed and delivered in South Australia. These reforms rely on there being a diverse range of providers within the disability and aged care services market to give clients choice and control. In South Australia, the NDIS will come into full effect from 1 July 2018 and the Commonwealth aged care reforms from 1 July 2020. Both reforms will enable clients to buy services from the provider of their choice.

Impact on DCSI services to clients

South Australia was one of the first states to sign up to the NDIS. Children up to age 14 started entering the NDIS under a trial in South Australia from July 2013, followed by young people aged 15 to 17 from January 2017.

From 1 July 2017, adults will begin entering the NDIS, depending where they live. People living in northern Adelaide, Barossa, Light and Lower North will be the first to enter from 1 July 2017, followed by:

- Tea Tree Gully, Limestone Coast and Murray and Mallee from 1 October 2017
- Fleurieu and Kangaroo Island, Southern Adelaide, Eyre and Western, Far North and Yorke and Mid North from 1 January 2018
- Adelaide Hills, Eastern Adelaide and Western Adelaide from 1 April 2018.

More than 32 000 South Australians will receive services under the full scheme, up from approximately 17 000 pre-NDIS. The disability sector will grow significantly, with jobs in the sector to double from approximately 6 000 to 12 000.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

1 Objectives of the Department for Communities and Social Inclusion (continued)

1.1 Transition to the National Disability Insurance Scheme (NDIS) and Commonwealth Aged Care Reform (continued)

Impact on the department

With the implementation of the NDIS and the Commonwealth aged care reforms, there will be changes to DCSI's disability and domiciliary care services.

In February 2017, the State Government announced its decision to transfer Domiciliary Care and some disability services to non-government management. The State Government also announced that it would continue to provide supported community accommodation services through a commercial trading entity under NDIS.

DCSI's Domiciliary Care services will be transferred to non-government management by June 2018. The public Expression of Interest (EOI) closed in mid-July 2017. It is expected that there will be a selective request for tender following the EOI.

In relation to the other services proposed to transition to non-government management, work is continuing in consultation with staff, clients and the non-government sector to plan how and when this will occur.

2 Significant accounting policies

2.1 Statement of compliance

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

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards (AAS) and comply with Treasurer's Instructions (TI) and Accounting Policy Statements (APS) promulgated under the provisions of the PFAA.

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

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

2.2 Basis of preparation

The preparation of the financial statements requires the use of certain accounting estimates, where management is required to exercise its judgement in the process of applying the department's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The preparation of the financial statements also requires compliance with APS issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency, the APS require the following note disclosures which have been included in this financial report:

- revenues, expenses, financial assets and financial liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$0.1 million for separate identification of these items applies
- expenses incurred as a result of engaging consultants
- employee targeted voluntary separation package (TVSP) information
- employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$0.01 million bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the department to those employees
- board/committee member and remuneration information, where a board or committee member is entitled to receive income from membership other than direct out of pocket reimbursement
- the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

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

The existence of the department and the ongoing delivery of current programs and services are dependent on government policy and on continuing appropriations by Parliament.

2.3 Reporting entity

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

The financial statements and accompanying notes include all the controlled activities of the department (refer to the disaggregated disclosure for details of the department's controlled activities).

The department does not control any other entity and has no interests in unconsolidated structured entities. 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. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

2.4 Comparative information

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

Where the department has applied an accounting policy retrospectively, such items are reclassified retrospectively in the financial statements.

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

Prior period adjustments

There were prior period adjustments made during the 2016-17 financial year, relating to corrections to leave liability entitlements and assets which were previously recorded as an expense.

The prior period adjustments are summarised as follows:

- additions of land \$0.3 m
- additions and disposals of plant and equipment at written down value \$0.15 m
- corrections to leave liability \$1.85 m.

2.5 Rounding

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

2.6 Taxation

DCSI is not subject to income tax. DCSI is liable for Payroll Tax, Fringe Benefits Tax, Goods and Services Tax (GST), and Emergency Services Levy.

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

- where the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case GST is recognised as part of the cost of acquisition of the asset or is part of an item of expense
- where appropriate, receivables and payables are stated with the amount of GST included.

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

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

2.7 Events after balance date

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2017 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2017.

Note disclosure is made about events between 30 June 2017 and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June 2017 and which may have a material impact on the results of subsequent years.

Refer to note 1.1 relating to the transition to the NDIS and Commonwealth Aged Care Reform.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

2.8 Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. The department has a clearly identifiable operating cycle of 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.

2.9 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 costs involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. Where the assets are acquired at no or nominal value as part of a restructure of administrative arrangements, then the assets are recognised at the book value recorded by the transferor public authority immediately prior to the restructure.

The department capitalises all non-current tangible assets with a value of \$0.01 million or greater.

Works in progress (WIP) are projects which are incomplete as at reporting date.

Depreciation and amortisation

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

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

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period 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	40-50
Leasehold improvements	Life of lease
Plant and equipment	5-15
Motor vehicles	3-5
Computer equipment	3-5
Computer software	3-5
Independent living equipment program (ILEP)	3-5

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

2.9 Non-current Assets (continued)

Revaluation of non-current assets

In accordance with APF III *Asset Accounting Framework*, all non-current tangible assets are valued at written down current cost (a proxy for fair value); and revaluation of non-current assets or groups of assets is performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is equal to or greater than three years.

The department revalues its land and buildings in accordance with APF III. However, if at any time management considers that the carrying amount of 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.

The department has taken the exemption available under APF III paragraph APS 3.18 to take the asset revaluation adjustment to the asset revaluation surplus on a class basis rather than an individual asset basis.

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

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

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

The department's land and buildings were subject to a full site revaluation as at 30 June 2016. The professional valuer engaged to perform the independent valuations was Mrs Brooke Parish, API Certified Practising Valuer (Property), Australian Valuation Solutions Pty Ltd.

Impairment

The department holds its property, plant and equipment and intangible assets for their service potential (value in use).

All non-current tangible assets are valued at fair value. Specialised assets would rarely be sold and typically any costs of disposal would be negligible; accordingly the recoverable amount will be close to or greater than fair value.

The department also expects for all other non-current tangible assets that any costs of disposal will be negligible, and the recoverable amount to be close to or greater than fair value.

An impairment loss was recognised in 2015-16 and 2016-17, refer note 20.1.

Intangible assets

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

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

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control, and the existence of future economic benefits), the recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$0.01 million.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

2.9 Non-current Assets (continued)

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

Fair value measurement

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

The department classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurement, based on the 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 department has no assets categorised into level 1.

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.

Asset classes where written down cost is deemed to be fair value include:

- Leasehold improvements
- Capital works in progress
- Plant and equipment
- Motor vehicles
- Computer equipment
- Independent living equipment program

Refer notes 21 and 24 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

2.10 Liabilities

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.

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

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

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

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years 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 liability for long service leave in 2015-16 was significantly impacted by the department moving to the Department of Treasury and Finance (DTF) methodology of preparing the long service leave actuarial assessment to be consistent with the whole of Government approach. Previously, the liability for long service leave was determined through an actuarial assessment undertaken by Mercer (Australia) Pty Ltd.

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

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

2.10 Liabilities (continued)

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. The department has not entered into any finance leases. 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 over the lease term, which is representative of the pattern of benefits derived from the leased assets.

Lease incentives

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

The aggregate benefits of lease incentives received by the department in respect of operating leases have been recorded as a reduction of rental 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.

2.11 Unrecognised contractual commitments and contingent assets and liabilities

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

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. At 30 June 2017, the department recognised a contingent asset in note 32.

Unrecognised contractual commitments (refer to note 31), and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO. If GST is not recoverable from, or payable to, the ATO, the commitments or contingencies are disclosed on a gross basis.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

3 New and revised accounting standards and policies

The department did not voluntarily change any of its accounting policies during 2016-17.

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 2017.

AASB 16 *Leases* will apply for the first time for the year to reporting periods beginning on or after 1 January 2019. The amended standard introduces a single accounting model for lessees, eliminating the distinction between operating and finance leases. The standard 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.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease payments will no longer be expensed in the Statement of Comprehensive Income on a straight line basis. Rather, they will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will be recognised as an expense.

It is anticipated that there will be a marginal impact on net result due to recognition of depreciation and interest on lease liabilities as expenses.

The classification of cash flows will be affected as operating lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively. Currently, operating lease payments are presented as operating cash flows and recorded as commitments, which are not captured in the Statement of Financial Position.

The department has not yet quantified the impact of applying AASB 16 *Leases* to its operating lease arrangements and the resulting impact on the Statement of Comprehensive Income, the Statement of Financial Position and the commitments disclosure in the notes to the financial statements.

AASB 15 *Revenue from Contracts with Customers* will replace the existing AASB 118 *Revenue* and applies to reporting periods beginning on or after 1 January 2019. AASB 15 *Revenue from Contracts with Customers* introduces a five step process for revenue recognition with the core principle being to recognise revenue 'when control of a good or service transfers to a customer'. This is effectively when performance obligations have been met, rather than the former model of 'where the risk and rewards of ownership reside'. AASB 15 *Revenue from Contracts with Customers* will generally result in increased disclosures.

The department has not yet quantified the impact of applying AASB 15 *Revenue from Contracts with Customers* and the resulting impact on the statement of comprehensive income.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

4 Activities of the department

In achieving its objectives, the department provides a range of services classified into the following activities for 2016-17.

4.1 2016-17

Activity 1: Thriving Communities

This program develops, implements and contributes to initiatives and services which improve outcomes for individuals, families and communities, in partnership with other key stakeholders, including not-for-profit organisations. The program includes affordable living programs and state concessions; programs and grants which promote opportunity, build community capacity and help communities prosper; community sector partnerships and development; the coordination of state recovery efforts; youth justice programs; and initiatives which advance and support gender equality. High-level strategic and policy advice is provided across government in areas including the status of women, volunteering, carers, multicultural affairs and youth.

Activity 2: Domiciliary and Community Care Services

This program includes a range of services which enable vulnerable and ageing South Australians to live safely in the community. This includes Domiciliary Care Services, services provided through the South Australian Home and Community Care (HACC) program, and services directed to people living in Supported Residential Facilities (SRF).

Activity 3: Social Housing

The focus of this program is to develop, implement and provide housing service responses for people who are at risk or in high need and to work with government and non-government agencies to improve the standard of existing affordable social housing across the state.

This program encompasses the management of grants for housing services to low income households, support to people who are at risk or in high need, including specialist homelessness and domestic violence services; the management of public housing; metropolitan, rural and remote Aboriginal housing; the regulation of community housing; and emergency relief and recovery services. The program also provides social housing strategy, policy development and advice to the government.

Activity 4: Disability SA

The role of Disability SA is to lead disability policy development and planning in South Australia; provide a single access point for people with disability from intake through to service delivery; and arrange for funding to go to individuals and service providers through the most effective and transparent means.

Activity 5: Disability Services

Disability Services is the Government of South Australia's service provider for people with disabilities.

Activity 6: NDIS and Service Reform

NDIS and Service Reform is responsible for the coordination and implementation of the NDIS across DCSI and the Government of South Australia. NDIS and Service Reform works closely with the National Disability Insurance Agency (NDIA) and the Commonwealth Government to deliver an agreed program of work to manage the transition to the NDIS and the implementation of Commonwealth aged care reforms. This includes the provision of strategic advice and developing and finalising national policy settings, as well as planning and oversight in the transition of DCSI Disability and Domiciliary Care Services to the NDIS and under Commonwealth aged care reforms.

4.2 2015-16

The 2015-16 amounts for these programs differ from the amounts presented in the 2015-16 audited financial statements to reflect 2016-17 changes to departmental functions and refinements to the allocation of corporate overheads. As such, the 2015-16 amounts have been adjusted for comparative purposes.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

5 Employee benefits expense

	2017	2016
	\$'000	\$'000
Salaries and wages	283 802	282 348
TVSPs	823	2 796
Long service leave	4 336	21 408
Annual leave	29 622	29 196
Skills and experience retention leave	1 502	1 516
Superannuation	31 654	33 361
Workers' compensation	6 473	12 675
Payroll tax	17 311	17 686
Other employee related expenses	1 436	1 089
Total employee benefits expenses	376 959	402 075

Targeted voluntary separation packages (TVSPs)

	2017	2016
	\$'000	\$'000
Amounts paid to these employees:		
TVSPs	823	2 796
Annual leave, long service leave and skills and experience retention leave paid to those employees	317	353
Net cost to the department	1 140	3 149

Number of employees that were paid or had payable TVSPs during the reporting period was 12 (2016: 49).

Department for Communities and Social Inclusion
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5 Employee benefits expense (continued)

Remuneration of employees

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

	2017 Number	2016 Number
\$145 000 - 147 000 *	n/a	1
\$147 001 - 157 000	10	11
\$157 001 - 167 000	6	4
\$167 001 - 177 000	6	2
\$177 001 - 187 000	4	5
\$187 001 - 197 000	3	6
\$197 001 - 207 000	5	3
\$207 001 - 217 000	1	5
\$217 001 - 227 000	2	1
\$227 001 - 237 000	2	-
\$237 001 - 247 000	-	1
\$247 001 - 257 000	1	-
\$257 001 - 267 000	1	1
\$267 001 - 277 000	2	2
\$277 001 - 287 000	1	2
\$287 001 - 297 000	2	-
\$297 001 - 307 000	1	-
\$367 001 - 377 000	-	1
\$437 001 - 447 000	1	-
Total	48	45

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2015-16.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, fringe benefits tax, any other salary sacrifice benefits and termination payments. The total remuneration received by these employees for the year was \$9.65 m (2016: \$8.77 m).

Department for Communities and Social Inclusion
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6 Supplies and services

	2017	2016
	\$'000	\$'000
Accommodation and property related	24 769	26 568
Advertising and promotions	783	325
Brokerage care services	180 859	168 143
Business services	6 645	6 246
Client related expenses	6 300	5 927
Communication and computing	15 287	15 253
Contractors and agency staff	9 898	9 376
Consultants	616	205
Drugs and medical supplies	1 815	1 787
Homelessness services	4 207	4 125
Insurance	769	769
Interpreter and translator fees	74	74
Managed payments	1 209	1 246
Minor equipment	9 487	9 700
Motor vehicles	6 120	6 337
Printing, stationery, postage and periodicals	1 929	2 309
Repairs and maintenance	4 666	4 254
Seminars, courses and training	805	765
Travel and accommodation	1 145	1 174
Other	8 035	8 564
Total supplies and services (excluding audit fees)	285 418	273 147
Audit fees paid/payable to the Auditor-General's Department relating to work performed under the PFAA *	344	337
Total audit fees	344	337
Total supplies and services (including audit fees)	285 762	273 484

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

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

	2017	2017	2016	2016
	Number	\$'000	Number	\$'000
Below \$10 000	3	15	1	7
Above \$10 000	4	601	5	198
Total paid/payable to consultants engaged	7	616	6	205

Department for Communities and Social Inclusion
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7 Depreciation and amortisation expense

	2017	2016
	\$'000	\$'000
Depreciation		
Buildings and improvements	5 297	3 001
Computing equipment	6	1
Motor vehicles	10	37
Independent living equipment program	2 231	1 932
Other plant and equipment	384	334
Total depreciation	7 928	5 305
Amortisation		
Leasehold improvements	2 175	1 980
Computer software	1 500	1 002
Total amortisation	3 675	2 982
Total depreciation and amortisation	11 603	8 287

8 Grants, subsidies and client payments

Grants, subsidies and client payments by program	2017	2016
	\$'000	\$'000
Disability Grants	281 220	257 648
Grants to SAHT (State Contribution including Tax Equivalents Regime)	86 904	81 368
Grants to SAHT (Commonwealth Contribution)	74 494	73 477
Specialist Homelessness Services	63 396	59 520
Home and Community Care	26 730	30 852
Family and Community Development	11 051	10 690
Supported Residential Facilities	3 995	5 820
Financial Hardship Programs (formerly Affordable Living Programs)	4 858	4 540
Aboriginal Community Benefit Grants	2 008	1 841
Office for Youth	1 591	1 777
NDIS Sector Development	1 246	-
Other	9 620	7 354
Total grants, subsidies and client payments	567 113	534 887
Grants, subsidies and client payments by recipient type		
Non-Government Organisations (NGOs)	8.1 363 505	340 553
SAHT	161 398	154 845
Individualised Funding	16 898	15 128
SA Health Units	11 424	11 716
Local Government	8 095	7 334
SA Government Entities - Other	3 219	2 659
Commonwealth & Other State/Territory Governments	1 187	1 344
Universities	575	314
Glasses SA (formerly Spectacles SA)	345	502
Other	467	492
Total grants, subsidies and client payments	567 113	534 887

Department for Communities and Social Inclusion
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8.1 Funding to Non-Government Organisations

	2017	2016
	\$'000	\$'000
Minda Incorporated	54 035	50 443
Community Accommodation and Respite Agency Inc (CARA)	36 179	29 921
Community Living Australia	15 716	13 756
Lighthouse Disability	15 224	13 835
Anglicare SA	14 905	14 487
Centacare Catholic Family Services	12 212	11 826
Orana Inc	11 007	10 011
Uniting Communities	10 101	9 318
Community Living Options Inc	9 282	7 254
Spastic Centres of South Australia (SCOSA) Inc	8 098	7 997
EBL Disability Services Inc	7 500	5 665
Novita Children's Services Inc	6 638	13 251
Royal District Nursing Service of SA Inc	5 996	5 852
UnitingCare Wesley Port Adelaide Inc	5 706	5 254
Life Without Barriers	5 441	5 625
Baptist Care SA Inc	5 403	2 471
Disability Living Inc	5 084	4 811
UnitingCare Wesley Country SA	4 747	4 632
Hills Community Options Inc	4 481	3 657
Homecare Plus	4 014	3 455
The Salvation Army	3 957	3 691
Autism Association of SA Inc	3 723	5 419
Anglican Community Care Inc	3 294	3 144
Royal Society for the Blind of SA Inc	3 151	3 040
Community Living Project Inc	2 734	2 889
St John's Youth Services Inc	2 712	2 605
Bedford Phoenix Inc	2 690	2 440
Comrec Australia Pty Ltd	2 617	2 631
Kincare Homecare SA	2 559	1 728
Barkuma Inc	2 535	2 461
Guide Dogs Association of SA and NT Inc	2 476	2 459
Uniting Care Wesley Adelaide Inc	2 430	2 415
Amandus Lutheran Disability Services Inc	2 272	2 013
Individual Supported Accommodation Service Inc	2 256	2 039
Calvary Home Care Services	2 129	1 874
Offenders Aid and Rehabilitation Services of SA Inc	1 991	1 917
Barossa Enterprises	1 934	1 507
Central Eastern Domestic Violence Service	1 932	2 523
SYC Ltd	1 929	1 942
Lutheran Community Care	1 829	1 758
Hutt Street Centre	1 792	1 421
Southern Junction Community Services Inc	1 790	1 723
Ngaanyatjarra Pitjantjatjara Yankunytjatjara Women's Council	1 760	1 714
Southern Adelaide Domestic Violence Service	1 728	1 662
Catholic Diocese of Port Pirie	1 600	1 681
Incompro Aboriginal Association Inc	1 600	458
Lifestyle Assistance and Accommodation Service Inc	1 562	1 475
Northern Domestic Violence Service Inc	1 460	1 406
Good Shepherd Microfinance	1 441	1 113

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

The Trustee for the Nextt Health Trust	1 426	375
Xlent Disability Services	1 330	1 160
Windamere Park	1 239	1 213
Enhanced Lifestyles Inc	1 234	1 164
Relationships Australia SA	1 207	1 162
Victim Support Service Inc	1 195	515
Women's Safety Services SA Inc	1 171	545
Aboriginal Family Support	1 069	1 031
St Vincent De Paul Society SA Inc	1 035	1 009
Community Bridging Services	1 027	1 059
Northern Carer's Network Inc	1 014	979
Helping Hand Aged Care	591	1 134
Endeavour Foundation	588	3 577
Sorento Care Limited	-	1 606
Other	41 727	37 355
Total funding to Non-Government Organisations	363 505	340 553

Payments to Non-Government Organisations greater than \$1.0 m are individually disclosed above. Payments less than \$1.0 m are included in 'Other'.

9 Other expenses

	2017	2016
	\$'000	\$'000
Aged Care and Disability Services Reform – payment to the Commonwealth *	59 353	57 400
Bad and doubtful debts	136	-
Assets transferred at nil consideration **	600	-
Impairment loss	116	1 006
NDIS payments	38 194	11 698
Other	83	24
Total other expenses	98 482	70 128

* From 1 July 2011, as part of the National Health Reform Agreement, funding and program responsibility for basic community care services and packaged community care and residential care delivered through the Commonwealth aged care program, for people under the age of 65 years (under the age of 50 for Indigenous Australians) was assumed by the South Australian Government. The State reflects these changed responsibilities through a payment to the Commonwealth for the services it provides to clients that are the responsibility of the State under the terms of the agreement. During 2015–16, these arrangements were incorporated in the 'Transition to a National Disability Insurance Scheme' bilateral agreement.

** Transfer of Lot 3, The Parks Community Centre to Port Adelaide Enfield Council.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
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10 Revenues from rent, fees and charges

	2017	2016
	\$'000	\$'000
Employee services *	66 989	69 832
Insurance recoveries	160	23
Recoveries	8 189	9 239
Business services **	16 220	15 620
Fees, fines and penalties	16 351	16 326
Rent	168	190
Patient and client fees	8 688	9 569
Total revenues from rent, fees and charges	116 765	120 799

* Represents the recovery of costs for the provision of employee related services to SAHT.

** Represents services provided to SAHT as per the Memorandum of Administrative Arrangements (MOAA).

11 Commonwealth revenues

	2017	2016
	\$'000	\$'000
National Partnership Payments - Homelessness	8 870	8 870
Commonwealth Home Support Programme	26 093	28 257
Aged Care and Disability Services Reform – Specialist Disability Services *	31 260	30 200
Residential Aged Care	2 374	2 770
NDIS Sector Development	4 896	-
Other	1 688	612
Total Commonwealth revenues	75 181	70 709

* From 1 July 2011, as part of the National Health Reform Agreement, funding and policy responsibility for basic community care services and specialist disability services delivered by the States in accordance with their responsibilities under the National Disability Agreement for people aged 65 years and over (50 years and over for Indigenous Australians) was assumed by the Commonwealth Government. These changed responsibilities are reflected through a contribution from the Commonwealth for services provided to clients which are the responsibility of the Commonwealth under the terms of the agreement. During 2015–16, these arrangements were incorporated in the 'Transition to a National Disability Insurance Scheme' bilateral agreement.

12 Interest revenues

	2017	2016
	\$'000	\$'000
Interest on funds held	1	1
Total interest revenues	1	1

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
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13 Net gain/(loss) from disposal of non-current assets

	2017	2016
	\$'000	\$'000
Land and buildings		
Proceeds from disposal	4 878	-
Less net book value of assets disposed	(4 878)	(24)
Net gain/(loss) from disposal of land and buildings	-	(24)
Plant and equipment		
Proceeds from disposal	53	157
Less net book value of assets disposed	(75)	(19)
Net gain/(loss) from disposal of plant and equipment	(22)	138
Total assets		
Proceeds from disposal	4 931	157
Less net book value of assets disposed	(4 953)	(43)
Total net gain/(loss) from disposal of total assets	(22)	114

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

14 Other revenues

	2017	2016
	\$'000	\$'000
NDIS revenue	12 021	7 234
Minor equipment	167	372
Hire charges	1 434	1 250
Other grants from SA Government agencies	10 831	9 151
Community Development Fund	3 000	3 000
Other	494	1 179
Total other revenues	27 947	22 186

15 Revenues from SA Government

	2017	2016
	\$'000	\$'000
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	1 125 583	1 050 235
DTF - Contingency Funds	321	11 587
Total revenue from SA Government	1 125 904	1 061 822

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

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
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16 Unexpended funding commitments

The department is engaged in a variety of funding programs involving State and Commonwealth sources which provide monies to the department on the premise that these funds are expended in a manner consistent with the terms of the program.

As at 30 June 2017, the department had outstanding funding commitments to the following programs:

Operating funding commitments	2017	2016
	\$'000	\$'000
Parks Community Centre Redevelopment	730	600
NDIS Sector Development Funding	659	-
Disability Reform Consultancy	281	618
National Affordable Housing Agreement (NAHA) and National Partnership Agreement on Homelessness (NPAH)	152	551
Community Passenger Networks	110	-
Riverland Storms Recovery - Assessment and Support	94	-
Community Visitors Scheme - Mental Health	91	58
National Outcome Standards for Perpetrator Interventions (NOSPI)	68	-
Intervention Orders	44	44
Living Safe Together Intervention Program - Countering Violent Extremism	36	135
Pinery Bushfire	32	109
24/7 Street Beat Co-ordinator	31	48
Magill Decommissioning and Demolition	27	84
Aboriginal Forum	22	-
National Consultant, Disaster Recovery	18	-
Community Development and Employment Program	-	100
Strathmont Devolution and Community Living Program Stage 3	-	49
Home and Community Care Program	-	30
Total operating funding commitments	2 395	2 426
Capital funding commitments		
Adelaide Youth Training Centre - Major Security Works	879	838
Cost of Living Information System	121	256
Continuous Monitoring of Screening	-	1 930
Adelaide Youth Training Centre - New Centre at Goldsbrough Road	160	783
DCSI Minor Projects - Screening Unit System	-	234
Total capital funding commitments	1 160	4 041
Total unexpended funding commitments	3 555	6 467

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
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17 Cash and cash equivalents

	2017	2016
	\$'000	\$'000
Special deposit account with the Treasurer *	145 709	141 021
Advance accounts	100	100
Other deposits	201	322
Total cash and cash equivalents	146 010	141 443

Deposits with the Treasurer

* This includes \$124.17 m (2016: \$125.99 m) held within the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use and can only be used in accordance with the Treasurer's or Under-Treasurer's approval. Cash is measured at nominal amounts.

18 Receivables

	2017	2016
	\$'000	\$'000
Current		
Debtors	11 022	8 204
Less allowance for doubtful debts	(415)	(614)
Employee related services recoverable	10 456	11 478
Overpaid salaries	491	510
Prepayments	814	712
Goods and Services Tax receivable	4 843	2 505
Total current receivables	27 211	22 795
Non-current		
Debtors	512	510
Employee related services recoverable	15 075	14 547
Total non-current receivables	15 587	15 057
Total receivables	42 798	37 852

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
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18 Receivables (continued)

18.1 Movement in the allowance for doubtful debts

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

An allowance for doubtful debt has been expensed in note 9 for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2017	2016
	\$'000	\$'000
Movements in the allowance for doubtful debts		
Carrying amount at the beginning of the period	614	935
Increase/(decrease) in the allowance	58	(239)
Amounts written off	(257)	(82)
Carrying amount at the end of the period	415	614

In 2016-17, the department has recognised a bad and doubtful debt expense of \$0.06 m. In 2015-16, the department recognised a bad and doubtful debt recovery of \$0.24 m.

Interest rate and credit risk

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

Other than recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand.

There is no concentration of credit risk to non-public sector debtors.

Maturity analysis of receivables - refer to note 30.6

Categorisation of financial instruments and risk exposure information - refer to note 30.

19 Inventories

	2017	2016
	\$'000	\$'000
Inventories held for distribution at cost - stores	419	470
Total inventories	419	470

Inventories are stated at the lower of cost and their net realisable value. Inventories held for use by the department are measured at cost, with cost being allocated in accordance with the first-in, first-out method.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
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20 Non-current assets classified as held for sale

	2017	2016
	\$'000	\$'000
Land	28 075	33 069
Total non-current assets held for sale	28 075	33 069

Non-current assets classified as held for sale represents land and buildings which are surplus to the department's requirements.

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 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.

20.1 Reconciliation of non-current assets held for sale movement

	2017	2016
	\$'000	\$'000
Carrying amount at the beginning of the period	33 069	18 000
Impairment loss	(116)	(1 006)
Transfers from property, plant and equipment	-	10 065
Revaluation increment	-	6 010
Assets sold	(4 878)	-
Total non-current assets held for sale	28 075	33 069

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
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21 Property, plant and equipment

	2017	2016
	\$'000	\$'000
Land and buildings		
Site land at valuation (fair value)	67 025	67 325
Buildings and improvements at valuation (fair value)	101 833	101 833
Less accumulated depreciation - buildings and improvements	(5 297)	-
Total land and buildings	163 561	169 158
Leasehold improvements		
Leasehold improvements at cost (deemed fair value)	16 644	16 746
Less accumulated amortisation - leasehold improvements	(10 346)	(8 398)
Total leasehold improvements	6 298	8 348
Plant and equipment		
Computing equipment at cost (deemed fair value)	451	450
Less accumulated depreciation - computing equipment at cost	(438)	(431)
Motor vehicles at cost (deemed fair value)	164	219
Less accumulated depreciation - motor vehicles at cost	(129)	(195)
Independent living equipment program at cost (deemed fair value)	17 760	14 216
Less accumulated depreciation - Independent living equipment program at cost	(11 063)	(9 150)
Other plant and equipment at cost (deemed fair value)	6 467	5 069
Less accumulated depreciation - other plant and equipment at cost	(2 349)	(2 161)
Total plant and equipment	10 863	8 017
Total property, plant and equipment	180 722	185 523

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
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21 Property, plant and equipment (continued)

21.1 Reconciliation of land, buildings and leasehold improvements

The following table shows the movement of land, buildings and improvements, and leasehold improvements during 2016-17.

	Site land \$'000	Buildings and improvements \$'000	Leasehold improvements \$'000	Total \$'000
Carrying amount at the beginning of the period	67 325	101 833	8 348	177 506
Purchases	-	-	30	30
Prior period adjustments	300	-	-	300
Depreciation and amortisation for the year	-	(5 297)	(2 175)	(7 472)
Assets transferred out at nil consideration	(600)	-	-	(600)
Transfers from works in progress	-	-	95	95
Carrying amount at the end of the period	67 025	96 536	6 298	169 859

The following table shows the movement of land, buildings and improvements, and leasehold improvements during 2015-16.

	Site land \$'000	Buildings and improvements \$'000	Leasehold improvements \$'000	Total \$'000
Carrying amount at the beginning of the period	71 347	93 370	8 319	173 036
Purchases	-	-	1 779	1 779
Prior period adjustments	-	-	(27)	(27)
Disposals	-	-	(23)	(23)
Revaluation increment	5 012	12 497	-	17 509
Depreciation and amortisation for the year	-	(3 001)	(1 980)	(4 981)
Transfers between other classes	-	(288)	267	(21)
Transfers from works in progress	-	286	13	299
Transferred to assets held for sale	(9 034)	(1 031)	-	(10 065)
Carrying amount at the end of the period	67 325	101 833	8 348	177 506

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
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21 Property, plant and equipment (continued)

21.2 Reconciliation of plant and equipment

The following table shows the movement of plant and equipment during 2016-17.

	Computing equipment \$'000	Motor vehicles \$'000	Independent living equipment program \$'000	Other plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	19	24	5 066	2 908	8 017
Purchases	-	-	3 526	67	3 593
Prior period adjustments	-	-	168	(16)	152
Disposals	-	-	(60)	(15)	(75)
Depreciation and amortisation for the year	(6)	(10)	(2 231)	(384)	(2 631)
Transfers from works in progress	-	21	228	1 558	1 807
Carrying amount at the end of the period	13	35	6 697	4 118	10 863

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

	Computing equipment \$'000	Motor vehicles \$'000	Independent living equipment program \$'000	Other plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	-	62	5 387	2 715	8 164
Purchases	-	-	1 410	33	1 443
Prior period adjustments	-	(9)	(13)	(9)	(31)
Disposals	-	-	-	(24)	(24)
Depreciation and amortisation for the year	(1)	(37)	(1 932)	(334)	(2 304)
Transfers between other classes	-	-	-	21	21
Transfers from works in progress	20	4	214	506	744
Other movement	-	4	-	-	4
Carrying amount at the end of the period	19	24	5 066	2 908	8 017

Department for Communities and Social Inclusion
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22 Capital works in progress

	2017	2016
	\$'000	\$'000
Property, plant and equipment in progress at cost	3 746	1 965
Total capital works in progress	3 746	1 965

The following table shows the movement of capital works in progress

	2017	2016
	\$'000	\$'000
Carrying amount at the beginning of the period	1 965	2 312
Purchases	5 331	3 294
Transfers to completed works	(3 365)	(3 641)
WIP adjustments	(185)	-
Carrying amount of capital work in progress	3 746	1 965

23 Intangible assets

	2017	2016
	\$'000	\$'000
Internally developed intangible assets		
Computer software at cost	5 966	4 504
Less accumulated amortisation - computer software	(3 435)	(1 936)
Total intangible assets	2 531	2 568

The following table shows the movement of intangible assets.

	2017	2016
	\$'000	\$'000
Carrying amount at the beginning of the period	2 568	972
Transfers from works in progress	1 463	2 598
Amortisation for the year	(1 500)	(1 002)
Carrying amount at the end of the period	2 531	2 568

Impairment

There were no indications of impairment on intangible assets for 2016-17 and 2015-16.

Department for Communities and Social Inclusion
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24 Fair value measurements

Fair value hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. DCSI categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2017.

The department had no valuations categorised into level 1.

Fair value measurements at 30 June 2017

	Note	Level 2 \$'000	Level 3 \$'000	2017 \$'000
Recurring fair value measurements				
Land	21	67 025	-	67 025
Buildings	21	29 676	66 860	96 536
Leasehold improvements	21	-	6 298	6 298
Plant and equipment	21	-	10 863	10 863
Total recurring fair value measurements		96 701	84 021	180 722
Non-recurring fair value measurements				
Land held for sale	20	28 075	-	28 075
Total non-recurring fair value measurements		28 075	-	28 075
Total		124 776	84 021	208 797

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2016.

The department had no valuations categorised into level 1.

Fair value measurements at 30 June 2016

	Note	Level 2 \$'000	Level 3 \$'000	2016 \$'000
Recurring fair value measurements				
Land	21	67 325	-	67 325
Buildings	21	33 063	68 770	101 833
Leasehold improvements	21	-	8 348	8 348
Plant and equipment	21	-	8 017	8 017
Total recurring fair value measurements		100 388	85 135	185 523
Non-recurring fair value measurements				
Land held for sale	20	33 069	-	33 069
Total non-recurring fair value measurements		33 069	-	33 069
Total		133 457	85 135	218 592

Valuation techniques and inputs

Valuation techniques used to derive level 3 fair values together with the reconciliation of level 3 fair value measurements are detailed at note 2. There were no changes in valuation techniques during 2016-17 and 2015-16.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

Department for Communities and Social Inclusion
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24 Fair value measurements (continued)

Reconciliation of level 3 recurring fair value measurements at 30 June 2017

	Buildings	Plant & equipment	Leasehold improvements
	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	68 770	8 017	8 348
Acquisitions	-	3 593	30
Prior period adjustments	-	152	-
Disposals	-	(75)	-
Transfer from work in progress	-	1 807	95
Closing balance at the end of period	68 770	13 494	8 473
Gains/(losses) for the period recognised in net result			
Depreciation / amortisation	(1 910)	(2 631)	(2 175)
Subtotal	(1 910)	(2 631)	(2 175)
Carrying amount at the end of the period	66 860	10 863	6 298

Reconciliation of level 3 recurring fair value measurements at 30 June 2016

	Buildings	Plant & equipment	Leasehold improvements
	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	66 611	8 164	8 319
Acquisitions	-	1 443	1 779
Prior period adjustments	-	(31)	(27)
Transfer out of level 3	(2 063)	-	-
Disposals	-	(24)	(23)
Transfer between asset classes	-	21	267
Transfer from work in progress	149	744	13
Other movement	-	4	-
Closing balance at the end of period	64 697	10 321	10 328
Gains/(losses) for the period recognised in net result			
Depreciation / amortisation	(1 369)	(2 304)	(1 980)
Subtotal	(1 369)	(2 304)	(1 980)
Gains/(losses) for the period recognised in other comprehensive result			
Revaluation increment/(decrement)	5 442	-	-
Subtotal	5 442	-	-
Carrying amount at the end of the period	68 770	8 017	8 348

There have been no transfers of assets between level 2 and 3 fair value hierarchy levels in 2016-17. The department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
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25 Payables

	2017	2016
	\$'000	\$'000
Current		
Creditors	30 220	28 179
Accrued expenses	10 862	4 733
Employee benefit on-costs *	8 479	9 593
Other	349	212
Total current payables	49 910	42 717
Non-current		
Employee benefit on-costs *	5 165	5 381
Total non-current payables	5 165	5 381
Total payables	55 075	48 098

* Employment on-costs include Payroll Tax, workers' compensation levies and superannuation contributions. 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.

Interest rate and credit risk

Payables are measured at nominal amounts.

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

Maturity analysis of payables - refer to note 30.6

Categorisation of financial instruments and risk exposure information - refer to note 30

Department for Communities and Social Inclusion
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26 Employee benefits

	2017 \$'000	2016 \$'000
Current		
Annual leave	32 322	32 169
Long service leave	17 911	20 420
Skills and experience retention leave	2 040	2 156
Accrued salaries and wages	8 526	13 784
Total current employee benefits	60 799	68 529
Non-current		
Long service leave	56 078	57 173
Total non-current employee benefits	56 078	57 173
Total employee benefits	116 877	125 702

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability.

DTF use the Budget Management System (BMS) to perform an actuarial valuation of long service leave for the whole of government. The actuarial assessment performed by the DTF also left the salary inflation rate at 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.

The actuarial valuation, which is essentially a net present value calculation, is heavily influenced by inputs:

- the long term salary inflation rate was 4% in 2016, and remains the same for 2017
- the discount rate has increased from 2% to 2.5% which has caused the liability to decrease
- the duration over which the liability is to be paid has increased from 9 years in 2016 to 9.5 years in 2017.

The valuation of the long service liability has decreased due to changes in assumptions in calculating the actuarial valuation and the increase in interest rates.

27 Provisions

		2017 \$'000	2016 \$'000
Current	Note		
Insurance	27.1	100	110
Workers' compensation	27.2	8 214	10 781
Other provisions	27.3	-	145
Total current provisions		8 314	11 036
Non-current			
Insurance	27.1	80	80
Workers' compensation	27.2	16 925	18 107
Total non-current provisions		17 005	18 187
Total provisions		25 319	29 223

Department for Communities and Social Inclusion
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27 Provisions (continued)

A liability has been reported to reflect unsettled workers' compensation claims. The workers' compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2017 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 department is responsible for the payment of workers' compensation claims.

27.1 Reconciliation of insurance

The following table shows the movement of insurance during 2016-17.

	Public liability	Property	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	150	40	190
Increase to provision due to new claims	11	3	14
Reduction due to payments	(11)	-	(11)
Net revision of estimates	(10)	(3)	(13)
Carrying amount at the end of the period	140	40	180

The following table shows the movement of insurance during 2015-16.

	Public liability	Property	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	180	35	215
Increase to provision due to new claims	17	2	19
Reduction due to payments	(10)	-	(10)
Net revision of estimates	(37)	3	(34)
Carrying amount at the end of the period	150	40	190

27.2 Reconciliation of workers' compensation

	2017	2016
	\$'000	\$'000
Carrying amount at the beginning of the period	28 888	30 828
Increase to provision due to revision of estimates	5 993	8 235
Reduction due to payments	(9 742)	(10 175)
Carrying amount at the end of the period	25 139	28 888

27.3 Reconciliation of other provisions

	2017	2016
	\$'000	\$'000
Carrying amount at the beginning of the period	145	3 402
Increase to provision due to revision of estimates	-	145
Reduction due to payments	(145)	(3 402)
Carrying amount at the end of the period	-	145

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28 Other liabilities

	2017	2016
	\$'000	\$'000
Current		
Unclaimed monies	226	177
Unearned revenue	728	989
Lease incentive	784	784
Total current other liabilities	1 738	1 950
Non-current		
Lease incentive	2 985	3 769
Total non-current other liabilities	2 985	3 769
Total other liabilities	4 723	5 719

29 Equity

	2017	2016
	\$'000	\$'000
Contributed capital	74 325	74 325
Retained earnings	84 977	73 051
Asset revaluation surplus	43 005	46 772
Total equity	202 307	194 148

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

30 Financial instruments / financial risk management

30.1 Financial risk management

Departmental risk management policies are in accordance with the *Risk Management Policy Statement 2009* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The department is exposed to financial risk - liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

30.2 Liquidity risk

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

The department considers its liquidity risk is minimal based on past experience and current assessment of risk.

The carrying amount of financial liabilities shown at note 30.6 represent the department's maximum exposure to financial liabilities.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
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30 Financial instruments / financial risk management (continued)

30.3 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 to note 30.6 for the carrying amounts of each of the following categories of financial assets and liabilities: receivables; and payables measured at cost.

DCSI does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable. The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 2, 18 and 25).

30.4 Credit risk

Credit risk arises when there is the possibility of the department's debtors defaulting on their contractual obligations resulting in financial loss to the department.

The department has minimal concentration of credit risk to the non-public sector. The department does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer to note 18 for information on the allowance for impairment in relation to receivables.

30.5 Ageing analysis of financial assets

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

	Current \$'000	Past due			Total \$'000
		Overdue for < 30 days \$'000	Overdue for 30 - 60 days \$'000	Overdue for > 60 days \$'000	
2017					
Not Impaired Receivables	225	4 072	4 017	818	9 132
Impaired Receivables	-	-	-	(415)	(415)
	225	4 072	4 017	403	8 717
2016					
Not Impaired Receivables	3 507	636	96	627	4 866
Impaired Receivables	-	-	-	(614)	(614)
	3 507	636	96	13	4 252

Department for Communities and Social Inclusion
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30 Financial instruments / financial risk management (continued)

Table 30.6 Maturity analysis of financial assets and liabilities

Category of financial asset and financial liability	Notes	2017 Carrying amount \$'000	2017 Contractual maturities		
			Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents	17, 33	146 010	146 010	-	-
Receivables ⁽¹⁾⁽²⁾	18	37 141	21 715	7 152	8 274
Total financial assets		183 151	167 725	7 152	8 274
Financial liabilities					
Payables	25	41 431	41 431	-	-
Total financial liabilities		41 431	41 431	-	-
Category of financial asset and financial liability	Notes	2016 Carrying amount \$'000	2016 Contractual maturities		
			Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents	17, 33	141 443	141 443	-	-
Receivables ⁽¹⁾⁽²⁾	18	34 898	19 841	7 056	8 001
Total financial assets		176 341	161 284	7 056	8 001
Financial liabilities					
Payables	25	33 124	33 124	-	-
Total financial liabilities		33 124	33 124	-	-

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

⁽²⁾ Receivable amounts disclosed here exclude prepayments. Prepayments are presented in note 18 as prepaid supplies and services in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Department for Communities and Social Inclusion
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31 Unrecognised contractual commitments

Capital commitments

	2017	2016
	\$'000	\$'000
Within one year	353	262
Total capital commitments	353	262

Operating lease commitments

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

	2017	2016
	\$'000	\$'000
Within one year	12 742	12 452
Later than one year but not longer than five years	24 886	35 568
Later than five years	3 865	5 062
Total operating lease commitments	41 493	53 082

The department has many lease agreements. These leases are for administrative purposes and vary in length. Lease payments are monthly and predominantly paid in advance. Some lease agreements have renewal options for a determined period, exercisable by both the lessor and lessee.

32 Contingent assets and liabilities

Contingent assets

The department has a contingent asset for 2016-17. DCSI has a potential claim with a service provider who is in liquidation. DCSI is currently not in a position to determine if recovery is possible or for how much.

Contingent liabilities

The department is not aware of any contingent liabilities.

Department for Communities and Social Inclusion
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33 Cash flow reconciliation

	2017	2016
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the period		
Cash and cash equivalents disclosed in the Statement of Financial Position	146 010	141 443
Balance as per the Statement of Cash Flows	146 010	141 443
Reconciliation of net cash provided by (used in) operating activities to net cost of providing services		
Net cash provided by (used in) operating activities	9 964	9 790
Less revenues from SA Government	(1 125 904)	(1 061 822)
	(1 115 940)	(1 052 032)
Add/less non-cash Items		
Depreciation and amortisation	(11 603)	(8 287)
Lease incentive amortisation	(784)	(4 553)
Assets transferred out at nil consideration	(600)	-
Impairment of non-current assets	(116)	(1 006)
Gain/(loss) from disposal of non-current assets	(22)	114
Movements in assets and liabilities		
Increase/(decrease) in receivables	4 946	8 916
Increase/(decrease) in inventories	(51)	136
(Increase)/decrease in payables and provisions	(3 846)	5 797
(Increase)/decrease in employee benefits	6 973	(23 283)
(Increase)/decrease in other liabilities	996	(854)
Net cost of providing services	(1 120 047)	(1 075 052)

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
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34 Remuneration of board and committee members

There are various committees, forums, groups, panels and councils that have been created to assist the department in meeting its objectives. In addition, there are committees that have been created by the Minister. Where any of the members are remunerated, certain disclosures are required under the APF.

All members of the board/committees, including those who may have resigned or their term had expired during the financial year, are listed below:

Risk Management and Audit Committee

Patetsos, Mary *	Chair
Bull, Peter ⁽¹⁾	
Holdich, Geoff *	
Sneddon, Yvonne *	
Young, Lynn ⁽¹⁾	

* External members (including the Chair).

The Risk Management and Audit Committee is responsible for overseeing risk management, internal controls, financial reporting, auditing and monitoring compliance with laws, policies and relevant codes of conduct, and reports to the Chief Executive.

Gambling Advisory Committee

Woehlert, Wally	Chair	
Cross, Judith Margaret		term expired 30 September 2016
Guppy, Warren John		
Nguyen, Lan		appointed 19 October 2016
Penfold, Mike		

Premier's Council for Women

Silva, Miriam Amena	Chair	appointed 1 July 2016	
Hagias-Tramontin, Maria	Deputy Chair	reappointed 1 July 2016	
Hallahan, Lorna Elizabeth		reappointed 31 January 2017	
Lee, Anna		appointed 1 August 2016	
Marrone, Leah ⁽¹⁾		appointed 1 August 2016	
Matthias, Kaylene (Kay)		reappointed 31 January 2017	
Mundkur, Anuradha (Anu)		reappointed 31 January 2017	
O'Loughlin, Evelyn		appointed 1 August 2016	
Pascale, Louise		appointed 1 August 2016	
Saunders, Nerida Michelle ⁽¹⁾			
Stinson, Jayne		appointed 1 August 2016	term expired 31 May 2017
Welgraven, Vicky ⁽¹⁾		appointed 1 August 2016	

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
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34 Remuneration of board and committee members (continued)

South Australian Multicultural and Ethnic Affairs Commission

Portolesi, Grace	Chair
Schueler, Norman Anthony	Deputy Chair
Chen, Yu	
Dieu, Michelle (Swee Ming)	
Fantasia, Angelo-Raffaele	
Madan, Vikram	
Marial, Madok Deng Mabok	
Masika, Joseph Julius ⁽¹⁾	
Nguyen, Hiep Quoc	
Nowak, Teresa	
Ppiros, Peter	
Silva, Miriam Amena	
Skaka, Sumeja	
Skalban, Malgorzata (Gosia) ⁽¹⁾	

State Emergency Relief Fund Committee

Ullianich, Joseph John (Joe)	Chair	
Chooi, Angela ⁽¹⁾		
Faggotter, Veronica Margaret (Ronnie) ⁽¹⁾		
Grear, Brenton Paul ⁽¹⁾		appointed 8 December 2016
Pelton, Grant Anthony ⁽¹⁾		resigned 14 October 2016
Ross, Justin David ⁽¹⁾		
Bayley, Lorinda		term expired 30 November 2016
Kunoth, Leanne Rose		term expired 30 November 2016
Parish, Christopher William		term expired 30 November 2016
Harding, Janine Maree		term expired 30 November 2016

Department for Communities and Social Inclusion
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34 Remuneration of board and committee members (continued)

Total remuneration received, or due to be receivable by members was \$0.11 m (2016: \$0.12 m).

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

	2017	2016
\$nil	22	24
\$1 - \$9 999	21	25
\$10 000 - \$19 999	1	-
\$20 000 - \$29 999	-	-
\$30 000 - \$39 999	1	1
Total number of members	45	50

(1) In accordance with the Premier and Cabinet's Circular PC016 *Remuneration for Government Appointed Part-time Board and Committee*, government employees did not receive any remuneration for board/committee duties during the financial year.

Benefits given by the department to superannuation funds or otherwise in connection with the retirement of members were \$0.01 m (2016: \$0.01 m).

During the financial year, no loans were made to members. At the reporting date, no outstanding loans exist with members.

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

Department for Communities and Social Inclusion
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35 Related party transactions

The department is a government administrative unit and is wholly owned and controlled by the Crown.

Related parties of the department include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Significant transactions with government related entities

The department had no significant transactions with government related entities unless disclosed elsewhere in the financial report.

Collectively, but not individually significant transactions with government related entities.

Quantitative information about transactions and balances between DCSI and other SA Government controlled entities is disclosed at note 37.

Key management personnel

The department has 21 key management personnel including:

- the Minister for Communities and Social Inclusion, Social Housing, Youth, Volunteers, Status of Women and Multicultural Affairs
- the Minister for Disabilities
- members of the Executive Leadership Team (Chief Executive, Deputy Chief Executive and 11 other members)
- staff members who were past members of the Executive Leadership Team or who acted for members of the Executive Leadership Team for 30 consecutive days or more during the year (6 members).

These key management personnel have had responsibility for the strategic direction and management of the department during the year. The compensation detailed below excludes salaries and other benefits the Ministers receive. The Ministers' remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via DTF) under section 6 of the *Parliamentary Remuneration Act 1990*.

	2017
	\$'000
Salaries and other short term employee benefits	2 542
Post-employment benefits	775
Total compensation	3 317

Transactions with key management personnel and other related parties

The department had no material transactions or balances and/or transactions outside normal day-to-day operations to disclose.

Department for Communities and Social Inclusion
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36 Budgetary reporting and explanations of major variances between budget and actual amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2016-17 Budget Paper 4). Budget information has been included for the Statement of Comprehensive Income and for Investment Expenditure. Budget information has not been included for the Statement of Financial Position or Statement of Cash Flows as the information in these statements are not budgeted for on the same basis and/or determined in a different manner to financial statement information. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

The budget process is not subject to audit.

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

	Variance note	Budget 2017 \$'000	Actual 2017 \$'000	Variance \$'000
Statement of Comprehensive Income				
Expenses				
Employee benefits		394 918	376 959	(17 959)
Supplies and services		274 776	285 762	10 986
Depreciation and amortisation		8 961	11 603	2 642
Grants, subsidies and client payments		559 591	567 113	7 522
Net loss from disposal of non-current assets		1 908	22	(1 886)
Other expenses		81 107	98 482	17 375
Total expenses		1 321 261	1 339 941	18 680
Income				
Revenues from rent, fees and charges		114 266	116 765	2 499
Commonwealth revenues		98 690	75 181	(23 509)
Interest revenues		-	1	1
Other revenues		15 748	27 947	12 199
Total income		228 704	219 894	(8 810)
Net cost of providing services		1 092 557	1 120 047	27 490
Revenues from/(payments to) SA Government				
Revenues from SA Government		1 090 488	1 125 904	35 416
Payments to SA Government		(17 150)	-	17 150
Total net revenues from SA Government		1 073 338	1 125 904	52 566
Net result		(19 219)	5 857	25 076
Total comprehensive result		(19 219)	5 857	25 076

Department for Communities and Social Inclusion
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36 Budgetary reporting and explanations of major variances between budget and actual amounts
(continued)

Investing expenditure

		Budget	Actual	
	Variance	2017	2017	Variance
Investing expenditure summary	note	\$'000	\$'000	\$'000
Total new and existing projects	a	6 489	4 585	(1 904)
Total annual programs	b	2 389	4 316	1 927
Total investing expenditure		8 878	8 901	23

Variance explanation

- a) The total existing project expenditure was lower than original budget primarily due to the re-profiling of projects costs associated with the Cost of Living Information System and major security works at the Adelaide Youth Training Centre. These projects have been subject to budget carryover requests.
- b) The total annual program was higher than original budget primarily due to the ongoing demand for disability equipment in the Domiciliary Equipment Service.

Department for Communities and Social Inclusion
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37 Transactions with SA Government

		SA Government		Non-SA Government		Total	
	Note	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses							
<i>Employee benefits expense</i>	5	23 784	30 361	353 175	371 714	376 959	402 075
<i>Supplies and services</i>	6						
Accommodation and property related		16 439	17 652	8 330	8 916	24 769	26 568
Advertising and promotions		25	35	758	290	783	325
Brokerage care services		1 797	985	179 062	167 158	180 859	168 143
Business services		6 619	6 219	26	27	6 645	6 246
Client related expenses		89	61	6 211	5 866	6 300	5 927
Communication and computing		2 560	4 265	12 727	10 988	15 287	15 253
Contractors and agency staff		912	584	8 986	8 792	9 898	9 376
Consultants		-	-	616	205	616	205
Homelessness services		4 207	4 125	-	-	4 207	4 125
Drugs and medical supplies		7	4	1 808	1 783	1 815	1 787
Insurance		768	769	1	-	769	769
Interpreter and translator fees		-	-	74	74	74	74
Managed payments		1 164	1 193	45	53	1 209	1 246
Minor equipment		1 147	1 482	8 340	8 218	9 487	9 700
Motor vehicles		5 687	6 467	433	(130)	6 120	6 337
Printing, stationery, postage and periodicals		21	23	1 908	2 286	1 929	2 309
Repairs and maintenance		736	624	3 930	3 630	4 666	4 254
Seminars, courses and training		73	84	732	681	805	765
Travel and accommodation		-	-	1 145	1 174	1 145	1 174
Other		1 623	1 364	6 412	7 200	8 035	8 564
Audit fees paid / payable to the Auditor-General's Department		344	337	-	-	344	337
<i>Depreciation and amortisation expense</i>	7	-	-	11 603	8 287	11 603	8 287
<i>Grants, subsidies and client payments</i>	8	176 041	169 220	391 072	365 667	567 113	534 887
<i>Other expenses</i>	9						
Aged Care and Disability Services Reform – payment to the Commonwealth		-	-	59 353	57 400	59 353	57 400
Bad and doubtful debts		-	-	136	-	136	-
Assets transferred at nil consideration		-	-	600	-	600	-
Impairment loss		-	-	116	1 006	116	1 006
NDIS payments		-	-	38 194	11 698	38 194	11 698
Other		5	5	78	19	83	24
Total expenses		244 048	245 859	1 095 871	1 043 002	1 339 919	1 288 861

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37 Transactions with SA Government (continued)

		SA Government		Non-SA Government		Total	
	Note	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Income							
<i>Revenue from rent, fees and charges</i>	10						
Employee services		66 989	69 832	-	-	66 989	69 832
Insurance recoveries		160	23	-	-	160	23
Recoveries		4 310	4 894	3 879	4 345	8 189	9 239
Business services		16 220	15 620	-	-	16 220	15 620
Fees, fines and penalties		10 520	10 704	5 831	5 622	16 351	16 326
Rent		130	150	38	40	168	190
Patient and client fees		-	-	8 688	9 569	8 688	9 569
<i>Commonwealth revenues</i>	11	-	-	75 181	70 709	75 181	70 709
<i>Interest revenues</i>	12	1	1	-	-	1	1
<i>Other revenues</i>	14						
NDIS revenue		-	-	12 021	7 234	12 021	7 234
Minor equipment		124	-	43	372	167	372
Hire charges		972	-	462	1 250	1 434	1 250
Community development fund		3 000	3 000	-	-	3 000	3 000
Other grants from SA Government agencies		10 160	9 151	671	-	10 831	9 151
Other		205	727	289	452	494	1 179
Total income		112 791	114 102	107 103	99 593	219 894	213 695
Financial assets							
<i>Cash and cash equivalents</i>	17	146 010	141 443	-	-	146 010	141 443
<i>Receivables</i>	18						
Debtors		7 457	5 120	4 077	3 594	11 534	8 714
Employee related services recoverable		25 531	26 025	-	-	25 531	26 025
Overpaid salaries		-	-	491	510	491	510
Prepayments		78	209	736	503	814	712
Total financial assets		179 076	172 797	5 304	4 607	184 380	177 404
Financial liabilities							
<i>Payables</i>	25						
Creditors		22 086	16 811	8 134	11 368	30 220	28 179
Accrued expenses		4 402	-	6 460	4 733	10 862	4 733
Employee benefit on-costs		6 346	6 576	7 298	8 398	13 644	14 974
Other		51	15	298	197	349	212
<i>Employee benefits</i>	26	-	-	116 877	125 702	116 877	125 702
<i>Other liabilities</i>	28						
Unclaimed monies		-	-	226	177	226	177
Unearned revenue		71	-	657	989	728	989
Lease incentive		3 769	4 553	-	-	3 769	4 553
Total financial liabilities		36 725	27 955	139 950	151 564	176 675	179 519

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

38 Residential Aged Care sector reporting

The *Aged Care Act 1997* (the Act) provides for the regulation and funding of aged care services. Persons who are approved under the Act to provide aged care services (approved providers) can be eligible to receive subsidy payments in respect of the care they provide to approved care recipients.

In accordance with the Act, the department must prepare an audited General Purpose Financial Report (GPFR) for the residential aged care facilities provided at Highgate and Northgate.

The financial statements for the regulated aged care services reflect an allocation of the department's income, expenses, assets and liabilities, as recorded in the department's financial records, to the regulated activities. The financial statements have been prepared using the department's accounting policies described in note 2.

The former Julia Farr Services (JFS) was an approved provider of residential aged care (RAC) with 32 places licensed by the Commonwealth Department of Health and Ageing. Effective 1 July 2007, the Governor proclaimed the dissolution of JFS and all assets and liabilities vested in or held by JFS were transferred, assigned to or vested in the Minister for Disabilities. Certain assets held by the former JFS are subject to the terms and conditions of the Home for Incurables Trust and the Minister for Disabilities has been appointed as trustee. The trust assets are administered but not controlled by the department, hence they are not included in the accounts of the department.

The former Intellectual Disability Services Council (IDSC) was also an approved provider of residential aged care with 32 places licensed by the Commonwealth Department of Health and Ageing. On 29 June 2006, the Governor proclaimed to dissolve IDSC in association with reforms to the governance arrangements within the South Australian Government with respect to the management of the provision of disability services.

Statement of Comprehensive Income
for the year ended 30 June 2017

	Highgate	Northgate
NAPS ID*:	1021	3051
RACS ID**:	6402	6203
	\$'000	\$'000
Expenses		
Employee benefit expenses	3 729	3 043
Supplies and services	1 122	694
Depreciation and amortisation	14	189
Total expenses	4 865	3 926
Income		
Rent, fees and charges	774	598
Commonwealth revenues	1 023	1 350
Total income	1 797	1 948
Net cost of providing services	(3 068)	(1 978)
Net result	(3 068)	(1 978)

* National Approved Provider System (NAPS)

** Residential Aged Care Service (RACS)

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

38 Residential Aged Care sector reporting (continued)

Statement of Financial Position
as at 30 June 2017

	Highgate	Northgate
NAPS ID:	1021	3051
RACS ID:	6402	6203
	\$'000	\$'000
Current assets		
Receivables	4	3
Total current assets	4	3
Non-current assets		
Receivables	8	5
Property, plant and equipment	-	9 626
Total non-current assets	8	9 631
Total assets	12	9 634
Current liabilities		
Payables	19	41
Employee benefits	601	453
Provisions	166	113
Total current liabilities	786	607
Non-current liabilities		
Payables	56	51
Employee benefits	609	558
Provisions	379	257
Total non-current liabilities	1 044	866
Total liabilities	1 830	1 473
Net assets	(1 818)	8 161

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

38 Residential Aged Care sector reporting (continued)

Statement of Comprehensive Income
for the year ended 30 June 2016

	Highgate	Northgate
NAPS ID:	1021	3051
RACS ID:	6402	6203
	\$'000	\$'000
Expenses		
Employee benefit expenses	4 019	3 709
Supplies and services	1 297	810
Depreciation and amortisation	11	143
Total expenses	5 327	4 662
Income		
Rent, fees and charges	903	719
Commonwealth revenues	1 278	1 492
Total income	2 181	2 211
Net cost of providing services	(3 146)	(2 451)
Net result	(3 146)	(2 451)

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

38 Residential Aged Care sector reporting (continued)

Statement of Financial Position
as at 30 June 2016

	Highgate	Northgate
NAPS ID:	1021	3051
RACS ID:	6402	6203
	\$'000	\$'000
Current assets		
Receivables	57	31
Total current assets	57	31
Non-current assets		
Receivables	10	8
Property, plant and equipment	-	9 815
Total non-current assets	10	9 823
Total assets	67	9 854
Current liabilities		
Payables	182	251
Employee benefits	799	661
Provisions	184	155
Total current liabilities	1 165	1 067
Non-current liabilities		
Payables	58	56
Employee benefits	648	625
Provisions	316	266
Total non-current liabilities	1 022	947
Total liabilities	2 187	2 014
Net assets	(2 120)	7 840

39 Events after balance date

There are no known events after balance date that affect this general purpose financial report in a material manner, refer to note 2.7.

Department for Communities and Social Inclusion
Statement of Administered Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Administered expenses			
Employee benefits		695	474
Supplies and services		1 550	3 992
Depreciation and amortisation		2 395	1 887
Grants, subsidies and client payments	A4	186 823	196 080
Client Trust Fund payments	A14	13 462	14 005
Total administered expenses		204 925	216 438
Administered income			
Grants and contributions		10 126	10 185
Rent, fees and charges		473	2 688
Interest revenues		363	500
Client Trust Fund receipts	A14	13 394	14 337
Net gain on revaluation of investment property		-	114
Other income		384	1 559
Total administered income		24 740	29 383
Net cost of providing services		(180 185)	(187 055)
Revenues from SA Government			
Revenues from SA Government		191 383	188 085
Total revenues from SA Government		191 383	188 085
Net result		11 198	1 030
Other comprehensive income			
Net loss on revaluation of property, plant and equipment		-	(885)
Total other comprehensive income		-	(885)
Total comprehensive result		11 198	145

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

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

Department for Communities and Social Inclusion
Statement of Administered Financial Position
as at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Administered current assets			
Cash and cash equivalents	A7	68 577	61 937
Receivables		189	873
Total current assets		68 766	62 810
Administered non-current assets			
Property, plant and equipment	A8.1	27 343	27 429
Investment property	A8.2	1 400	1 400
Capital works in progress	A8.3	-	1 499
Intangibles	A8.4	10	15
Total non-current assets		28 753	30 343
Total assets		97 519	93 153
Administered current liabilities			
Payables		12 953	19 785
Total current liabilities		12 953	19 785
Total liabilities		12 953	19 785
Net assets		84 566	73 368
Administered equity			
Retained earnings		57 083	45 885
Asset revaluation surplus		27 483	27 483
Total equity		84 566	73 368

The total equity is attributable to the SA Government as owner

Unexpended funding commitments	A6
Unrecognised contractual commitments	A10
Contingent assets and liabilities	A12

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

Department for Communities and Social Inclusion
Statement of Administered Changes in Equity
for the year ended 30 June 2017

	Asset revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2015	28 368	44 855	73 223
Net result for 2015-16	-	1 030	1 030
Loss on revaluation of property, plant and equipment	(885)	-	(885)
Total comprehensive result for 2015-16	(885)	1 030	145
Balance at 30 June 2016	27 483	45 885	73 368
Net result for 2016-17	-	11 198	11 198
Total comprehensive result for 2016-17	-	11 198	11 198
Balance at 30 June 2017	27 483	57 083	84 566

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

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

Department for Communities and Social Inclusion
Statement of Administered Cash Flows
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Cash outflows			
Employee benefits payments		(695)	(440)
Concessions		(160 535)	(151 204)
Payments of grants, subsidies and client payments		(33 718)	(34 996)
Payments for supplies and services		(155)	(1 767)
Client Trust Fund payments		(13 588)	(14 006)
Cash used in operations		(208 691)	(202 413)
Cash inflows			
Rent, fees and charges		486	2 631
Grants and contributions		10 126	10 185
Interest received		363	500
Client Trust Fund receipts		13 394	14 643
Other receipts		384	1 566
Cash generated from operations		24 753	29 525
Cash flows from SA Government			
Receipts from SA Government		191 383	188 085
Cash generated from SA Government		191 383	188 085
Net cash provided by (used in) operating activities	A11	7 445	15 197
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(805)	(1 499)
Cash used in investing activities		(805)	(1 499)
Cash provided by (used in) investing activities		(805)	(1 499)
Net increase/(decrease) in cash and cash equivalents		6 640	13 698
Cash and cash equivalents at the beginning of the period		61 937	48 239
Cash and cash equivalents at the end of the period	A7	68 577	61 937

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

Department for Communities and Social Inclusion
Schedule of Expenses and Income attributable to Administered Activities
for the year ended 30 June 2017

	Gambler's Rehabilitation Fund		Community Benefit SA Program		Home for Incurables Trust		Disability Services Donations and Requests	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Administered expenses								
Employee benefits	-	-	-	-	-	-	-	-
Supplies and services	986	909	148	200	136	169	11	8
Depreciation and amortisation	5	13	-	-	2 390	1 874	-	-
Grants, subsidies and client payments	5 822	6 162	4 189	7 382	471	460	-	-
Client Trust Fund payments	-	-	-	-	-	-	-	-
Total administered expenses	6 813	7 084	4 337	7 582	2 997	2 503	11	8
Administered income								
Grants and contributions	5 845	5 864	4 000	4 000	-	-	-	-
Rent, fees and charges	63	-	70	22	322	401	-	-
Interest revenues	16	31	-	-	77	143	5	7
Client Trust Fund receipts	-	-	-	-	-	-	-	-
Net gain on revaluation of investment property	-	-	-	-	-	114	-	-
Other income	364	362	-	-	-	-	11	2
Total administered income	6 288	6 257	4 070	4 022	399	658	16	9
Net cost of providing services	(525)	(827)	(267)	(3 560)	(2 598)	(1 845)	5	1
Revenues from SA Government								
Revenues from SA Government	324	253	-	-	-	-	-	-
Total revenues from SA Government	324	253	-	-	-	-	-	-
Net result	(201)	(574)	(267)	(3 560)	(2 598)	(1 845)	5	1

Department for Communities and Social Inclusion
Schedule of Expenses and Income attributable to Administered Activities
for the year ended 30 June 2017

	Supported Residential Facilities Indemnity Fund		Client Trust Accounts		Minister's Salary		Domiciliary Care Donations and Requests	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Administered expenses								
Employee benefits	-	-	-	-	695	474	-	-
Supplies and services	-	-	-	-	-	-	12	3
Depreciation and amortisation expenses	-	-	-	-	-	-	-	-
Grants, subsidies and client payments	-	-	-	-	-	-	-	-
Client Trust Fund payments	-	-	13 462	14 005	-	-	-	-
Total administered expenses	-	-	13 462	14 005	695	474	12	3
Administered income								
Grants and contributions	-	-	-	-	-	-	-	-
Rent, fees and charges	-	-	-	-	-	-	-	-
Interest revenues	1	1	250	287	-	-	8	11
Client Trust Fund receipts	-	-	13 394	14 337	-	-	-	-
Net gain on revaluation of investment property	-	-	-	-	-	-	-	-
Other income	-	2	-	-	-	-	-	-
Total administered income	1	3	13 644	14 624	-	-	8	11
Net cost of providing services	1	3	182	619	(695)	(474)	(4)	8
Revenues from SA Government								
Revenues from SA Government	-	-	-	-	695	474	-	-
Total revenues from SA Government	-	-	-	-	695	474	-	-
Net result	1	3	182	619	-	-	(4)	8

Department for Communities and Social Inclusion
Schedule of Expenses and Income attributable to Administered Activities
for the year ended 30 June 2017

	Concessions		Community Service Obligations		State Emergency Relief Fund		Duke of Edinburgh Trust	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered expenses								
Employee benefits	-	-	-	-	-	-	-	-
Supplies and services	-	-	-	-	257	2 526	-	177
Depreciation and amortisation expenses	-	-	-	-	-	-	-	-
Grants, subsidies and client payments	152 796	161 047	19 312	19 130	-	-	-	50
Client Trust Fund payments	-	-	-	-	-	-	-	-
Total administered expenses	152 796	161 047	19 312	19 130	257	2 526	-	227
Administered income								
Grants and contributions	5	49	-	-	-	-	-	-
Rent, fees and charges	18	2 179	-	-	-	-	-	-
Interest revenues	-	-	-	-	6	18	-	2
Client Trust Fund receipts	-	-	-	-	-	-	-	-
Net gain on revaluation of investment property	-	-	-	-	-	-	-	-
Other income	-	-	-	-	9	1 193	-	-
Total administered income	23	2 228	-	-	15	1 211	-	2
Net cost of providing services	(152 773)	(158 819)	(19 312)	(19 130)	(242)	(1 315)	-	(225)
Revenues from SA Government								
Revenues from SA Government	161 848	164 478	24 624	19 130	-	1 000	-	-
Total revenues from SA Government	161 848	164 478	24 624	19 130	-	1 000	-	-
Net result	9 075	5 659	5 312	-	(242)	(315)	-	(225)

Department for Communities and Social Inclusion
Schedule of Expenses and Income attributable to Administered Activities
for the year ended 30 June 2017

	Personal Alert Systems Rebate Scheme		Consumer Advocacy & Research Fund		Homelessness Social Impact Bond		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Administered expenses								
Employee benefits	-	-	-	-	-	-	695	474
Supplies and services	-	-	-	-	-	-	1 550	3 992
Depreciation and amortisation	-	-	-	-	-	-	2 395	1 887
Grants, subsidies and client payments	2 680	1 690	353	159	1 200	-	186 823	196 080
Client Trust Fund payments	-	-	-	-	-	-	13 462	14 005
Total administered expenses	2 680	1 690	353	159	1 200	-	204 925	216 438
Administered income								
Grants and contributions	-	-	276	272	-	-	10 126	10 185
Rent, fees and charges	-	-	-	86	-	-	473	2 688
Interest revenues	-	-	-	-	-	-	363	500
Client Trust Fund receipts	-	-	-	-	-	-	13 394	14 337
Net gain on revaluation of investment property	-	-	-	-	-	-	-	114
Other income	-	-	-	-	-	-	384	1 559
Total administered income	-	-	276	358	-	-	24 740	29 383
Net cost of providing services	(2 680)	(1 690)	(77)	199	(1 200)	-	(180 185)	(187 055)
Revenues from SA Government								
Revenues from SA Government	2 692	2 750	-	-	1 200	-	191 383	188 085
Total revenues from SA Government	2 692	2 750	-	-	1 200	-	191 383	188 085
Net result	12	1 060	(77)	199	-	-	11 198	1 030

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

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the Year Ended 30 June 2017

A1	Significant accounting policies
A2	Programs of administered items
A3	Consultants
A4	Grants, subsidies and client payments
A5	Concessions
A6	Unexpended funding commitments
A7	Cash and cash equivalents
A8	Property, plant and equipment
A9	Fair value measurement
A10	Unrecognised contractual commitments
A11	Cash flow reconciliation
A12	Contingent assets and liabilities
A13	Budgetary reporting and explanations of major variances
A14	Client Trust Accounts
A15	Disability Services Donations and Bequests
A16	Domiciliary Care Donations and Bequests
A17	Duke of Edinburgh Trust
A18	Consumer Advocacy & Research Fund
A19	State Emergency Relief Fund
A20	Supported Residential Facilities Indemnity Fund
A21	Home for Incurables Trust

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

Administered items of the Department for Communities and Social Inclusion

A1 Significant accounting policies

All DCSI accounting policies are contained in note 2 Significant accounting policies of the controlled financial statements. The policies outlined in note 2 apply to both the department's controlled, and where relevant, administered financial statements.

A2 Programs of administered items

Client Trust Accounts

Disability Services Donations and Bequests

Domiciliary Care Donations and Bequests

Duke of Edinburgh Trust

Consumer Advocacy & Research Fund

State Emergency Relief Fund

Home for Incurables Trust*

Gambler's Rehabilitation Fund

Community Benefit SA Program (Charitable and Social Welfare Fund)

Supported Residential Facilities Indemnity Fund

Minister's Salary

Concessions

Community Service Obligations

Personal Alert Systems Rebate Scheme

Homelessness Social Impact Bond

* Effective 1 July 2007, the Minister for Disabilities became the trustee of the Home for Incurables Trust by virtue of the vesting of assets and liabilities of the former Julia Farr Services (JFS). Separate financial information pertaining to the Home for Incurables Trust is in note A21.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

A3 Consultants

	2017 Number	2017 \$'000	2016 Number	2016 \$'000
Above \$10 000	1	29	1	69
Total paid/payable to consultants engaged	1	29	1	69

A4 Grants, subsidies and client payments

	2017 \$'000	2016 \$'000
Gamblers Rehabilitation	5 822	6 162
Community Benefit SA Program	4 189	7 382
Home for Incurables Trust	471	460
Duke of Edinburgh Trust	-	50
Concessions	A5 152 796	161 047
Community Service Obligations	19 312	19 130
Personal Alert Systems Rebate Scheme	2 680	1 690
Consumer Advocacy & Research	353	159
Homelessness Social Impact Bond	1 200	-
Total grants, subsidies and client payments	186 823	196 080

A5 Concessions

	2017 \$'000	2016 \$'000
Water and sewerage rates	47 118	49 485
Energy	34 635	39 016
Council rates	5	220
Transport	31 035	31 398
Emergency services levy	6 147	6 436
Cost of living	31 973	32 827
Emergency electricity payments	427	-
Other	1 456	1 665
Total concessions	152 796	161 047

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

A6 Unexpended funding commitments

The department is engaged in a variety of funding programs involving State and Commonwealth sources who provide monies to the department on the premise that these funds are expended in a manner consistent with the terms of the program.

As at 30 June 2017, the department had outstanding funding commitments to the following programs:

	2017	2016
	\$'000	\$'000
Community Benefit SA Program	445	13
Gambler's Rehabilitation Fund	238	335
Consumer Advocacy and Research Fund	120	-
Personal Alert Systems Rebate Scheme	-	809
State Emergency Relief Fund	-	138
Total operating funding commitments	803	1 295
Highgate Park - Upgrade of critical infrastructure	156	874
Highgate Park facilities works	155	160
Total capital funding commitments	311	1 034
Total unexpended funding commitments	1 114	2 329

A7 Cash and cash equivalents

	2017	2016
	\$'000	\$'000
Special deposit account with the Treasurer	51 667	44 149
Special deposit account with SAFA	16 153	16 936
Other deposits	757	852
Total cash and cash equivalents	68 577	61 937

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

A8 Property, plant and equipment

A8.1 Property, plant and equipment

	2017 \$'000	2016 \$'000
Land and buildings		
Site land (fair value)	11 250	11 250
Buildings and improvements (fair value)	15 732	15 732
Less: accumulated depreciation - buildings and improvements	(2 283)	(12)
Total land and buildings	24 699	26 970
Other plant and equipment		
Other plant and equipment at cost (deemed fair value)	2 824	520
Less: accumulated depreciation - other plant and equipment at cost	(180)	(61)
Total other plant and equipment	2 644	459
Total property, plant and equipment	27 343	27 429

The following table shows the movement of land, buildings and improvements and plant and equipment during 2016-17.

	Site land \$'000	Buildings and improvements \$'000	Plant and equipment \$'000	Total \$'000
2017				
Carrying amount at the beginning of period	11 250	15 720	459	27 429
Depreciation	-	(2 271)	(119)	(2 390)
Transfers from capital works in progress	-	-	2 304	2 304
Carrying amount at the end of period	11 250	13 449	2 644	27 343

The following table shows the movement of land, buildings and improvements and plant and equipment during 2015-16.

	Site land \$'000	Buildings and improvements \$'000	Plant and equipment \$'000	Total \$'000
2016				
Carrying amount at the beginning of period	15 160	14 534	494	30 188
Depreciation	-	(1 839)	(35)	(1 874)
Net revaluation (decrement)/increment	(3 910)	3 025	-	(885)
Carrying amount at the end of period	11 250	15 720	459	27 429

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

A8.2 Investment property

	2017	2016
	\$'000	\$'000
Investment building	600	786
Revaluation increment/(decrement)	-	(186)
Fair value at the end of the period	600	600
	2017	2016
	\$'000	\$'000
Investment land	800	500
Revaluation increment/(decrement)	-	300
Fair value at the end of the period	800	800
Total investment property at the end of the period	1 400	1 400

Investment properties are held to earn rentals and/or for capital appreciation. Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the department.

Subsequent to initial recognition at cost, investment properties are revalued to fair value with changes in the fair value recognised as income or expense in the period that they arise. Investment properties are not depreciated however are 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.

The following table shows the movement of investment property during 2016-17

	Investment land	Investment building	Total
2017	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	800	600	1 400
Carrying amount at the end of period	800	600	1 400

The following table shows the movement of investment property during 2015-16

	Investment land	Investment building	Total
2016	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	500	786	1 286
Net revaluation (decrement)/increment	300	(186)	114
Carrying amount at the end of period	800	600	1 400

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

A8.3 Capital works in progress

	2017	2016
	\$'000	\$'000
Property, plant and equipment	-	1 499
Total capital works in progress	-	1 499

The following table shows the movement of capital works in progress for 2016-17.

	Capital works in progress	Total
	\$'000	\$'000
2017		
Carrying amount at the beginning of period	1 499	1 499
Purchases	805	805
Transfers to completed work	(2 304)	(2 304)
Carrying amount at the end of period	-	-

The following table shows the movement of capital works in progress for 2015-16.

	Capital works in progress	Total
	\$'000	\$'000
2016		
Carrying amount at the beginning of period	-	-
Purchases	1 499	1 499
Carrying amount at the end of period	1 499	1 499

A8.4 Intangible assets

	2017	2016
	\$'000	\$'000
Computer software - at cost (deemed fair value)	40	40
Less accumulated amortisation	(30)	(25)
Total intangible assets	10	15

The following table shows the movement in intangible assets

	2017	2016
	\$'000	\$'000
Carrying amount at the beginning of period	15	28
Amortisation	(5)	(13)
Carrying amount at the end of period	10	15

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

A9 Fair value measurement

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2017.

The department had no valuations categorised into level 1.

Fair value measurement as at 30 June 2017

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land	11 250	-	11 250
Buildings	13 449	-	13 449
Plant and equipment	-	2 644	2 644
Investment property	1 400	-	1 400
Total recurring fair value measurements	26 099	2 644	28 743

Fair value measurement as at 30 June 2016

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Land	11 250	-	11 250
Buildings	15 720	-	15 720
Plant and equipment	-	459	459
Investment property	1 400	-	1 400
Total recurring fair value measurements	28 370	459	28 829

There have been no transfers of assets between level 2 and 3 fair value hierarchy levels in 2016-17. The department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques and inputs

There were no changes in valuation techniques during 2016-17.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

A9 Fair value measurement (continued)

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 2017

	Plant and equipment \$'000
Opening balance at the beginning of the period	459
Transfers from capital works in progress	<u>2 304</u>
Carrying amount at the end of the period	<u>2 763</u>
Gains / (losses) for the year recognised in net result	
Depreciation	<u>(119)</u>
Subtotal	<u>(119)</u>
Carrying amount at the end of the year	<u>2 644</u>

Reconciliation of level 3 recurring fair value measurements at 30 June 2016

	Plant and equipment \$'000
Opening balance at the beginning of the period	<u>494</u>
Carrying amount at the end of the period	<u>494</u>
Gains / (losses) for the year recognised in net result	
Depreciation	<u>(35)</u>
Subtotal	<u>(35)</u>
Carrying amount at the end of the period	<u>459</u>

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

A10 Unrecognised contractual commitments

Capital commitments

	2017	2016
	\$'000	\$'000
Within one year	8	804
Total capital commitments	8	804

A11 Cash flow reconciliation

	2017	2016
	\$'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	68 577	61 937
Balance as per the Statement of Cash Flows	68 577	61 937
Reconciliation of net cash provided by/(used in) operating activities to net cost of providing services		
Net cash provided by operating activities	7 445	15 197
Less revenues from SA Government	(191 383)	(188 085)
Add/less non-cash items		
Depreciation and amortisation	(2 395)	(1 887)
Net gain from revaluation of investment property	-	114
Movements in assets and liabilities		
Increase/(decrease) in receivables	(684)	(704)
(Increase)/decrease in payables	6 832	(11 690)
Net cost of providing services	(180 185)	(187 055)

A12 Contingent assets and liabilities

Contingent assets

The department is not aware of any contingent assets.

Contingent liabilities

The department is not aware of any contingent liabilities.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

A13 Budgetary reporting and explanations of major variances

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

		Original budget 2017 \$'000	Actual 2017 \$'000	Variance \$'000
Statement of Comprehensive Income	Note			
Administered expenses				
Employee benefits		709	695	(14)
Supplies and services		870	1 550	680
Depreciation and amortisation		2 055	2 395	340
Grants, subsidies and client payments		205 878	186 823	(19 055)
Client Trust Fund payments		15 069	13 462	(1 607)
Total administered expenses		224 581	204 925	(19 656)
Administered income				
Grants and contributions		10 121	10 126	5
Rent, fees and charges		472	473	1
Interest revenues		418	363	(55)
Client Trust Fund receipts		14 741	13 394	(1 347)
Other income		378	384	6
Total administered income		26 130	24 740	(1 390)
Net cost of providing services		198 451	180 185	(18 266)
Revenues from SA Government				
Revenues from SA Government		196 019	191 383	(4 636)
Total net revenues from SA Government		196 019	191 383	(4 636)
Net result		(2 432)	11 198	13 630

		Original budget 2017 \$'000	Actual 2017 \$'000	Variance \$'000
Investing expenditure summary				
Total existing programs	a	126	816	690
Total investing expenditure		126	816	690

- a. The total existing project expenditure was higher than original budget primarily due to works undertaken as part of the upgrade of Highgate Park. A budget carryover transferred funds from 2015-16 to fund these works.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

A14 Client Trust Accounts

The department acts as trustee of client trust accounts, including clients of the former Intellectual Disability Services Council Incorporated (IDSC) and the former JFS. These amounts cannot be used by the department to achieve its own objectives, and accordingly are not included in the controlled financial statements. Client Trust receipts include interest revenue of \$0.25 m (2016: \$0.29 m).

	2017	2016
	\$'000	\$'000
Opening balance at the beginning of the period	13 741	12 850
Prior period adjustments*	-	272
Add receipts	13 644	14 624
Less expenses	(13 462)	(14 005)
Closing balance at the end of the period	13 923	13 741

*There were no prior period adjustments in 2016-17.

A15 Disability Services Donations and Bequests

The department receives and administers donations and bequests held by Disability Services. Both donations and bequests must be used to benefit the community and public and cannot be used by the department to achieve its own objectives.

	2017	2016
	\$'000	\$'000
Opening balance at the beginning of the period	388	354
Prior period adjustments*	-	33
Add receipts	16	9
Less expenses	(11)	(8)
Closing balance at the end of the period	393	388

* There were no prior period adjustments in 2016-17.

A16 Domiciliary Care Donations and Bequests

The department receives and administers donations and bequests held by Domiciliary Care. Both donations and bequests must be used to benefit the community and public and cannot be used by the department to achieve its own objectives.

	2017	2016
	\$'000	\$'000
Opening balance at the beginning of the period	595	580
Prior period adjustments*	-	7
Add receipts	8	11
Less expenses	(12)	(3)
Closing balance at the end of the period	591	595

* There were no prior period adjustments in 2016-17.

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

A17 Duke of Edinburgh Trust

This account was established to support the delivery of the Duke of Edinburgh Award. The department no longer manages the delivery of the Award and will transfer the remaining administration of funds to a non-Government organisation to support disadvantaged South Australians to participate in the Duke of Edinburgh's Award program.

	2017	2016
	\$'000	\$'000
Opening balance at the beginning of the period	23	248
Add receipts	-	2
Less expenses	-	(227)
Closing balance at the end of the period	23	23

A18 Consumer Advocacy & Research Fund

The Consumer Advocacy & Research Fund (the Fund) was established under the *Water Industry Act 2012* part 10, section 87. The Fund commenced on 1 July 2012 and supports research or advocacy that promotes the interests of consumers with a disability, on a low income or located in a regional area of the state.

	2017	2016
	\$'000	\$'000
Opening balance at the beginning of the period	547	348
Add receipts	276	358
Less expenses	(353)	(159)
Closing balance at the end of the period	470	547

A19 State Emergency Relief Fund

The State Emergency Relief Fund (the Fund) is established as part of the *Emergency Management Act 2004*. The Fund's main purpose is to provide financial support for the relief of persons who suffer injury, loss or damage as a result of a declared emergency within South Australia. As at 30 June 2017, the fund held \$0.07 m (2016:\$0.31 m) and earned interest of \$0.01 m (2016: \$0.02 m).

The South Australian Pinery Fire Appeal commenced in 2015-16 as a result of fires causing major damage in Owen, Hamley Bridge, Wasleys, Kapunda, Freeling, Tarlee and Greenock. Collections for the SA Pinery Fire Appeal officially closed on 30 June 2016. The total donations received for the year was \$0.01 m. As at 30 June 2017, the total disbursed to SA Pinery Fire victims was \$0.26 m with the remainder to be transferred to the funds corporate account.

	2017	2016
	\$'000	\$'000
Opening balance at the beginning of the period	307	622
Add receipts	16	2 211
Less expenses	(258)	(2 526)
Closing balance at the end of the period	65	307

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

A20 Supported Residential Facilities Indemnity Fund

	2017	2016
	\$'000	\$'000
Opening balance at the beginning of the period	47	44
Fees - councils*	-	2
Interest	1	1
Closing balance at the end of the period	48	47

This note has been prepared to meet the requirements of section 56 (11) of the *Supported Residential Facilities Act 1992* in reporting upon the operations of the Supported Residential Facilities Indemnity Fund (the Fund).

*Under the *Supported Residential Facilities Act 1992*, certain premises which provide residential accommodation are required to be licensed. That licence fee is payable to the local councils who monitor the residential accommodation. The Act requires the councils to remit 10% of fees collected for deposit in the Fund within 28 days after the end of the financial year in which the fees are received.

A21 Home for Incurables Trust

As part of wide ranging reforms relating to the delivery of disability services by the department, effective 1 July 2007, JFS was dissolved and all assets and liabilities vested in or held by JFS were transferred or assigned or vested with the Minister for Disabilities. Certain assets held by the former JFS are subject to the terms and conditions of the Home for Incurables Trust. The original Trust was established in June 1879 and was varied by the Supreme Court on 7 November 1997.

The former Board of JFS was trustee of the Home for Incurables Trust and on dissolution, the Board of JFS resolved to resign as trustee of the Home for Incurables Trust. The Minister for Disabilities is the trustee for the Home for Incurables Trust.

The role of the Trust is " ... to apply property vested in it for the purpose of providing for persons whose ability to live independently is temporarily or permanently impaired or in jeopardy as a consequence of an acquired brain injury or degenerative neurological condition or a physical condition resulting in disability including but not limiting the foregoing in any way whatsoever, the following services and facilities;

(a) by providing for them, in a variety of residential, centre and community based settings

- (i) accommodation
- (ii) nursing, medical, allied health and attendant care service
- (iii) personal and community support services
- (iv) technical and personal support aids
- (v) rehabilitation, respite and recreational services
- (vi) out patient and day care services
- (vii) measures and services to enhance their quality of life

(b) by providing facilities for education research with respect to such persons

(c) by providing any services and facilities ancillary or in relation to the foregoing or by providing additional services and facilities that may be appropriate from time to time."

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

The following income, expenses, assets and liabilities of the Home for Incurables Trust have been included in the administered items financial statements, but are separately disclosed in the following schedules in accordance with the governance requirements of the Trust.

Schedule of expenses and income - Home for Incurables Trust	2017	2016
as at 30 June 2017	\$'000	\$'000
Expenses		
Supplies and services	136	169
Depreciation and amortisation	2 390	1 874
Grants, subsidies and client payments	471	460
Total expenses	2 997	2 503
Income		
Rental income	322	401
Interest	77	143
Net gain on revaluation of investment property	-	114
Total income	399	658
Net result	(2 598)	(1 845)
Other comprehensive income		
Revaluation surplus	-	(885)
Total comprehensive income	-	(885)
Total comprehensive result	(2 598)	(2 730)
Schedule of Financial Position - Home for Incurables Trust	2017	2016
for the year ended 30 June 2017	\$'000	\$'000
Current assets		
Special deposits with the Treasurer	437	641
Deposits with SAFA	2 987	4 020
Receivables	126	-
Total current assets	3 550	4 661
Non-current assets		
Property, plant and equipment	27 343	27 429
Investment property	1 400	1 400
Capital works in progress	-	1 499
Total non-current assets	28 743	30 328
Total assets	32 293	34 989
Current liabilities		
Payables	2	100
Total current liabilities	2	100
Total liabilities	2	100
Net assets	32 291	34 889

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

A21 Home for Incurables Trust (continued)

**Schedule of Changes in Equity - Home for Incurables Trust
for the year ended 30 June 2017**

	Asset revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2015	28 368	9 251	37 619
Net result for 2015-16	-	(1 845)	(1 845)
Net loss on revaluation of property, plant and equipment	(885)	-	(885)
Total comprehensive result for 2015-16	(885)	(1 845)	(2 730)
Balance at 30 June 2016	27 483	7 406	34 889
Net result for 2016-17	-	(2 598)	(2 598)
Total comprehensive result for 2016-17	-	(2 598)	(2 598)
Balance at 30 June 2017	27 483	4 808	32 291

**Schedule of Administered Cash Flows - Home for Incurables Trust
for the year ended 30 June 2017**

	2017 Inflows (Outflows) \$'000	2016 Inflows (Outflows) \$'000
Cash flows from operating activities		
Cash outflows		
Supplies and services	(234)	(90)
Grants, subsidies and client payments	(471)	(460)
Cash used in operations	(705)	(550)
Cash inflows		
Interest revenue	77	143
Rental revenue	196	402
Cash generated from operations	273	545
Net cash (used in) / provided by operating activities	(432)	(5)
Cash flows from investing activities		
Cash outflows		
Payments for plant, equipment and investments	(805)	(1 499)
Cash used in investing activities	(805)	(1 499)
Net cash (used in)/provided by investing activities	(805)	(1 499)
Net increase/(decrease) in cash	(1 237)	(1 504)
Cash at the beginning of the period	4 661	6 165
Cash at the end of the period	3 424	4 661

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

A21 Home for Incurables Trust (continued)

Accounting Policies

Cash and cash equivalents

Cash and cash equivalents as reported in the Schedule of Assets and Liabilities - Home for Incurables Trust includes cash on hand, deposits held at call and other short-term, highly liquid investments with maturities of three months or less that are readily convertible to cash and which are subject to insignificant risk of changes in value. Cash is measured at nominal value.

Reconciliation of property, plant and equipment - Home for Incurables Trust

Property, plant and equipment	2017	2016
	\$'000	\$'000
Land and buildings		
Site land (fair value)	11 250	11 250
Buildings and improvements (fair value)	15 732	15 732
Less accumulated depreciation - buildings and improvements	(2 283)	(12)
Total land and buildings	24 699	26 970
Property, plant and equipment		
Other plant and equipment at cost (deemed fair value)	2 824	520
Less accumulated depreciation - other plant and equipment at cost	(180)	(61)
Total plant and equipment	2 644	459
Total property, plant and equipment	27 343	27 429

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

A21 Home for Incurables Trust (continued)

Reconciliation of land, buildings, plant and equipment - Home for Incurables Trust

The following table shows the movement of land, buildings and improvements and plant and equipment for the Home for Incurables Trust during 2016-17

	Site land \$'000	Buildings and improvements \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	11 250	15 720	459	27 429
Depreciation and amortisation for the period	-	(2 271)	(119)	(2 390)
Transfers from work in progress	-	-	2 304	2 304
Carrying amount at the end of the period	11 250	13 449	2 644	27 343

The following table shows the movement of land, buildings and improvements and plant and equipment for the Home for Incurables Trust during 2015-16

	Site land \$'000	Buildings and improvements \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at the beginning of the period	15 160	14 534	494	30 188
Depreciation and amortisation for the period	-	(1 839)	(35)	(1 874)
Revaluation increment/(decrement)	(3 910)	3 025	-	(885)
Carrying amount at the end of the period	11 250	15 720	459	27 429

Department for Communities and Social Inclusion
Notes to and forming part of the financial statements
for the year ended 30 June 2017

A21 Home for Incurables Trust (continued)

Reconciliation of capital work in progress - Home for Incurables Trust

The following table shows the movement of capital work in progress for the Home for Incurables Trust during 2016-17

	2017	2016
	\$'000	\$'000
Carrying amount at the beginning of the year	1 499	-
Purchases	805	1 499
Transfers to completed works	(2 304)	-
Total capital work in progress	-	1 499

Investment property - Home for Incurables Trust

	2017	2016
	\$'000	\$'000
Investment building	600	786
Revaluation increment / (decrement)	-	(186)
Fair value at the end of the period	600	600

	2017	2016
	\$'000	\$'000
Investment land	800	500
Revaluation increment / (decrement)	-	300
Fair value at the end of the period	800	800
Total investment property at the end of the period	1 400	1 400



Certification of the financial statements

We certify that the:

- financial statements of the Department for Communities and Social Inclusion:
 - are in accordance with the accounts and records of the authority; and
 - comply with relevant Treasurer's Instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the authority as at 30 June 2017 and the result of its operations and cash flows for the financial year.
- internal controls employed by the Department for Communities and Social Inclusion over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the financial year.

Tony Harrison
Chief Executive

15 / 9 / 2017

Andrew Thompson
Chief Financial Officer

15 / 9 / 2017

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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To the Chief Executive Department for Communities and Social Inclusion

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Department for Communities and Social Inclusion for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department for Communities and Social Inclusion as at 30 June 2017, 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.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2017
- a Statement of Administered Financial Position as at 30 June 2017
- a Statement of Administered Changes in Equity for the year ended 30 June 2017
- a Statement of Administered Cash Flows for the year ended 30 June 2017
- a Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2017
- notes, comprising significant accounting policies and other explanatory information for administered items
- a Certificate from the Chief Executive and the Chief Financial Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Department for Communities and Social Inclusion. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Chief Executive 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 management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

20 September 2017

Department for Correctional Services

Financial report
for the year ended
30 June 2017

Department for Correctional Services
Statement of Comprehensive Income
For the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Expenses			
Employee benefit expenses	5	195,498	178,164
Supplies and services	6	88,263	82,853
Depreciation and amortisation expense	7	19,830	18,876
Payments to prisoners		3,773	3,402
Accommodation and associated lease costs		13,029	11,696
Grants	8	671	620
Other expenses	9	731	696
Total expenses		321,795	296,307
Income			
Prison labour	10	4,518	3,697
Salaries and goods and services recoups		1,835	2,109
Interest revenue		1	1
Commonwealth revenue	11	1,102	667
Canteen and kitchen sales	12	1,128	1,820
Net gain from the disposal of non-current and other assets	13	5	-
Other income	14	2,548	2,558
Total income		11,137	10,852
Net cost of providing services		310,658	285,455
Revenues from (payments to) SA Government:			
Revenues from SA Government	15	331,874	284,765
Payments to SA Government	15	-	(12,190)
Net result		21,216	(12,880)
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in revaluation surplus	19	9,643	21,596
Total comprehensive result		30,859	8,716

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

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

Department for Correctional Services
Statement of Financial Position
As at 30 June 2017

	Note No	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	16	50,907	6,547
Receivables	17	3,418	3,186
Inventories	18	1,597	1,490
Total current assets		55,922	11,223
Non-current assets			
Property, plant and equipment	19	518,043	503,239
Capital works in progress	20	48,213	15,320
Intangible assets	21	2,730	3,006
Biological assets	22	330	259
Total non-current assets		569,316	521,824
Total assets		625,238	533,047
Current liabilities			
Payables	24	23,750	14,262
Employee benefits	25	20,349	17,175
Provisions	26	2,748	3,691
Total current liabilities		46,847	35,128
Non-current liabilities			
Payables	24	2,806	2,762
Employee benefits	25	29,193	28,507
Provisions	26	7,269	6,053
Total non-current liabilities		39,268	37,322
Total liabilities		86,115	72,450
Net assets		539,123	460,597
Equity			
Retained earnings	27	85,111	64,020
Prisoner amenities reserve	27	126	1
Asset Revaluation surplus	27	308,581	298,938
Contributed capital	27	145,305	97,638
Total equity		539,123	460,597

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	28
Contingent assets and liabilities	31

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

Department for Correctional Services
Statement of Changes in Equity
For the year ended 30 June 2017

	Note	Prisoner Amenities Reserve	Asset Revaluation Surplus	Contributed Capital	Retained Earnings	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2015		207	277,345	89,189	76,485	443,226
Error correction	27	-	(3)	-	209	206
Restated balance at 30 June 2015		207	277,342	89,189	76,694	443,432
Net result for 2015-16		-	-	-	(12,832)	(12,832)
Error correction	27	-	4,945	-	(48)	4,897
Gain on revaluation of land and buildings during 2015-16		-	16,506	-	-	16,506
Gain on revaluation of olives & citrus grove during 2015-16		-	145	-	-	145
Total comprehensive result for 2015-16		-	21,596	-	(12,880)	8,716
Net changes in reserves		(206)	-	-	206	-
Transactions with SA Government as owner:						
Equity contribution received		-	-	8,449	-	8,449
Balance at 30 June 2016	27	1	298,938	97,638	64,020	460,597
Net result for 2016-17		-	-	-	21,216	21,216
Gain on revaluation of land and buildings during 2016-17		-	9,665	-	-	9,665
Loss on revaluation of olives & citrus grove during 2016-17		-	(22)	-	-	(22)
Total comprehensive result for 2016-17		-	9,643	-	21,216	30,859
Net changes in reserves		125	-	-	(125)	-
Transactions with SA Government as owner:						
Equity contribution received		-	-	47,667	-	47,667
Balance at 30 June 2017	27	126	308,581	145,305	85,111	539,123

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

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

Department for Correctional Services
Statement of Cash Flows
For the year ended 30 June 2017

		2017	2016
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Employee benefit payments		(191,309)	(173,745)
Supplies and services		(112,378)	(110,208)
Prisoner payments		(3,773)	(3,402)
Grants		(671)	(620)
Payments for Paid Parental Leave Scheme		(274)	(177)
Other payments		(731)	(680)
Cash used in operations		(309,136)	(288,832)
 Cash inflows			
Receipts from prison labour		4,518	3,697
Interest received		1	1
GST recovered from the ATO		13,043	10,098
Receipts for Paid Parental Leave Scheme		279	181
Other receipts		7,575	7,788
Cash generated from operations		25,416	21,765
 Cash flows from (to) SA Government			
Receipts from SA Government		331,874	284,765
Payments to SA Government		-	(12,190)
Cash generated from SA Government		331,874	272,575
Net cash provided by (used in) operating activities	33	48,154	5,508
 Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(51,470)	(31,214)
Cash used in investing activities		(51,470)	(31,214)
 Cash inflows			
Proceeds from sale of property, plant and equipment		9	-
Cash generated from investing activities		9	-
Net cash provided by (used in) investing activities		(51,461)	(31,214)
 Cash flows from financing activities			
Cash inflows			
Capital contributions from SA Government		47,667	8,449
Cash generated from financing activities		47,667	8,449
Net Cash provided by (used in) financing activities		47,667	8,449
 Net increase/(decrease) in cash and cash equivalents		44,360	(17,257)
Cash and cash equivalents at the beginning of the financial year		6,547	23,804
Cash and cash equivalents at the end of the financial year	16	50,907	6,547

Department for Correctional Services
Disaggregated Disclosures – Expenses and Income
For the year ended 30 June 2017

	(Activities - refer note 4)			
	1	1	2	2
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Expenses				
Employee benefit expenses	141,003	128,788	29,010	28,146
Supplies and services	70,914	68,022	6,610	6,771
Depreciation and amortisation expense	18,243	17,362	699	781
Payments to prisoners	3,106	2,907	-	-
Accommodation and associated lease costs	9,392	8,161	3,616	3,528
Grants	-	-	-	-
Net loss from disposal of non-current assets	-	-	-	-
Other expenses	663	660	55	34
Total expenses	243,321	225,900	39,990	39,260
Income				
Prison labour	-	-	-	-
Salaries and goods and services recoups	297	251	1,501	1,710
Interest revenue	1	-	-	1
Commonwealth Revenue	-	-	101	-
Canteen and kitchen sales	1,128	1,820	-	-
Net gain from the disposal of non-current and other assets	-	-	-	-
Other Income	1,300	1,984	7	4
Total income	2,726	4,055	1,609	1,715
Net cost of providing services	240,595	221,845	38,381	37,545
Revenues from SA Government	256,863	221,358	41,090	37,425
Payments to SA Government	-	(9,476)	-	(1,602)
Net Result	16,268	(9,963)	2,709	(1,722)

Department for Correctional Services
Disaggregated Disclosures – Expenses and Income
For the year ended 30 June 2017

	3 2017 \$'000	3 2016 \$'000	Total 2017 \$'000	Total 2016 \$'000
Expenses				
Employee benefit expenses	25,485	21,230	195,498	178,164
Supplies and services	10,739	8,060	88,263	82,853
Depreciation and amortisation expense	888	733	19,830	18,876
Payments to prisoners	667	495	3,773	3,402
Accommodation and associated lease costs	21	7	13,029	11,696
Grants	671	620	671	620
Net loss from disposal of non-current assets	-	-	-	-
Other expenses	13	2	731	696
Total expenses	38,484	31,147	321,795	296,307
Income				
Prison labour	4,518	3,697	4,518	3,697
Salaries and goods and services recoups	37	148	1,835	2,109
Interest revenue	-	-	1	1
Commonwealth revenue	1,001	667	1,102	667
Canteen and kitchen sales	-	-	1,128	1,820
Net gain from the disposal of non-current and other assets	5	-	5	-
Other income	1,241	570	2,548	2,558
Total income	6,802	5,082	11,137	10,852
Net cost of providing services	31,682	26,065	310,658	285,455
Revenues from SA Government	33,921	25,982	331,874	284,765
Payments to SA Government	-	(1,112)	-	(12,190)
Net result	2,239	(1,195)	21,216	(12,880)

Department for Correctional Services
Disaggregated Disclosures – Assets and Liabilities
As at 30 June 2017

(Activities - refer note 4)	1	1	2	2	3	3
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets						
Cash and cash equivalents	22	41	3	3	1	1
Receivables	182	50	-	-	-	-
Inventories	300	273	-	-	947	971
Total current assets	504	364	3	3	948	972
Non-current assets						
Property, plant and equipment	492,595	477,794	9,767	9,969	13,674	13,033
Capital works in progress	47,496	14,804	41	144	-	12
Intangible assets	2,593	2,507	-	-	-	-
Biological assets	-	-	-	-	330	259
Total non-current assets	542,684	495,105	9,808	10,113	14,004	13,304
Total assets	543,188	495,469	9,811	10,116	14,952	14,276
Current Liabilities						
Payables	11,435	7,320	4,789	1,680	80	699
Employee benefits	14,677	12,416	3,019	2,713	2,653	2,046
Provisions	1,982	2,668	408	583	358	440
Total current liabilities	28,094	22,404	8,216	4,976	3,091	3,185
Non-Current Liabilities						
Payables	1,351	1,394	566	320	9	133
Employee benefits	21,056	20,606	4,332	4,504	3,805	3,397
Provisions	5,242	4,376	1,080	956	947	721
Total non-current liabilities	27,649	26,376	5,978	5,780	4,761	4,251
Total liabilities	55,743	48,780	14,194	10,756	7,852	7,436
Net assets	487,445	446,689	(4,383)	(640)	7,100	6,840

Department for Correctional Services
Disaggregated Disclosures – Assets and Liabilities
As at 30 June 2017

	General/Not attributable	General/Not attributable	Total	Total
(Activities – refer note 4)	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Current assets				
Cash and cash equivalents	50,881	6,502	50,907	6,547
Receivables	3,236	3,136	3,418	3,186
Inventories	350	246	1,597	1,490
Total current assets	54,467	9,884	55,922	11,223
Non-current assets				
Property, plant and equipment	2,007	2,443	518,043	503,239
Capital works in progress	676	360	48,213	15,320
Intangible assets	137	499	2,730	3,006
Biological assets	-	-	330	259
Total non-current assets	2,820	3,302	569,316	521,824
Total assets	57,287	13,186	625,238	533,047
Current Liabilities				
Payables	7,446	4,563	23,750	14,262
Employee benefits	-	-	20,349	17,175
Provisions	-	-	2,748	3,691
Total current liabilities	7,446	4,563	46,847	35,128
Non-Current Liabilities				
Payables	880	915	2,806	2,762
Employee benefits	-	-	29,193	28,507
Provisions	-	-	7,269	6,053
Total non-current liabilities	880	915	39,268	37,322
Total liabilities	8,326	5,478	86,115	72,450
Net assets	48,961	7,708	539,123	460,597

Department for Correctional Services

Notes to and forming part of the financial statements

1 Objectives of the Department for Correctional Services (the department)

The department is an administrative unit established pursuant to the *Public Sector Act 2009* (PSA).

The department contributes to a safer community by working in partnership with other criminal justice organisations and the community to prevent crime and reduce repeat offending.

The department safely, securely and humanely manages people ordered by the courts to serve a community based or prison sanction and provides them with opportunities to lead law-abiding productive lives.

2 Significant accounting policies

(a) Statement of compliance

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

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with applicable Australian Accounting Standards (AASs) and comply with Treasurers Instructions (TIs) and Accounting Policy Statements (APSs) promulgated under the provisions of the *Public Finance and Audit Act 1987* (PFAA).

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

(b) Basis of preparation

The preparation of the financial statements requires:

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

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

(c) Reporting entity

The department is a government department of the State of South Australia, established pursuant to the PSA. The department is an administrative unit acting on behalf of the Crown.

Department for Correctional Services

Notes to and forming part of the financial statements

The financial statements and accompanying notes include all the controlled activities of the department. The department does not control any other entity and has no interests in unconsolidated structured entities. The department has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

The transactions and balances relating to administered items are not recognised as departmental income, expense, assets and liabilities. As administered items are insignificant in relation to the department's overall financial performance and position, they are disclosed in Note 37. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

(d) Comparative information

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

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

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

(e) Rounding

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

(f) Taxation

The department is not subject to income tax. The department is liable for payroll tax, fringe benefits tax (FBT), goods and service tax (GST), Emergency Services Levy and other tax equivalents.

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

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

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

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

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

(g) Events after the reporting period

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

Department for Correctional Services

Notes to and forming part of the financial statements

(h) Current and non-current classification

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

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

(i) Inventories

Inventories include goods and other property held either for sale or distribution at nominal cost in the ordinary course of business.

Inventory in institutional stores is held for distribution at cost and is adjusted when applicable for any loss of service potential.

Inventory held in prison canteens is held for sale at nominal cost and is assigned on the basis of average cost.

Inventory held by prison industries is measured at cost.

Lock and physical security item inventory is held for distribution at cost and adjusted when applicable for any loss of service potential.

(j) 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 costs involved with the acquisition. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. Non-current assets are subsequently measured at fair value less accumulated depreciation.

Since the department controls a large number of low value items, the cost of accounting for the capitalisation of items costing less than \$10 000 is expected to outweigh the benefits that would be gained from reporting this information. As a result, items with an acquisition cost less than \$10 000 are expensed in the period in which they are acquired.

Capital works in progress are recognised as the cumulative costs of capital projects to balance date. Projects completed during the year have been recognised as buildings, plant or equipment and are valued at cost.

Bearer Plants

The olive and citrus groves are measured at cost plus any gains arising from changes in fair value less estimated point-of-sale costs attributable to physical changes.

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 leasehold improvements and intangible assets such as software licences, while depreciation is applied to tangible assets such as property, plant and equipment.

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

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

Department for Correctional Services

Notes to and forming part of the financial statements

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

Land is not depreciated.

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

<i>Class of asset</i>	<i>Depreciation method</i>	<i>Useful life (years)</i>
Plant and equipment	Straight-line	4-20
Buildings (including prisons)	Straight-line	Up to 60
Intangibles	Straight-line	3-5
Leasehold improvements	Straight-line	Life of lease

Revaluation of non-current assets

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

Every three years, a full revaluation of the department's land and buildings is undertaken. A 'desk-top' revaluation is undertaken by an independent valuer for the two interim years. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value then a full revaluation may be undertaken and the asset will be revalued regardless of when the last full valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

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

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

Accumulated depreciation is restated proportionately whereby the carrying amount of the asset after revaluation equals the revalued amount of the asset.

Impairment

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

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

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.

Department for Correctional Services

Notes to and forming part of the financial statements

— *Software Licences*

Software is an intangible asset with a finite life. The amortisation period and the amortisation method for software are reviewed on an annual basis.

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

— *Water Licences*

The South Australian Government has issued water licences to the department under the *Natural Resources Management Act 2004*. The department acquired the licences on 1 July 2009. The licences allow access to water from River Murray for stock, domestic and irrigation purposes at the Cadell Training Centre.

The water licences have an indefinite useful life and as such are not subject to amortisation.

Biological assets

Biological assets such as cattle are measured at fair value less estimated point-of-sales costs. The fair value is determined based on current market values of the biological assets.

Fair value measurement

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

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

— *Level 1*

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

— *Level 2*

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

— *Level 3*

Not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed by the department at each reporting date.

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

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

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

Refer to Note 23 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.

Department for Correctional Services

Notes to and forming part of the financial statements

(k) Liabilities

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

Payables

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

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

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

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

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

Employment benefit on-costs include superannuation contributions, workers compensation levies and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

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

Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement. The department has assessed whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The department has entered into a number of operating lease agreements for buildings and motor vehicles.

Operating Leases

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

The department does not have any finance lease arrangements.

Employee benefits

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

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

Liability for salaries and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

Department for Correctional Services

Notes to and forming part of the financial statements

Unclaimed salaries and wages have been included as a current liability for employee benefits.

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

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

Long service leave

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

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

The long service leave provision is classified as current or non-current using the average leave pattern history of previous years.

(l) 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.

(m) Prisoner Amenities Reserve

Proceeds from the sale of canteen goods to prisoners net of the cost of certain direct canteen expenses are made available for the acquisition of items for the benefit of prisoners. These net proceeds are accounted for in the prisoner amenities reserve.

Department for Correctional Services

Notes to and forming part of the financial statements

3 New and revised accounting standards and policies

The department did not voluntarily change any of its accounting policies during 2016-2017.

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 2017.

AASB 16 *Leases* will apply for the first time for the year to reporting periods beginning on or after 1 Jan 2019. The amended standard introduces a single accounting model for lessees, eliminating the distinction between operating and finance leases.

The standard 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.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease payments will no longer be expensed in the Statement of Comprehensive Income on a straight line basis. Rather, they will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will be recognised as an expense.

It is anticipated that there will be a marginal impact on net result due to recognition of depreciation and interest on lease liabilities as expenses.

The classification of cash flows will be affected as operating lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively. Currently, operating lease payments are presented as operating cash flows and recorded as commitments, which are not captured in the Statement of Financial Position.

The department has not yet quantified the impact of applying AASB 16 *Leases* to its operating lease arrangements and the resulting impact on the Statement of Comprehensive Income, the Statement of Financial Position and the Commitments disclosure in the Notes to the Financial Statements.

AASB 15 *Revenue from Contracts with Customers* will replace the existing AASB 118 *Revenue* and applies to reporting periods beginning on or after 1 January 2019. AASB 15 *Revenue from Contracts with Customers* introduces a five step process for revenue recognition with the core principle being to recognise revenue 'when control of a good or service transfers to a customer'. This is effectively when performance obligations have been met, rather than the former model of 'where the risk and rewards of ownership reside'. AASB 15 *Revenue from Contracts with Customers* will generally result in increased disclosures.

The changes in revenue recognition requirements may result in changes to the timing and amount of revenue from sales of the department's goods and services. Some revenue may need to be deferred to a later reporting period to the extent that the department has received cash but has not yet met the associated performance obligations.

AASB 1058 *Income of Not-for-Profit Entities* will replace a number of income recognition requirements under AASB 1004 *Contributions* and applies to reporting periods beginning on or after 1 January 2019. The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. Where there is no liability to be recognised under another standard, or the liability is less than the fair value of the asset received then revenue is recognised.

The department has not yet quantified the impact of applying AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* and the resulting impact on the statement of comprehensive income.

The impact of adopting this standard is not known and cannot be reliably estimated because it will be dependent on the financial instruments held and economic conditions at the time of adopting as well as accounting elections and judgements which will need to be made.

First Time Adoption

AASB 2014-6 *Amendments to Australian Accounting Standards – Agriculture: Bearer Plants* gave rise to amendments to AASB 141 *Agriculture* and AASB 116 *Property, Plant and Equipment*, applicable to annual reporting periods beginning

Department for Correctional Services

Notes to and forming part of the financial statements

on or after 1 January 2016, and have been adopted by the department for the first time for the reporting period ending 30 June 2017. The amendments require bearer plants to be recorded as a separate class of assets under AASB 116 *Property, Plant and Equipment* and not to be accounted for under AASB 141 *Agriculture*.

The fair value of bearer assets has been recognised in the balance sheet at the fair value as previously recorded under AASB 141 *Agriculture*. Future changes to the fair value will be recorded through Other Comprehensive Income. The changes have been implemented retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. As a result, the Citrus Grove and Olive Grove bearer plants at Cadell Training Centre have been reclassified from Biological Assets to Property, Plant and Equipment. Refer to Note 19.

4 Activities of the department

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

Activity 1 Custodial Services

The department provides secure containment and supervision for adults on remand and those sentenced by the courts to serve a custodial sanction. The Custodial Services program includes costs associated with operating the State's prison system, the humane treatment of prisoners while in custody and the secure movement of prisoners.

Activity 2 Community Based Services

The department case manages and supervises offenders in the community on probation, parole or under home detention and bailees on supervised bail.

Activity 3 Rehabilitation and Reparation Services

The department provides a range of educational, vocational and rehabilitative activities designed to assist offenders to address their offending behaviour and provide them with opportunities to lead law abiding and productive lives.

General/not attributable

Certain assets and liabilities of the department are unable to be allocated reliably to activities.

The disaggregated disclosures schedules present expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2016 and 30 June 2017.

Department for Correctional Services
Notes to and forming part of the financial statements

5 Employee benefit expenses

	2017	2016
	\$'000	\$'000
Salaries and wages	149,829	134,569
Employment on-costs - superannuation	15,083	13,718
Employment on-costs - payroll tax	9,177	8,384
Annual leave	16,129	12,998
Long service leave	3,360	6,115
Skills and experience retention leave	581	559
Workers compensation salary payments	1,339	1,821
Total employee benefit expenses	195,498	178,164

Remuneration of employees

	Executive		Employees	
	2017	2016	2017	2016
	Number	Number	Number	Number
The number of employees whose remuneration received or receivable falls within the following bands:				
\$145,000 to \$147,000 *	-	-	n/a	1
\$147,001 to \$157,000	-	-	10	12
\$157,001 to \$167,000	-	2	3	1
\$167,001 to \$177,000	3	3	3	-
\$177,001 to \$187,000	1	1	-	1
\$187,001 to \$197,000	1	1	-	1
\$197,001 to \$207,000	1	-	1	2
\$207,001 to \$217,000	-	-	1	-
\$227,001 to \$237,000	1	1	-	-
\$237,001 to \$247,000	-	1	-	-
\$257,001 to \$267,000	1	-	-	-
\$327,001 to \$337,000	-	1	-	-
\$337,001 to \$347,000	1	-	-	-
Total	9	10	18	18

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2015-16.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$4.86 million (\$4.91 million).

Targeted Voluntary Separation Packages

	2017	2016
	\$'000	\$'000
Amount paid during the reporting period to separated employees:		
TVSPs	113	-
Annual leave, long service leave and retention leave paid	7	-
Net cost to the Department	120	-

The number of employees who received a TVSP during the reporting period was 1 (0).

Department for Correctional Services
Notes to and forming part of the financial statements

6 Supplies and services

	2017 \$'000	2016 \$'000
Contracts ⁽¹⁾	34,972	31,647
Works and equipment costs	5,343	5,305
Cost of goods sold - prison industries	5,207	3,946
Cost of goods sold - canteen and kitchen sales	1,115	1,925
Offender related costs	10,599	9,241
Utilities	7,787	7,966
Consultants	283	147
Travel expenses	1,735	1,587
IT costs	4,618	4,397
Workers compensation	2,133	1,124
Staff related costs	2,189	2,163
Contracted staff	450	451
Shared Services SA processing charges	2,471	2,388
Insurance charges	1,616	1,420
WHS expenses	283	304
Materials and consumables	639	604
Board and committee fees	390	293
Sundry other expenses ⁽²⁾	6,433	7,945
Total supplies and services	88,263	82,853

⁽¹⁾ The main contracts for the department include the Mount Gambier prison management, prisoner movement and in-court management and Electronic Monitoring Services South Australia.

⁽²⁾ Audit fees paid / payable to the Auditor-General's Department relating to work performed under the PFAA were \$126,000 (\$134,000). No other services were provided by the Auditor-General's Department.

Consultants

The number and dollar amount of consultancies paid/payable

(included in Consultants expenses shown above) fell within the following bands:

	No.	2017 \$'000	No.	2016 \$'000
Above \$10 000	2	283	1	147
Total paid to the consultants engaged	2	283	1	147

Department for Correctional Services
Notes to and forming part of the financial statements

7 Depreciation and amortisation expense

	2017 \$'000	2016 \$'000
Depreciation:		
Buildings	18,224	17,272
Plant and equipment	333	340
Total depreciation	18,557	17,612
Amortisation:		
Leasehold improvements	997	972
Intangibles assets	276	292
Total amortisation	1,273	1,264
Total depreciation and amortisation expense	19,830	18,876

During the year, the department reassessed the useful life of its assets and determined that no change was necessary.

8 Grants

	2017 \$'000	2016 \$'000
Recurrent grants	671	620
Total grants provided	671	620

9 Other expenses

	2017 \$'000	2016 \$'000
Bad debts expense	-	11
Bank charges	17	23
Fringe benefits tax	432	400
Other	282	262
Total other expenses	731	696

Department for Correctional Services
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10 Net income (loss) from prison labour

	Yatala Labour Prison		Mobalong Prison		Cadell Training Centre		Adelaide Women's Prison/ Adelaide Pre-Release Centre	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales income								
Internal sales	508	447	746	513	875	693	346	374
External sales	432	472	460	218	190	243	2,127	2,086
Total sales income	940	919	1,206	731	1,065	936	2,473	2,460
Cost of goods sold	(419)	(446)	(644)	(449)	(561)	(502)	(2,259)	(1,981)
Gross profit	521	473	562	282	504	434	214	479
Other income	-	-	2	1	82	132	9	17
Other expenses	(2,084)	(2,027)	(1,939)	(1,143)	(1,351)	(1,253)	(1,017)	(843)
Net income (loss)	(1,563)	(1,554)	(1,375)	(860)	(765)	(687)	(794)	(347)

	Port Augusta Prison		Port Lincoln Prison		Total	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales income						
Internal sales	279	27	8	11	2,762	2,065
External sales	1,047	456	262	222	4,518	3,697
Total sales income	1,326	483	270	233	7,280	5,762
Cost of goods sold	(1,141)	(435)	(183)	(133)	(5,207)	(3,946)
Gross profit	185	48	87	100	2,073	1,816
Other income	1	1	9	22	103	173
Other expenses	(1,651)	(1,681)	(472)	(415)	(8,514)	(7,362)
Net income (loss)	(1,465)	(1,632)	(376)	(293)	(6,338)	(5,373)

Internal sales include \$285 000 (\$19 000) resulting from work undertaken by prisoners for projects that are part of the capital works program.

Internal sales have been eliminated from consolidated income and are therefore not included in the Statement of Comprehensive Income.

Other expenses include employee benefits, supplies and services, offender related costs and depreciation associated with industry operations at each location.

11 Commonwealth revenue

	2017	2016
	\$'000	\$'000
Commonwealth revenue	1,102	667
Total commonwealth revenue	1,102	667

Commonwealth revenue is for the Remote Areas Program and the Women's Safety Package.

Department for Correctional Services
Notes to and forming part of the financial statements

12 Canteen and kitchen sales

	2017	2016
	\$'000	\$'000
Canteen and kitchen sales	1,128	1,820
Cost of goods sold	(1,115)	(1,925)
Net result of canteen and kitchen sales	13	(105)

13 Net gain from disposal of non-current assets

	2017	2016
	\$'000	\$'000
Plant and equipment:		
Proceeds from disposal of non-current assets	9	-
Net book value of assets disposed	(4)	-
Net gain (loss) from disposal of plant and equipment	5	-
Total assets:		
Proceeds from disposal of non-current assets	9	-
Net book value of assets disposed	(4)	-
Net gain (loss) from disposal of non-current assets	5	-

14 Other income

	2017	2016
	\$'000	\$'000
Other income received from SA Government entities:		
Grants received	375	367
Revenue from recoveries	188	353
Internally generated assets	285	19
Total other income - SA Government entities	848	739
Other income received from entities external to the SA Government:		
Prisoner telephone receipts	1,514	1,517
Other	186	302
Total other income - Non SA Government entities	1,700	1,819
Total other income	2,548	2,558

15 Revenues from (payments to) SA Government

	2017	2016
	\$'000	\$'000
Revenues from SA Government		
Appropriations from Consolidated Account Pursuant to the <i>Appropriation Act</i> and other revenues from the Consolidated Account	331,874	284,765
Total revenues from SA Government	331,874	284,765
Payments to SA Government		
Return of surplus cash pursuant to cash alignment policy	-	12,190
Total payments to SA Government	-	12,190

Department for Correctional Services

Notes to and forming part of the financial statements

Total revenues from Government consist of \$331.9 million (\$284.8 million) for operational funding and capital projects. For details on the expenditure associated with the operational funding received refer to Notes 5 to 9. There were no material variations between the amount appropriated and the expenditure associated with this appropriation.

16 Cash and cash equivalents

	2017 \$'000	2016 \$'000
Deposits with the Treasurer	50,871	6,511
Prison imprest accounts	27	27
Petty Cash	9	9
Total cash and cash equivalents	50,907	6,547

Deposits with the Treasurer

The Department has two deposit accounts with the Treasurer, a general operating account and an Accrual Appropriation Excess Funds Account. Although the Department controls the money in the Accrual Appropriation Account its use must be approved by the Treasurer. The Department does not earn interest on its deposits with the Treasurer.

During 2016-17, the department transferred \$0 (\$12.2 million) of its cash balance to the Consolidated Account in accordance with the Cash Alignment Policy.

Interest Rate Risk

Petty cash and deposits at call and with the Treasurer are non-interest bearing. Prison imprest accounts earn a floating interest rate based on daily bank deposit rates. The carrying amount of cash approximates fair value.

17 Receivables

	2017 \$'000	2016 \$'000
Current:		
Receivables	696	703
Allowance for doubtful debts	(4)	(4)
	692	699
Accrued revenue	-	154
GST receivable	2,687	2,314
Prepayments	39	19
Total receivables	3,418	3,186

Allowance for doubtful debts

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

	2017 \$'000	2016 \$'000
Movements in the allowance for doubtful debts (impairment loss):		
Carrying amount at 1 July	4	4
Increase in the provision	-	-
Amounts written off	-	-
Carrying amount at 30 June	4	4

Department for Correctional Services

Notes to and forming part of the financial statements

Interest rate and credit risk

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

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

(a) *Ageing analysis of receivables* – Refer Note 36

(b) *Categorisation of financial instruments and risk exposure information* – Refer Note 36

The department does not have any material interest bearing assets and liabilities and is not exposed to any interest rate risk.

18 Inventories

	2017	2016
	\$'000	\$'000
Current - held for distribution:		
Stores	650	519
Total inventories held for distribution	650	519
Current - other than those held for distribution:		
Raw materials and work in progress	618	675
Finished goods	113	67
Stores	216	229
Total current inventories other than those held for distribution	947	971
Total inventories	1,597	1,490

19 Property, plant and equipment

	2017	2016
	\$'000	\$'000
Land and buildings:		
Land at fair value (existing use)	88,760	87,001
Buildings at fair value	866,190	827,398
Accumulated depreciation	(443,511)	(418,560)
Total land and buildings	511,439	495,839
Leasehold improvements:		
Leasehold improvements (deemed fair value)	12,083	11,840
Accumulated amortisation	(7,640)	(6,643)
Total leasehold improvements	4,443	5,197
Plant and equipment:		
Plant and equipment at cost (deemed fair value)	5,867	5,730
Accumulated depreciation	(3,919)	(3,762)
Total plant and equipment	1,948	1,968
Bearer plants:		
Bearer plants at cost (deemed fair value)	213	235
Total bearer plants	213	235
Total property, plant and equipment	518,043	503,239

Department for Correctional Services

Notes to and forming part of the financial statements

Valuation of land and buildings

A site valuation of land and buildings was performed by an independent valuer, Martin Burns of Liquid Pacific as at 30 June 2017.

The valuer arrived at fair value using the market approach. The valuation was based on recent market transactions for similar land and buildings (non-specialised) in the area and includes adjustment for factors specific to the land and building being valued such as size and location. Fair value of land classified as restricted in use was determined using an adjusted market price of surrounding unrestricted land.

The valuer used depreciated replacement cost for specialised buildings, due to there not being an active market. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature and restricted use of the assets; their size, condition and location. The valuation was based on an assessment of useful life and asset condition.

Bearer plants

The olive grove is situated on approximately 32 hectares of land at the Cadell Training Centre. The grove has been developed to produce commercially viable olive oil.

The citrus grove is situated on approximately 19 hectares of land at the Cadell Training Centre. The original plantation (13.21 hectares) has reached the end of its useful life. The current plantation comprises 6.23 hectares of existing trees that are currently productive.

The citrus and olive groves have been recorded as a separate class of assets under AASB 116 *Property, Plant and Equipment* and not accounted for under AASB 141 *Agriculture* in accordance with changes to Australian Accounting Standards.

Reconciliation of property, plant and equipment

The following table shows movement in property, plant and equipment during 2016-17:

	Land and buildings	Leasehold improvements	Plant and equipment	Bearer plants	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	495,839	5,197	1,968	235	503,239
Acquisitions	18	-	23	-	41
Transfers from capital works in progress	24,141	243	294	-	24,678
Disposals	-	-	(4)	-	(4)
Revaluation increment	9,665	-	-	(22)	9,643
Depreciation and amortisation	(18,224)	(997)	(333)	-	(19,554)
Carrying amount at 30 June	511,439	4,443	1,948	213	518,043

The following table shows movement in property, plant and equipment during 2015-16:

	Land and buildings	Leasehold improvements	Plant and equipment	Bearer plants	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	434,299	5,972	2,146	90	442,507
Acquisitions	55	-	44	-	99
Transfers from capital works in progress	57,306	197	118	-	57,621
Revaluation increment	21,451	-	-	145	21,596
Depreciation and amortisation	(17,272)	(972)	(340)	-	(18,584)
Carrying amount at 30 June	495,839	5,197	1,968	235	503,239

Department for Correctional Services
Notes to and forming part of the financial statements

20 Capital works in progress

	2017 \$'000	2016 \$'000
Capital works in progress	48,213	15,320
Total capital works in progress	48,213	15,320

Reconciliation of capital works in progress

The following table shows movement in capital works in progress during 2016-17:

Carrying amount at 1 July	15,320	41,411
Additions	57,571	31,530
Transfers to property, plant and equipment	(24,678)	(57,621)
Carrying amount at 30 June	48,213	15,320

The increase in the carrying amount in 2016-17 mainly reflects expenditure on additional accommodation projects at Port Augusta Prison of \$34.6 million and Mount Gambier Prison of \$6.1 million.

21 Intangible assets

	2017 \$'000	2016 \$'000
Software licences		
Software licences	1,167	1,167
Accumulated amortisation	(1,030)	(754)
Total software licences	137	413
Water licences		
Water licences	2,593	2,593
Total water licences	2,593	2,593
Total Intangibles	2,730	3,006

Water Licences secure access to water resources at the Cadell Training Centre.

Reconciliation of intangible assets

The following table shows movement in intangible assets during 2016-17:

	Software licences \$'000	Water licences \$'000	Total \$'000
Carrying amount at 1 July	413	2,593	3,006
Amortisation	(276)	-	(276)
Carrying amount at 30 June	137	2,593	2,730

Department for Correctional Services
Notes to and forming part of the financial statements

The following table shows movement in intangible assets during 2015-16:

	Software licences \$'000	Water licences \$'000	Total \$'000
Carrying amount at 1 July	705	2,593	3,298
Amortisation	(292)	-	(292)
Carrying amount at 30 June	413	2,593	3,006

22 Biological assets

	2017 \$'000	2016 \$'000
Livestock	330	259
Total biological assets	330	259

Reconciliation of biological assets

The following table shows movement in biological assets (livestock):

	2017 \$'000	2016 \$'000
Carrying amount at 1 July	259	117
Increases due to purchases	36	20
Gain (loss) arising from changes in fair value less estimated point-of-sale costs attributable to physical changes	63	73
Gain (loss) arising from changes in fair value less estimated point-of-sale costs attributable to price changes	(6)	118
Decreases due to sales	(22)	(69)
Carrying amount at 30 June	330	259

The citrus and olive groves have been recorded as a separate class of assets under AASB 116 *Property, Plant and Equipment* and not accounted for under AASB 141 *Agriculture*.

Livestock

Currently there are 229 (162) cattle held at Cadell Training Centre and Port Lincoln Prison for the purpose of milk and meat production for internal use within the prison system. The cattle are at various stages of life. As at reporting date there are no commitments for the development or acquisition of livestock.

Financial risk is considered to be extremely low with any losses being absorbed in the year of exposure. No government grants have been issued in relation to the livestock.

Department for Correctional Services

Notes to and forming part of the financial statements

23 Fair value measurement

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement or disclosure purposes. The department categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the statement of Financial Position are categorised into the following levels at 30 June 2017.

The department had no valuations categorised into level 1.

Fair value measurements

Fair value measurements at 30 June 2017

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Buildings - specialised	-	421,200	421,200
Buildings - non-specialised	1,479	-	1,479
Land	88,760	-	88,760
Leasehold improvements	-	4,443	4,443
Plant and equipment	-	1,948	1,948
Bearer plants	213	-	213
Biological assets	330	-	330
Total recurring fair value measurements	90,782	427,591	518,373

Fair value measurements at 30 June 2016

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Recurring fair value measurements			
Buildings - specialised	-	407,297	407,297
Buildings - non-specialised	1,541	-	1,541
Land	87,001	-	87,001
Leasehold improvements	-	5,197	5,197
Plant and equipment	-	1,968	1,968
Bearer plants	235	-	235
Biological assets	259	-	259
Total recurring fair value measurements	89,036	414,462	503,498

The citrus and olive groves have been recorded as a separate class of assets under AASB 116 *Property, Plant and Equipment* and not accounted for under AASB 141 *Agriculture*.

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2017. The department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques and inputs

Valuation techniques and inputs used to derive level 2 and 3 fair values are at Notes 2 and 19.

Unobservable inputs used in determining the fair value of plant and equipment and leasehold improvements are cost, useful lives and assessed condition as described in Notes 2 and 19.

Department for Correctional Services
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Reconciliation of recurring fair value measurements – (Level 3)

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3) during 2016-17:

	Specialised buildings	Leasehold improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	407,297	5,197	1,968	414,462
Acquisitions	17	-	23	40
Disposals	-	-	(4)	(4)
Transfer from/to Work in Progress	24,038	243	294	24,575
Gains/(losses) for the period recognised in net result:				
Depreciation and amortisation	(18,112)	(997)	(333)	(19,442)
	(18,112)	(997)	(333)	(19,442)
Gains/(losses) for the period recognised in other comprehensive income:				
Revaluation increment/decrement	7,960	-	-	7,960
	7,960	-	-	7,960
Carrying amount at 30 June	421,200	4,443	1,948	427,591

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3) during 2015-16:

	Specialised buildings	Leasehold improvements	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	369,085	5,972	2,146	377,203
Acquisitions	55	-	44	99
Transfer from/to Work in Progress	57,191	197	118	57,506
Gains/(losses) for the period recognised in net result:				
Depreciation and amortisation	(17,093)	(972)	(340)	(18,405)
	(17,093)	(972)	(340)	(18,405)
Gains/(losses) for the period recognised in other comprehensive income:				
Revaluation increment/decrement	(1,941)	-	-	(1,941)
	(1,941)	-	-	(1,941)
Carrying amount at 30 June	407,297	5,197	1,968	414,462

Department for Correctional Services
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24 Payables

	2017	2016
	\$'000	\$'000
Current:		
Creditors ⁽¹⁾	15,997	7,559
Accruals	4,045	3,498
Employment on-costs	3,687	3,190
Paid Parental Leave Scheme payable	21	15
Total current payables	23,750	14,262
Non-Current:		
Employment on-costs	2,806	2,762
Total non-current payables	2,806	2,762
Total payables	26,556	17,024

⁽¹⁾ Creditors include \$8.8 million (\$3.6 million) for additional prisoner accommodation projects.

The Department of Treasury and Finance has performed an actuarial assessment of long service leave as at 30 June 2017. The percentage of long service leave taken as leave has remained at the 30 June 2016 percentage rate of 40%. The average factor for the calculation of employer superannuation on-cost has decreased from the 30 June 2016 percentage rate of 10.2% to 10.1%. These rates are used in the employment on-cost calculation. The financial effect of the change in the superannuation on-cost rate on employment on-costs and employee benefit expense is immaterial.

Interest Rate and Credit risk

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

25 Employee benefits

	2017	2016
	\$'000	\$'000
Current		
Annual leave	13,707	11,400
Long service leave	2,746	2,702
Skills and experience retention leave	569	549
Accrued salaries and wages	3,323	2,520
Unclaimed salaries and wages	4	4
Total current employee benefits	20,349	17,175
Non-current		
Annual leave	1,148	916
Long service leave	27,761	27,320
Skills and experience retention leave	284	271
Total non-current employee benefits	29,193	28,507
Total employee benefits	49,542	45,682

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.

Department for Correctional Services

Notes to and forming part of the financial statements

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 increased from 2016 (2%) to 2017 (2.5%).

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

The net financial effect of the changes in the current financial year is a decrease in the long service leave liability of \$1.257 million and employee benefit expense of \$1.257 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

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

26 Provisions

	2017 \$'000	2016 \$'000
Current:		
Workers compensation - medical and other costs	2,202	2,301
Workers compensation - income maintenance	546	1,390
Total current provisions	2,748	3,691
Non-current:		
Workers compensation - medical and other costs	4,351	3,780
Workers compensation - income maintenance	2,918	2,273
Total non-current provisions	7,269	6,053
Total provisions	10,017	9,744
	2017 \$'000	2016 \$'000
Carrying amount as at 1 July	9,744	11,593
Workers compensation payments	(1,949)	(4,175)
(Decrease)/Increase in provision	2,222	2,326
Carrying amount at 30 June	10,017	9,744

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2017 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.

Department for Correctional Services

Notes to and forming part of the financial statements

27 Equity

	2017 \$'000	2016 \$'000
Retained earnings	85,111	64,020
Prisoner Amenities Reserve	126	1
Asset Revaluation surplus	308,581	298,938
Contributed Capital	145,305	97,638
Carrying amount at 30 June	539,123	460,597

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets to the extent that they offset one another.

The Prisoner Amenities Reserve reflects the funds available to purchase amenities, such as gym equipment, for the specific benefit and use of prisoners. Proceeds from the sale of canteen goods to prisoners net of the cost of certain direct expenses less any associated prisoner amenities expenditure incurred during the financial year is transferred to or from the reserve at year end.

Contributed capital received represents equity contribution from the SA Government under the *Appropriation Act* to fund the investing activities of the department.

Error correction

The following prior period adjustments occurred in 2016-17:

An adjustment of \$5 million relating to a revaluation error for buildings in 2015-16. This was corrected by increasing the buildings at fair value balance by \$5 million as at 30 June 2016, increasing the accumulated depreciation balance as at 30 June 2016 by \$99,000 and increasing the asset revaluation surplus balance by \$4.9 million as at 30 June 2016.

An adjustment of \$249,000 relating to purchased leave. This was corrected by increasing the 1 July 2015 retained earnings balance by \$251,000, decreasing the provision for purchased leave as at 30 June 2015 by \$251,000, increasing the provision for purchased leave during 2015-16 by \$2,000 and decreasing the 2015-16 retained earnings balance by \$2,000 during 2015-16.

An adjustment of \$145,000 relating to a revaluation error for olive grove and citrus grove bearer plants at Cadell in 2015-16. This was corrected by increasing the bearer plants balance by \$145,000 as at 30 June 2016 and increasing the asset revaluation surplus balance by \$145,000 as at 30 June 2016.

An adjustment of \$86,000 relating to the accumulated amortisation of software licences. This was corrected by decreasing the retained earnings balance and also the carrying amount of software licenses as at 30 June 2015 by \$43,000 plus an additional increase in the accumulated amortisation of software licenses and amortisation of software licenses expense of \$43,000 in 2015-16.

28 Unrecognised contractual commitments

	2017 \$'000	2016 \$'000
Contract service commitments		
Within one year	23,245	21,311
Later than one year but not later than five years	34,055	43,059
Total contract service commitments	57,300	64,370

The prisoner movement and in-court management contract was extended for a further 5 years from 1 February 2016 and is due to expire on 31 January 2021.

The electronic monitoring services contract was renewed on 20 January 2017 for a 2 year period. This contract is due to expire on 19 January 2019.

Department for Correctional Services

Notes to and forming part of the financial statements

The management of the Mount Gambier contract was extended on 1 December 2016 for a 12 month period. The contract is due to expire on 30 November 2017. A procurement process is currently underway for the future contractual arrangements for the operation of the Mount Gambier Prison.

The above contracts have provisions for termination by the Crown without penalty to the Crown. However, a termination for convenience by the Crown would attract variable payments and reimbursements specified in the contract depending on the circumstance and amount of the termination notice. The ongoing cancellable commitments (which have not been recognised as liabilities) are noted above.

The above figures:

- are subject to an escalation based on indices not yet published by the Australian Bureau of Statistics, and as a result are not adjusted for inflation and are based on 2016-17 prisoner populations.
- are exclusive of GST.

Operating lease commitments	2017	2016
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:	\$'000	\$'000
Within one year	5,095	5,469
Later than one year but not later than five years	9,513	12,023
Later than five years	1,719	2,264
Total operating lease commitments	16,327	19,756

The department's operating leases are for office accommodation and motor vehicles. Office accommodation is leased from Building Management - Accommodation and Property Services, a branch of the Department of Planning, Transport and Infrastructure. Motor vehicles are leased from SAFA through their agent Leaseplan Australia. The leases are non-cancellable and are payable monthly in advance.

Department for Correctional Services

Notes to and forming part of the financial statements

29 Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the 2016-17 financial year were:

Parole Board of South Australia

Frances Nelson (Presiding Member) (Re-appointed 18 December 2016)	David Haebich
Timothy Bourne (Deputy Presiding Member) (Re-appointed 18 December 2016)	Andrew Kyprianou
Nora Bloor (Re-appointed 18 December 2016)	Susan MacDonald (Re-appointed 18 December 2016) *
Garth Dodd (Re-appointed 18 December 2016)	Katherine McLachlan
Denis Edmonds	Dr Kenneth O'Brien
Terence Groom	

Serious Offender Committee

Vanessa Swan (Chair) *	Alicia Murphy * (Appointed 5 January 2017)
Carmen Bryan * (Appointed 8 December 2016)	Jon Oliver *
Jane Farrin * (Resigned 27 October 2016)	Robert Richardson * (Appointed 20 December 2016)
Danielle Hamann * (Appointed 24 November 2016)	Emma Roesch * (Appointed 10 November 2016)
Ryan Harber * (Resigned 10 November 2016)	Anthony Shillabeer * (Resigned 20 December 2016)
Darren Hosking *	Jodie Sloan
Joanne Leonello *	Paul Taggart *
Hayley Mills *	Brenton Williams *

DCS Audit and Risk Management Committee

Joe Ullianich (Independent Chairperson)	Michael Reynolds *
Jacqui Casey *	Vanessa Swan *
Angela Gransden *	

10by20 Strategic Policy Panel

Nyunggai Mundine AO (Chairperson)	Nikki Govan
Lynn Arnold AO	Mal Hyde AO APM OstJ
Amanda Blair	Michael O'Connell APM *
Emeritus Professor Anne Edwards AO	

All members of the 10by20 Strategic Policy Panel were appointed on 11 August 2016

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

	2017	2016
	Number	Number
The number of members whose remuneration received/receivable falls within the following bands:		
\$0 - \$9,999	23	24
\$10,000 - \$19,999	7	2
\$20,000 - \$29,999	1	2
\$30,000 - \$39,999	5	4
\$40,000 - \$49,999	2	1
\$50,000 - \$59,999	-	-
\$60,000 - \$69,999	1	1
Total	39	34

Department for Correctional Services

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, 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, including superannuation, was \$427 000 (\$321 000).

Amounts paid to a superannuation plan for Board Members was \$37 000 (\$28 000).

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

30 Related Party Transactions

The department is a government administrative unit and is wholly owned and controlled by the Crown.

Related parties of the department include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Significant transactions with government related entities

The department had no significant transactions with government related entities.

Collectively, but not individually significant transactions with government related entities.

Quantitative information about transactions and balances between Department for Correctional Services and other SA Government controlled entities are disclosed at Note 6 and Accommodation and associated lease costs.

Key Management Personnel

Key management personnel of the department include the Minister, the Chief Executive Officer and the members of the Executive Team who have responsibility for the strategic direction and management of the department. The compensation detailed below excludes salaries and other benefits the Minister for Correctional Services receives, the Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

	2017 \$'000
Compensation	
Salaries and other short term employee benefits	1,258
Post-employment benefits	135
Total compensation	1,393

31 Contingent assets and liabilities

The department has a number of common law claims made against it by various claimants. The maximum exposure facing the department in respect of these claims is \$140 000 (\$138 000).

These contingent liabilities are not actual liabilities and have therefore not been included in the financial statements. They represent a potential financial obligation in circumstances which have been deemed to be possible but not probable.

Department for Correctional Services

Notes to and forming part of the financial statements

32 Trust funds

The department holds prisoner monies in a trustee capacity. These monies are excluded from the financial statements as the department cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

	2017	2016
	\$'000	\$'000
Balance at 1 July	654	763
Prisoner monies receipts	7,351	7,291
Prisoner monies payments	(7,265)	(7,400)
Balance at 30 June	740	654

33 Cash flow reconciliation

	2017	2016
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Balance as per the Statement of Cash Flows	50,907	6,547
Cash and cash equivalents disclosed in the Statement of Financial Position	50,907	6,547

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

Net cash provided by (used in) operating activities	48,154	5,508
Less revenues from SA Government	(331,874)	(284,765)
Add payments to SA Government	-	12,190
Add/less non-cash items		
Provision for doubtful debts	-	-
Net gain from the disposal of non-current and other assets	5	-
Depreciation and amortisation expense	(19,830)	(18,876)
Non-current assets in payables	-	4,982

Movements in assets and liabilities

Increase (decrease) in receivables	232	392
Increase (decrease) in inventories	107	230
Increase (decrease) in biological assets	71	142
(Increase) decrease in payables	(3,390)	(1,436)
(Increase) decrease in employee benefits	(3,860)	(5,671)
(Increase) decrease in provisions	(273)	1,849
Net cost of providing services	(310,658)	(285,455)

Department for Correctional Services
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.

		SA Government		Non-SA Government		Total	
		2017	2016	2017	2016	2017	2016
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES							
Employee benefits expenses	5	9,177	8,384	186,321	169,780	195,498	178,164
Supplies and services	6						
Contracts		9	16	34,963	31,631	34,972	31,647
Works and equipment costs		2,016	2,191	3,327	3,114	5,343	5,305
Cost of goods sold - prison industries		2	8	5,205	3,938	5,207	3,946
Cost of goods sold - canteen and kitchen sales		-	1	1,115	1,924	1,115	1,925
Offender related costs		144	505	10,455	8,736	10,599	9,241
Utilities		2,508	2,686	5,279	5,280	7,787	7,966
Consultants		-	-	283	147	283	147
Travel expenses		18	14	1,717	1,573	1,735	1,587
IT costs		2,924	3,611	1,694	786	4,618	4,397
Workers compensation		543	619	1,590	505	2,133	1,124
Staff related costs		70	139	2,119	2,024	2,189	2,163
Contracted staff		-	-	450	451	450	451
Shared Services SA processing charges		2,471	2,388	-	-	2,471	2,388
Insurance charges		1,607	1,418	9	2	1,616	1,420
WHS expenses		5	1	278	303	283	304
Materials and consumables		1	17	638	587	639	604
Board and committee fees		-	-	390	293	390	293
Sundry other expenses		507	501	5,926	7,444	6,433	7,945
Depreciation and amortisation expenses	7	-	-	19,830	18,876	19,830	18,876
Payments to prisoners		-	-	3,773	3,402	3,773	3,402
Accommodation and associated lease costs		10,588	10,270	2,441	1,426	13,029	11,696
Grants	8	12	-	659	620	671	620
Other Expenses	9						
Bad debts expense		-	-	-	11	-	11
Bank charges		-	-	17	23	17	23
Fringe benefits tax		-	-	432	400	432	400
Other		18	38	264	224	282	262
Payments to SA Government	15	-	12,190	-	-	-	12,190
TOTAL EXPENSES		32,620	44,997	289,175	263,500	321,795	308,497

Department for Correctional Services
Notes to and forming part of the financial statements

		SA Government		Non-SA Government		Total	
		2017	2016	2017	2016	2017	2016
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME							
Prison labour	10	64	98	4,454	3,599	4,518	3,697
Salaries and goods and services recoups		797	1,198	1,038	911	1,835	2,109
Interest		-	-	1	1	1	1
Commonwealth revenues	11	-	-	1,102	667	1,102	667
Canteen and kitchen sales	12	2	1	1,126	1,819	1,128	1,820
Net gain from the disposal of non-current and other assets	13	-	-	5	-	5	-
Other income	14						
Grants received		375	367	-	-	375	367
Revenue from recoveries		4	171	184	182	188	353
Internally generated assets		284	15	1	4	285	19
Prison finance		-	-	-	-	-	-
Prisoner telephone receipts		-	-	1,514	1,517	1,514	1,517
Other		-	-	186	302	186	302
Revenues from SA Government	15	331,874	284,765	-	-	331,874	284,765
TOTAL INCOME		333,400	286,615	9,611	9,002	343,011	295,617
FINANCIAL ASSETS							
Receivables	17						
Receivables		128	233	564	466	692	699
Accrued revenue		-	89	-	65	-	154
GST receivable		-	-	2,687	2,314	2,687	2,314
Prepayments - other		-	-	39	19	39	19
TOTAL FINANCIAL ASSETS		128	322	3,290	2,864	3,418	3,186
FINANCIAL LIABILITIES							
Payables	24						
Creditors		12,799	5,730	3,198	1,829	15,997	7,559
Accruals		1,696	2,003	2,349	1,495	4,045	3,498
Employment on-costs		3,371	3,173	3,122	2,779	6,493	5,952
Paid Parental Leave Scheme payable		-	-	21	15	21	15
TOTAL FINANCIAL LIABILITIES		17,866	10,906	8,690	6,118	26,556	17,024

Department for Correctional Services
Notes to and forming part of the financial statements

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

	Original budget (1)	Actual	Variance
	2017	2017	
	\$'000	\$'000	\$'000
Statement of Comprehensive Income	Note		
Expenses			
Employee benefit expenses		188,653	195,498
Supplies and services		102,706	88,263
Depreciation and amortisation expense		21,119	19,830
Payments to prisoners		3,002	3,773
Accommodation and associated lease costs		7,064	13,029
Grants		673	671
Other expenses		547	731
Total expenses		323,764	321,795
Income			
Prison labour		4,985	4,518
Salaries and goods and services recoups		670	1,835
Interest revenue		-	1
Commonwealth revenue		667	1,102
Canteen and kitchen sales		1,218	1,128
Net gain from the disposal of non-current and other assets		-	5
Other income		2,492	2,548
Total income		10,032	11,137
Net cost of providing services		313,732	310,658
Revenues from (Payments To) SA government			
Revenues from SA Government		310,364	331,874
Payments to SA Government		-	-
Net Result		(3,368)	21,216
Other comprehensive income			
<i>Items that will not be reclassified to net results</i>			
Changes in revaluation surplus		-	9,643
Total other comprehensive income		-	9,643
TOTAL COMPREHENSIVE RESULT		(3,368)	30,859

(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 (2016-17 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.

There are no variances where the variances exceeds the greater of 10% of the original budgeted amount and 5% of the original total budgeted expenses

Department for Correctional Services

Notes to and forming part of the financial statements

		Original budget (1)	Actual	Variance
		2017	2017	
		\$'000	\$'000	\$'000
Investing expenditure summary	Note			
Total new projects		4,490	1,403	3,087
Total existing projects	(a)	65,762	51,358	14,404
Total annual programs		2,421	4,854	(2,433)
Total investing expenditure		72,673	57,615	15,058

(1) These budgeted amounts have not been subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2016-17 Budget Paper 4). These amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

(a) Total existing project investing expenditure was lower than the original budget largely due to delays in obtaining the appropriate procurement approvals for the Mount Gambier 160 Bed Accommodation project (originally 112 beds).

36 Financial risk management/Financial instruments

Financial risk management

Risk management is managed by the department's corporate services section and departmental risk management policies are in accordance with the Risk Management Policy Statement issued by the Premier and Treasurer and the principles established in the Australian Standard Risk Management Principles and Guidelines. The department is exposed to financial risk – liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

(a) Categorisation of financial instruments

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

A separate table for the categorisation of financial assets and liabilities has not been included. Refer to Note 16 for Cash and Cash Equivalents, Note 17 for Receivables and Note 24 for Payables. Prepayments, accrued revenue and statutory receivables and payables such as GST receivable, Paid Parental Leave payable and employment on-costs do not qualify as financial assets and liabilities.

(b) Fair value

The department does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these. Refer to Notes 2, 17 and 24.

(c) Credit risk

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

The department has minimal concentration of credit risk. The department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The department does not engage in high risk hedging for its financial assets. No collateral is held as security and no credit enhancements relate to financial assets held by the department.

Department for Correctional Services
Notes to and forming part of the financial statements

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

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

	Not past due and not impaired \$'000	Past due by			Total \$'000
		Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	
2017					
Not impaired:					
Receivables	391	69	17	100	577
Impaired:					
Receivables	-	-	-	4	4
2016					
Not impaired:					
Receivables	337	70	35	157	599
Impaired:					
Receivables	-	-	-	4	4

(d) Maturity analysis

All non-statutory receivables and payables are expected to be settled within 12 months.

(e) Liquidity Risk

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

(f) Market risk

Market risk for the department is primarily through interest rate risk. The department currently holds no interest bearing financial instruments and is not exposed to any market risk.

Department for Correctional Services
Notes to and forming part of the financial statements

37 Disclosure of administered items

	2017	2016
	\$'000	\$'000
Administered income:		
Revenues from Victims of Crime levy	214	194
Mobilong Inmate Charity Fund	-	1
Prisoner Compensation Quarantine Fund	51	74
Revenues from SA Government	262	323
Total administered income	527	592
Administered expenses:		
Victims of Crime levy payments	214	194
Mobilong Inmate Charity Fund	1	2
Prisoner Compensation Quarantine Fund	75	2
Employee benefit expense	262	323
Total administered expenses	552	521
Net result	(25)	71
Administered current assets:		
Cash	72	92
Receivables	-	29
Total administered assets	72	121
Administered current liabilities		
Victims of Crime levy payables	21	16
Minister's Salary payable	-	29
Total administered liabilities	21	45
Net administered assets	51	76
Administered equity		
Retained earnings	51	76
Total administered equity	51	76
Changes in equity		
Balance at 1 July	76	5
Net result	(25)	71
Balance at 30 June	51	76

Department for Correctional Services
Notes to and forming part of the financial statements

	2017 Inflows (Outflows) \$'000	2016 Inflows (Outflows) \$'000
Cash flows from operating activities:		
Cash inflows:		
Victims of Crime levy	214	193
Mobilong Inmate Charity Fund	-	1
Prisoner Compensation Quarantine Fund	51	74
Revenues from SA Government	292	323
Total administered income	557	591
Cash outflows:		
Victims of Crime levy payments	(209)	(193)
Mobilong Inmate Charity Fund	(1)	(2)
Prisoner Compensation Quarantine Fund	(75)	(1)
Employee benefit expense	(292)	(323)
Total administered expenses	(577)	(519)
Net cash inflows (outflows) from operating activities	(20)	72
Net increase (decrease) in cash	(20)	72
Cash at 1 July	92	20
Cash at 30 June	72	92

The department administers but does not control certain resources on behalf of the Attorney-General (Victims of Crime Levy), the Mobilong Inmate Charity Fund, Prisoner Compensation Quarantine Fund and Appropriations from Special Acts for the Minister's salary. It is accountable for the transactions involving these administered resources but does not have the discretion to deploy these resources for the achievement of the department's objectives. Transactions and balances relating to these administered resources are not recognised as departmental income, expenses, cash inflows or cash outflows, assets or liabilities, but are recognised as administered income, expenses, cash inflows, cash outflows, assets or liabilities.

Department for Correctional Services
Notes to and forming part of the financial statements

38 Administered Budgetary Reporting

		Original budget ⁽¹⁾	Actual	Variance
		2017	2017	2017
		\$'000	\$'000	\$'000
EXPENSES:				
Employee benefit expenses	Note (a)	357	262	95
Total expense		357	262	95
INCOME:				
Total income		-	-	-
NET COST OF PROVIDING SERVICES		357	262	95
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:				
Revenue from SA Government		357	262	95
NET RESULT		-	-	-
OTHER COMPREHENSIVE INCOME:				
<i>Items that will not be reclassified to net result</i>				
Changes in revaluation surplus		-	-	-
TOTAL COMPREHENSIVE RESULT		-	-	-

⁽¹⁾ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2016-17 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of Government changes.

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

(a) The hosting arrangement for the Minister's office was transferred to the Attorney General's Department on 1 April 2017 resulting in the under expenditure in employee benefit expenses of \$95,000 during 2016-17.

Department for Correctional Services
Certification of the Financial Statements
For the year ended 30 June 2017

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Department for Correctional Services:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the department; and
- present a true and fair view of the financial position of the Department for Correctional Services as at 30 June 2017 and the results of its operations and cash flows for the financial year.

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



David Brown
Chief Executive

5 September 2017



Chris Sexton
Executive Director
People & Business Services

5 September 2017

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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To the Chief Executive Department for Correctional Services

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Department for Correctional Services for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department for Correctional Services as at 30 June 2017, its financial performance and its cash flows for the then year ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- Disaggregated Disclosures – Expenses and Income for the year ended 30 June 2017
- Disaggregated Disclosures – Assets and Liabilities as at 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive and the Executive Director, People and Business Services.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Department for Correctional Services. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Conduct for Professional Accountants have been met.

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

Responsibilities of the Chief Executive 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 management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

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

Andrew Richardson

Auditor-General

7 September 2017

Country Health SA Local
Health Network Incorporated

Financial report
for the year ended
30 June 2017

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2017

	Note	Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
Expenses					
Staff benefit expenses	4	521,025	531,692	521,025	531,692
Supplies and services	5	302,348	300,778	302,324	300,774
Depreciation and amortisation expense	6	34,307	34,930	18,917	19,461
Grants and subsidies	7	833	888	567	846
Borrowing costs	8	1,396	1,602	1,396	1,602
Net loss from disposal of non-current and other assets	14	187	374	118	293
Other expenses	9	1,973	1,686	6,178	2,855
Total expenses		862,069	871,950	850,525	857,523
Income					
Revenue from fees and charges	10	75,437	75,591	75,437	75,591
Grants and contributions	11	131,284	128,866	132,832	130,849
Interest revenue	12	2,377	2,489	2,077	2,213
Resources received free of charge	13	256	9	224	9
Other revenue	15	4,698	2,902	614	251
Other income	15	53	-	16	-
Total income		214,105	209,857	211,200	208,913
Net cost of providing services		647,964	662,093	639,325	648,610
Revenues from SA Government					
Revenue from SA Government	16	618,230	617,653	618,230	617,653
Total revenues from SA Government		618,230	617,653	618,230	617,653
Total comprehensive result		(29,734)	(44,440)	(21,095)	(30,957)

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

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

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Note	Consolidated		Parent	
		2017	2016	2017	2016
		\$ '000	\$ '000	\$ '000	\$ '000
Current assets					
Cash and cash equivalents	17	24,669	47,549	17,063	41,712
Receivables	18	19,071	25,736	19,016	25,950
Other financial assets	19	90,228	79,373	80,247	70,724
Inventories	20	4,722	4,493	4,722	4,493
Total current assets		138,690	157,151	121,048	142,879
Non-current assets					
Receivables	18	3,234	4,836	3,234	4,836
Other financial assets	19	77	77	-	-
Property, plant and equipment	21	828,852	851,717	426,327	437,183
Intangible assets	22	3,538	824	3,538	824
Total non-current assets		835,701	857,454	433,099	442,843
Total assets		974,391	1,014,605	554,147	585,722
Current liabilities					
Payables	24	36,862	43,624	36,862	43,624
Borrowings	25	3,627	3,380	3,627	3,380
Staff benefits	26	72,427	72,294	72,427	72,294
Provisions	27	6,102	8,260	6,102	8,260
Other liabilities	28	70,550	63,941	70,550	63,941
Total current liabilities		189,568	191,499	189,568	191,499
Non-current liabilities					
Payables	24	3,671	3,953	3,671	3,953
Borrowings	25	15,002	18,642	15,002	18,642
Staff benefits	26	78,923	80,208	78,923	80,208
Provisions	27	7,785	11,127	7,785	11,127
Total non-current liabilities		105,381	113,930	105,381	113,930
Total liabilities		294,949	305,429	294,949	305,429
Net assets		679,442	709,176	259,198	280,293
Equity					
Asset revaluation surplus		178,119	178,215	99,893	99,893
Retained earnings		501,323	530,961	159,305	180,400
Total equity		679,442	709,176	259,198	280,293
The total equity is attributable to the SA Government as owner					
Unrecognised contractual commitments	29				
Contingent assets and liabilities	32				

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
STATEMENT OF CHANGES IN EQUITY
As at 30 June 2017

CONSOLIDATED

	Note	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2015		178,324	577,536	755,860
Total comprehensive result for 2015-16		-	(44,440)	(44,440)
Transfer between equity components		(109)	109	-
Transactions with SA Government as owner				
Net assets received from an administrative restructure	31	-	(1,679)	(1,679)
Net assets transferred as a result of an administrative restructure	31	-	(565)	(565)
Balance at 30 June 2016		178,215	530,961	709,176
Total comprehensive result for 2016-17		-	(29,734)	(29,734)
Transfer between equity components		(96)	96	-
Balance at 30 June 2017		178,119	501,323	679,442

PARENT

	Note	Asset revaluation surplus \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at 30 June 2015		99,893	213,601	313,494
Net result for 2015-16 as previously reported		-	(30,957)	(30,957)
Net result for 2015-16		99,893	182,644	282,537
Transactions with SA Government as owner				
Net assets received from an administrative restructure	31	-	(1,679)	(1,679)
Net assets transferred as a result of an administrative restructure	31	-	(565)	(565)
Balance at 30 June 2016		99,893	180,400	280,293
Total comprehensive result for 2016-17		-	(21,095)	(21,095)
Balance at 30 June 2017		99,893	159,305	259,198

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

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

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
STATEMENT OF CASH FLOWS
For the year ended 30 June 2017

	Note	Consolidated		Parent	
		2017	2016	2017	2016
		\$ '000	\$ '000	\$ '000	\$ '000
Cash flows from operating activities					
Cash outflows					
Staff benefit payments		(540,332)	(511,755)	(538,174)	(511,755)
Payments for supplies and services		(315,730)	(325,562)	(317,881)	(325,536)
Payments for grants and subsidies		(2,930)	(2,455)	(2,664)	(2,413)
Interest paid		(1,396)	(1,602)	(1,396)	(1,602)
Residential aged care bonds refunded		(16,299)	(10,277)	(16,299)	(10,277)
Payments for paid parental leave scheme		(1,932)	(1,954)	(1,932)	(1,954)
Other payments		(2,398)	(1,038)	(2,863)	(1,440)
Cash used in operations		(881,017)	(854,643)	(881,209)	(854,977)
Cash inflows					
Fees and charges		80,200	81,863	80,459	82,378
Grants and contributions		131,934	129,769	133,482	131,752
Interest received		247	665	187	597
GST recovered		18,406	18,816	18,406	18,816
Residential aged care bonds received		23,717	27,225	23,717	27,225
Receipts for paid parental leave scheme		1,907	1,907	1,907	1,907
Other receipts		6,601	4,765	2,480	2,113
Cash generated from operations		263,012	265,010	260,638	264,788
Cash flows from SA Government					
Receipts from SA Government		618,862	614,219	618,862	614,197
Total cash flows from SA Government		618,862	614,219	618,862	614,197
Net cash provided by operating activities		857	24,586	(1,709)	24,008
Cash flows from investing activities					
Cash outflows					
Purchase of property, plant and equipment		(8,343)	(7,828)	(8,343)	(7,756)
Purchase of intangibles		(3,750)	-	(3,750)	-
Purchase of investments		(12,056)	(22,369)	(8,003)	(21,500)
Cash used in investing activities		(24,149)	(30,197)	(20,096)	(29,256)
Cash inflows					
Proceeds from sale of property, plant and equipment		325	220	4	-
Proceeds from sale/maturities of investments		3,336	550	401	-
Cash generated from investing activities		3,661	770	405	-
Net cash provided by/(used in) investing activities		(20,488)	(29,427)	(19,691)	(29,256)

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
STATEMENT OF CASH FLOWS
For the year ended 30 June 2017

	Note	Consolidated		Parent	
		2017	2016	2017	2016
		\$ '000	\$ '000	\$ '000	\$ '000
Cash flows from financing activities					
Cash outflows					
Repayment of finance leases		(2,603)	(2,420)	(2,603)	(2,420)
Repayment of borrowings		(790)	(734)	(790)	(734)
Cash used in financing activities		(3,393)	(3,154)	(3,393)	(3,154)
Cash inflows					
Proceeds from receipt of loan repayments		144	-	144	-
Cash generated from financing activities		144	-	144	-
Net cash provided by/(used in) financing activities		(3,249)	(3,154)	(3,249)	(3,154)
Net increase/(decrease) in cash and cash equivalents		(22,880)	(7,995)	(24,649)	(8,402)
Cash and cash equivalents at the beginning of the period		47,549	55,544	41,712	50,114
Cash and cash equivalents at the end of the period	17	24,669	47,549	17,063	41,712
Non-cash transactions	33				

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

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

1 Objectives of the Country Health SA Local Health Network Incorporated

The Country Health SA Local Health Network Incorporated (the Hospital) is committed to a health system that produces positive health outcomes by focusing on health promotion, illness prevention, early intervention and achieving equitable health outcomes for all South Australians.

The Hospital is part of the SA Health portfolio providing health services for Country and Regional Adelaide, and is responsible to the Minister for Health, the Minister for Mental Health and Substance Abuse and the Minister for Ageing.

The Hospital is structured to contribute to the outcomes for which the portfolio is responsible by providing health and related services across the country region including primary health services to Aboriginal communities in Ceduna, Port Augusta and surrounding areas and financial assistance to individuals through the Patient Assistance Transport Scheme.

Health Advisory Councils (HACs) were established under the *Health Care Act 2008* (the Act) to provide a more coordinated, strategic and integrated health care system to meet the health needs of South Australians. HAC's are consultative bodies that advise and make recommendations to the Chief Executive of the Department for Health and Ageing (the Department) and the Chief Executive Officer of the Hospital on issues related to specific groups or regions.

HAC's may be incorporated or non-incorporated. Incorporated HAC's in country South Australia hold assets, manage bequests and provide advice on local health service needs and priorities. The Country Health SA Local Health Network Advisory Council Incorporated holds assets on behalf of non-incorporated HAC's.

The Chief Executive Officer administers and manages the Hospital under delegation from the Chief Executive of the Department and is accountable to the Chief Executive of the Department.

1.1 Reporting Entity

The Act became effective on 1 July 2008 and as a consequence the former Hospitals and Incorporated Health Centres were abolished and became sites of the (then) new Country Health SA Hospital Incorporated. At the same time the incorporated and non-incorporated HACs were established. Effective 1st July 2011 Country Health SA Hospital Incorporated was renamed to Country Health SA Local Health Network Incorporated.

The consolidated accounts of the Hospital include the assets, liabilities, revenues and expenses of the parent entity, the HAC's and the incorporated HAC's gift fund trusts. These funds are trusts administered by each HAC pursuant to a Declaration of Trust. The fund receives donations, gifts and bequests from the public which are applied by the Trustee to improve the services offered by the HAC.

The consolidated financial statements have been prepared by combining the financial statements of all entities that comprise the consolidated entity being the Hospital and the HACs, in accordance with *AASB 10 Consolidated Financial Statements*. Consistent accounting policies have been applied and all inter-entity balances and transactions arising within the consolidated entity have been eliminated in full. Information on the consolidated entity's interests in other entities is at Note 34.

The Hospital has administered activities and resources. Transactions and balances relating to administered resources are not recognised as the Hospital's controlled income, expenses, assets and liabilities. As administered items are insignificant in relation to the Hospital's overall financial performance and position, they are disclosed in the Schedule of Administered Financial Statements following the general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the Hospital's transactions.

2 Significant accounting policies

2.1 Statement of compliance

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

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

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

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

2.2 Basis of preparation

The preparation of the financial statements requires:

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

The financial statements have been prepared based on a 12 month period; presented in Australian currency; and have used the historical cost convention unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

2.3 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, or as otherwise noted.

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

2.4 Rounding

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

2.5 Taxation

The Hospital is not subject to income tax. The Hospital is liable for 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 (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

The 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

2.6 Continuity of Operations

As at 30 June 2017, the Hospital had working capital deficiency of \$50.878 million (\$34.348 million deficiency). The SA Government is committed and has consistently demonstrated a commitment to the ongoing funding of the Hospital to enable it to perform its functions.

2.7 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.

The Hospital is not aware of any material events occurring between the end of the reporting period and when the financial statements were authorised.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

2.8 Current and non-current classification

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

2.9 Non-current assets

a. Acquisition and recognition of non-current assets

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. Where assets are acquired at no or nominal value as part of a restructure of administrative arrangements, the assets are recorded at the value held by the transferor public authority prior to the restructure.

The Hospital capitalises all non-current tangible property, plant and equipment and intangible assets that it controls valued at or greater than \$10,000. Assets recorded as works in progress represent projects physically incomplete as at the reporting date. Componentisation of complex assets is generally performed when the complex asset's fair value at the time of acquisition is equal to or greater than \$5 million for infrastructure assets and \$1 million for other assets.

b. Depreciation and amortisation of non-current assets

All non-current assets, that have a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

The useful lives, depreciation and amortisation methods of all major assets held by the Hospital are reassessed on an annual basis.

Changes in 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 or revised remaining useful life of the following classes of assets as follows:

<u>Class of asset</u>	<u>Useful life (years)</u>
Buildings and improvements	10 - 80
Leasehold improvements	Life of lease
Plant and equipment:	
• Medical, surgical, dental and biomedical equipment and furniture	2-20
• Computing equipment	3-5
• Vehicles	2-20
• Other plant and equipment	3-30
Intangibles	5-10

c. Revaluation of non-current assets

All non-current tangible assets are valued at fair value (written down cost).

The Hospital revalues all land, buildings and site improvements triennially via a Certified Practicing Valuer. A triennial revaluation of other non-current assets by a Certified Practicing Valuer is only performed when the asset's fair value at the time of acquisition is greater than \$1 million and the estimated useful life exceeds three years.

If at any time management considers that the carrying amount of an asset greater than \$1 million materially differs from its fair value, then the asset will be revalued regardless of when the last revaluation took place.

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

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class, but are not offset in respect of assets in different classes.

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 asset revaluation surplus relating to that asset is transferred to retained earnings.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

d. Impairment

The Hospital holds its property, plant and equipment and intangible assets for their service potential (value in use). All non-current tangible assets are valued at fair value. Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be closer to or greater than fair value. 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. The 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 that class of assets, to the extent that the impairment loss does not exceed the amount in the respective asset revaluation surplus.

e. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost and are tested for indications of impairment at each reporting date. 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 Hospital has aged care bed licences which have an indefinite useful life therefore no amortisation is recognised.

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.

Capitalised software is amortised over the useful life of the asset.

f. 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 Hospital 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.

In determining fair value, the Hospital 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 and financially feasible).

The Hospital's current use is the highest and best use of the asset unless other factors suggest an alternative use. As the Hospital 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 21 and 23 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

2.10 Liabilities - Staff benefits

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

Salaries, wages, annual leave, SERL and sick leave

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

The annual leave liability and the SERL liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages, annual leave and SERL liability are payable later than 12 months, the liability will be measured at present value.

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

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Long service leave

The liability for LSL was determined through an actuarial assessment undertaken by Mercer Consulting (Australia) Pty Ltd, in accordance with AASB 119 *Employee Benefits*.

The estimated liability for LSL is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over the health 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.

2.11 Equity

The Hospital uses the asset revaluation surplus 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.

2.12 Correction of a prior period error

Prior Period Reclassification

The comparative informative at Note 5 and 7 has been amended to better reflect the nature of the transactions.

3 New and revised accounting standards and policies

The Hospital did not voluntarily change any of its accounting policies during 2016-17.

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 Consolidated Entity for the period ending 30 June 2017. The Hospital 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 Hospital, except as outlined below.

Reference	Title and date of Standard application	Summary	Impact on Financial Statements	Application date for agency
AASB 15	<i>Revenue from Contracts with Customers</i> 1 Jan 2019	AASB 15 is the new standard for revenue recognition and replaces AASB 111 Construction Contracts and AASB 118 Revenue. It establishes a comprehensive framework for determining whether, how and when revenue is recognised. The principle in the new standard is 'when control of a good or service transfers to a customer' rather than 'when the risk and rewards of ownership reside'	The Hospital is currently assessing the impact of AASB 15 and has identified there could be a potential impact on the timing of the recognition of revenue from fees and charges. At this stage, the Hospital is not able to estimate the impact of AASB 15 on its financial statements. The Hospital will make a more detailed assessment of the impact over the next 12 months.	1 July 2019

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Reference	Title and date of Standard application	Summary	Impact on Financial Statements	Application date for agency
AASB 16	<i>Leases</i> 1 January 2019	This new standard introduces a single accounting model for lessees. The standard 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. In effect, the majority of leases currently classified as operating leases will be reported on the Statement of Financial Position. 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 the Hospital to record almost all operating leases arrangements on the Statement of Financial Position. There will be significant work for the Hospital to report these assets and liabilities due to the large scale of it's leasing activities. The Hospital has not yet quantified the impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 to its current operating lease arrangements.	1 July 2019
AASB 1058	<i>Income of Not-for-Profit Entities</i> 1 Jan 2019	This standard clarifies and simplifies the income recognition requirements that apply to not-for-profit entities in conjunction with AASB 15. AASB 15 and 1058 will supersede the majority of income recognition requirements relating to public sector not-for-profit entities, previously in AASB 1004. The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation or a contribution by owners related to an asset received by the entity. AASB 1058 applies when a not-for-profit entity receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.	The Hospital is currently assessing the impact of AASB 1058 and has identified there could be a potential impact on the timing of the recognition of grant revenue and disclosures relating to volunteer services, whether recognised or not. At this stage, the Hospital is not able to estimate the impact of AASB 1058 on its financial statements. The Hospital will make a more detailed assessment of the impact over the next 12 months.	1 July 2019

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4 Staff benefit expenses	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Salaries and wages	425,716	417,118	425,716	417,118
TVSP (refer below)	724	18	724	18
Long service leave (LSL)	7,602	21,247	7,602	21,247
Annual leave	40,754	39,585	40,754	39,585
Skills and experience retention leave (SERL)	2,198	2,015	2,198	2,015
Staff on-costs - superannuation*	44,534	44,892	44,534	44,892
Workers compensation	(820)	6,395	(820)	6,395
Board and committee fees	75	78	75	78
Other staff related expenses	242	344	242	344
Total staff benefit expenses	521,025	531,692	521,025	531,692

* The superannuation employment on-cost charge represents the Hospital's contribution to superannuation plans in respect of current services of the Hospital's current employees. The Department of Treasury and Finance (DTF) centrally recognises the superannuation liability in the whole-of-government financial statements.

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Targeted voluntary separation packages (TVSPs)				
Amount paid during the reporting period to separated staff:				
TVSPs	724	18	724	18
Annual leave, LSL and SERL paid to those employees	317	9	317	9
	1,041	27	1,041	27
Number of staff who received a TVSP during the reporting period	8	1	8	1

Remuneration of staff	Consolidated		Parent	
	2017	2016	2017	2016
The number of staff whose remuneration received or receivable falls within the following bands:	Total Number	Total Number	Total Number	Total Number
\$145,000 - \$147,000*	na	8	na	8
\$147,001 - \$157,000	32	22	32	22
\$157,001 - \$167,000	19	8	19	8
\$167,001 - \$177,000	6	2	6	2
\$177,001 - \$187,000	4	6	4	6
\$187,001 - \$197,000	3	3	3	3
\$197,001 - \$207,000	3	2	3	2
\$207,001 - \$217,000	5	1	5	1
\$217,001 - \$227,000	1	4	1	4
\$227,001 - \$237,000	-	3	-	3
\$237,001 - \$247,000	1	2	1	2
\$247,001 - \$257,000	2	1	2	1
\$257,001 - \$267,000	1	-	1	-
\$267,001 - \$277,000	3	2	3	2
\$277,001 - \$287,000	1	2	1	2
\$287,001 - \$297,000	1	4	1	4
\$297,001 - \$307,000	1	3	1	3
\$307,001 - \$317,000	1	3	1	3
\$317,001 - \$327,000	5	-	5	-
\$327,001 - \$337,000	7	-	7	-
\$337,001 - \$347,000	3	1	3	1
\$347,001 - \$357,000	2	2	2	2
\$357,001 - \$367,000	2	1	2	1
\$367,001 - \$377,000	-	1	-	1

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Remuneration of staff The number of staff whose remuneration received or receivable falls within the following bands:	Consolidated		Parent	
	2017	2016	2017	2016
	Total Number	Total Number	Total Number	Total Number
\$377,001 - \$387,000	1	1	1	1
\$387,001 - \$397,000	1	-	1	-
\$397,001 - \$407,000	2	3	2	3
\$407,001 - \$417,000	-	3	-	3
\$417,001 - \$427,000	1	1	1	1
\$427,001 - \$437,000	3	3	3	3
\$437,001 - \$447,000	-	2	-	2
\$447,001 - \$457,000	2	2	2	2
\$457,001 - \$467,000	1	1	1	1
\$467,001 - \$477,000	4	1	4	1
\$477,001 - \$487,000	-	1	-	1
\$487,001 - \$497,000	1	1	1	1
\$507,001 - \$517,000	2	-	2	-
\$517,001 - \$527,000	2	1	2	1
\$527,001 - \$537,000	1	-	1	-
\$537,001 - \$547,000	-	1	-	1
\$547,001 - \$557,000	1	1	1	1
\$557,001 - \$567,000	1	-	1	-
\$567,001 - \$577,000	1	-	1	-
\$577,001 - \$587,000	1	1	1	1
\$587,001 - \$597,000	1	-	1	-
\$607,001 - \$617,000	-	2	-	2
\$627,001 - \$637,000	1	1	1	1
\$637,001 - \$647,000	1	-	1	-
\$667,001 - \$677,000	1	-	1	-
Total number of staff	132	107	132	107

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration for 2015-16.

Total remuneration received or due and received by employees included above:	Consolidated				Parent			
	2017		2016		2017		2016	
	No.	\$'000	No.	\$'000	No.	\$'000	No.	\$'000
Medical (excluding Nursing) remuneration	65	24,181	63	21,356	65	24,181	63	21,356
Executive remuneration	12	2,661	13	2,717	12	2,661	13	2,717
Nursing remuneration	52	8,708	27	4,107	52	8,708	27	4,107
Non-medical (i.e. administration) remuneration	3	488	4	687	3	488	4	687
Total	132	36,038	107	28,867	132	36,038	107	28,867

The table includes all staff who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

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5 Supplies and services	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Administration	2,030	1,628	2,018	1,628
Advertising	1,096	347	1,096	347
Communication	3,748	3,915	3,748	3,915
Computing	10,026	10,212	10,026	10,212
Contractors	1,695	1,691	1,695	1,691
Contractors - agency staff	13,351	13,997	13,351	13,997
Consultants	95	146	95	146
Contract of services	21,166	21,991	21,166	21,991
Drug supplies	8,028	8,426	8,028	8,426
Electricity, gas and fuel	8,615	8,924	8,615	8,924
Fee for service	80,560	79,387	80,560	79,387
Finance lease contingent rentals	2,359	2,260	2,359	2,260
Food supplies	9,461	9,566	9,461	9,566
Housekeeping	7,350	7,560	7,350	7,560
Insurance	7,567	7,251	7,567	7,251
Internal SA Health SLA payments	4,727	6,537	4,727	6,537
Interstate patient transfers	3	-	3	-
Legal	175	131	175	131
Medical, surgical and laboratory supplies	38,303	38,601	38,303	38,601
Minor equipment	5,434	3,096	5,434	3,096
Motor vehicle expenses	1,664	2,230	1,664	2,230
Occupancy rent and rates	3,713	5,329	3,713	5,329
Patient transport	19,464	19,127	19,464	19,127
Payments to Shared Services SA	6,855	6,527	6,855	6,527
Postage	1,145	1,155	1,145	1,155
Printing and stationery	2,908	2,995	2,908	2,995
Rental expense on operating lease*	5,485	4,222	5,485	4,222
Repairs and maintenance	25,304	22,299	25,304	22,299
Security	983	670	983	670
Staff training and development	2,495	3,237	2,495	3,237
Staff travel expenses	2,272	2,724	2,272	2,724
Other supplies and services	4,271	4,597	4,259	4,593
Total supplies and services	302,348	300,778	302,324	300,774

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

Professional indemnity and general public insurance

Professional indemnity and general public liability claims arising from the Hospital's operations are managed as part of the State Government Insurance Program. The Hospital pays an annual premium to the Department. The Department and the SA Government Financing Authority, SAICORP Division are responsible for meeting the cost of any claims. Consequently, no provision for these claims is recognised in the Hospital's financial statements.

The number and dollar amount of consultancies paid/payable included in supplies and services expense) that fell within the following bands:	Consolidated				Parent			
	2017		2016		2017		2016	
	No.	\$'000	No.	\$'000	No.	\$'000	No.	\$'000
Below \$10,000	1	9	-	-	1	9	-	-
Above \$10,000	1	86	3	146	1	86	3	146
Total paid/payable to consultants engaged	2	95	3	146	2	95	3	146

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The 2016 comparative information for supplies and services has been amended to better reflect the nature of the transactions in accordance with Note 2.12 above. Reclassification has occurred from Note 7 Grants and subsidies. The amendments made had no impact on reported equity.

The following significant adjustments were made to the 2016 comparative information:

		Consolidated		Parent	
		2016	2016	2016	2016
		Reported	Adjusted	Reported	Adjusted
		\$'000	\$'000	\$'000	\$'000
Contractors		1,590	1,691	1,590	1,691
Contract of services		-	21,991	-	21,991
Fee for service		78,865	79,387	78,865	79,387
6 Depreciation and amortisation expense		Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
Buildings and improvements		29,818	31,016	14,428	15,547
Medical, surgical, dental and biomedical equipment		2,501	2,816	2,501	2,816
Other plant and equipment		878	934	878	934
Leasehold improvements		74	128	74	128
Intangible assets		1,036	36	1,036	36
Total depreciation and amortisation		34,307	34,930	18,917	19,461
7 Grants and subsidies		Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
	Note				
Capital grants		14	-	14	-
Subsidies		2	-	2	-
Funding to non-government organisations		515	846	515	846
Other		302	42	36	-
Total grants and subsidies		833	888	567	846

The grants given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation. Contributions payable will be recognised as a liability and an expense when the Hospital has a present obligation to pay the contribution and the expense recognition criteria are met.

The 2016 comparative information for grants and subsidies has been amended to better reflect the nature of the transactions in accordance with Note 2.12 above. Reclassification has occurred from Note 5 Supplies and services. The amendments made had no impact on reported equity.

The following significant adjustments were made to the 2016 comparative information:

		Consolidated		Parent	
		2016	2016	2016	2016
		Reported	Adjusted	Reported	Adjusted
		\$'000	\$'000	\$'000	\$'000
Recurrent grants		97	-	97	-
Subsidies		95	-	95	-
Funding to non-government organisations		22,866	846	22,866	864
Other		444	42	402	-

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8	Borrowing costs	Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
	Finance charges on finance leases	1,306	1,468	1,306	1,468
	Interest on borrowings	86	127	86	127
	Other finance charges	4	7	4	7
	Total borrowing cost	1,396	1,602	1,396	1,602

The Hospital does not capitalise borrowing costs. The total borrowing costs from financial liabilities not at fair value through profit and loss was \$1.396 million (\$1.602 million).

9	Other expenses	Note	Consolidated		Parent	
			2017	2016	2017	2016
			\$'000	\$'000	\$'000	\$'000
	Bad and doubtful debts	18	285	130	285	130
	Bank fees and charges		24	46	24	44
	Donated assets expense		-	314	3,740	1,479
	Net loss on revaluation of investments		-	20	-	20
	Other*		1,664	1,176	2,129	1,182
	Total other expenses		1,973	1,686	6,178	2,855

Donated assets expense includes transfer of buildings and improvements and is recorded as expenditure at their fair value.

* Audit fees paid or payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$0.454 million (\$0.528 million) and to Galpins Accountants Auditors and Business Consultants were \$0.228 million (\$0.227 million). No other services were provided by the Auditor-General's Department.

10	Revenue from fees and charges	Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
	Ambulance transport	-	1	-	1
	Insurance recoveries	9	28	9	28
	Patient and client fees	19,351	18,231	19,351	18,231
	Private practice fees	1,620	1,137	1,620	1,137
	Recoveries	15,843	15,037	15,843	15,037
	Residential and other aged care charges	26,835	26,913	26,835	26,913
	Sale of goods - medical supplies	1,469	1,798	1,469	1,798
	Other user charges and fees	10,310	12,446	10,310	12,446
	Total fees and charges	75,437	75,591	75,437	75,591

11	Grants and contributions	Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
	Commonwealth grants and donations	41,206	38,920	41,206	38,920
	Commonwealth aged care subsidies	74,080	72,387	74,080	72,387
	SA Government Capital contributions	-	-	969	1,334
	Other SA Government grants and contributions	7,474	8,664	8,053	9,313
	Private sector capital contributions	-	156	-	156
	Private sector grants and contributions	8,524	8,739	8,524	8,739
	Total grants and contributions	131,284	128,866	132,832	130,849

Contributions are recognised as an asset and income when the Hospital obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met.

The grants received are usually subject to terms and conditions set out in the contract, correspondence, or by legislation.

Of the \$131.284 million (\$128.866 million) received in 2016-17, \$131.284 million (\$128.866 million) was provided for specific purposes such as aged care, community health services and other related health services.

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12 Interest revenue	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Interest from SAFA	24	28	24	28
Bank interest	2,353	2,461	2,053	2,185
Total interest revenue	2,377	2,489	2,077	2,213

13 Resources received free of charge	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Land and buildings	200	-	200	-
Plant and equipment	24	9	24	9
Other	32	-	-	-
Total resources received free of charge	256	9	224	9

Resources received free of charge include property, plant and equipment and are recorded at their fair value.

14 Net gain/(loss) from disposal of non-current and other assets	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Land and buildings:				
Proceeds from disposal	307	220	-	-
Net book value of assets disposed	(457)	(309)	(98)	(17)
Less other costs of disposal	(17)	(9)	-	-
Net gain/(loss) from disposal of land and buildings	(167)	(98)	(98)	(17)

Plant and equipment:				
Proceeds from disposal	4	-	4	-
Net book value of assets disposed	(23)	(276)	(23)	(276)
Less other costs of disposal	(1)	-	(1)	-
Net gain/(loss) from disposal of plant and equipment	(20)	(276)	(20)	(276)

Non-current assets held for sale:				
Proceeds from disposal	32	-	-	-
Net book value of assets disposed	(32)	-	-	-
Net gain/(loss) from disposal of non-current assets held for resale	-	-	-	-

Total assets:				
Total proceeds from disposal	343	220	4	-
Less total value of assets disposed	(512)	(585)	(121)	(293)
Less other costs of disposal	(18)	(9)	(1)	-
Total net gain/(loss) from disposal of assets	(187)	(374)	(118)	(293)

Gains or losses on disposal are recognised at the date control of the asset is passed from the Hospital and are determined after deducting the cost of the asset from the proceeds at that time. When revalued assets are disposed, the revaluation surplus is transferred to retained earnings.

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15 Other revenues/income	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Commissions revenue	17	13	17	13
Dividend revenue	2	4	2	4
Training revenue	5	2	5	2
Donations	4,583	3,059	548	439
Car parking revenue	3	3	3	3
Other	88	(179)	39	(210)
Total other revenues	4,698	2,902	614	251
Other	53	-	16	-
Total other income	53	-	16	-

16 Revenue from SA Government	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Recurrent funding	604,221	604,729	604,221	604,729
Capital funding	14,009	12,924	14,009	12,924
Total revenues from Department for Health and Ageing	618,230	617,653	618,230	617,653

The Department for Health and Ageing (DHA) provides recurrent and capital funding under a service level agreement to the Hospital for the provision of general health services. Contributions from DHA are recognised as revenues when the Hospital obtains control over the funding. Control over the funding is normally obtained upon receipt.

17 Cash and cash equivalents	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Cash at bank or on hand - non-government financial institutions	19,354	30,170	11,807	24,333
Deposits with Treasurer	5,209	17,272	5,209	17,272
Imprest account/cash on hand	106	107	47	107
Total cash	24,669	47,549	17,063	41,712

Cash is measured at nominal amounts.

The Hospital receives specific purpose funds from various sources including government, private sector and individuals. The amounts are controlled by the Hospital, and are used to help achieve the Hospital objectives, notwithstanding that specific uses can be determined by the grantor or donor. Amounts are treated as revenue at the time they are earned or at the time control passes to the Hospital.

The Government has a policy to align agency cash balances with the appropriation and expenditure authority.

Deposits with the Treasurer

The Hospital operates through the Department's two deposit accounts held with the Treasurer, one general operating account and one special purpose deposit account. The Hospital earns interest on the special deposit account and does not earn interest on the general operating account held with the Treasurer.

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18 Receivables	Note	Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
Current					
Patient/client fees					
Compensable		623	1,243	623	1,243
Aged care		3,774	5,285	3,774	5,285
Other		3,553	3,359	3,553	3,359
Debtors		3,526	5,982	3,517	5,982
Less: allowance for doubtful debts	18.1	(1,446)	(2,095)	(1,446)	(2,095)
Prepayments		655	673	655	673
Loans		144	144	144	144
Interest income receivable		650	639	575	590
Sundry receivables and accrued revenue		3,208	5,278	3,223	5,543
GST recoverable		999	880	1,013	878
Workers compensation provision recoverable		3,385	4,348	3,385	4,348
Total current receivables		19,071	25,736	19,016	25,950
Non-Current					
Debtors		89	125	89	125
Loans		-	144	-	144
GST recoverable		1,261	1,515	1,261	1,515
Workers compensation provision recoverable		1,884	3,052	1,884	3,052
Total non-current receivables		3,234	4,836	3,234	4,836
Total receivables		22,305	30,572	22,250	30,786

18.1 Movement in the allowance for doubtful debts

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

An allowance for impairment loss has been recognised in other expenses in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Movements in the allowance for doubtful debts (impairment loss)				
Carrying amount at the beginning of the period	2,095	2,110	2,095	2,110
Amounts written off	(294)	(270)	(294)	(270)
Increase/(Decrease) in allowance recognised in the Statement of Comprehensive Income	(355)	255	(355)	255
Carrying amount at the end of the period	1,446	2,095	1,446	2,095

The Hospital has recognised a bad a doubtful debt expense of \$0.285 million (\$0.130 million).

Interest rate and credit risk

Receivables arise in the normal course of selling goods and services to other agencies and to the public. The Hospital's trading terms for receivables are generally 30 days, after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Hospital will not be able to collect the debt. 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 30 for further information on risk management.

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19 Other financial assets	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Current				
Term deposits:				
Finance institutions	88,862	78,051	78,881	69,402
SA Government Financing Authority	1,279	1,253	1,279	1,253
Other investments	87	69	87	69
Total current investments	90,228	79,373	80,247	70,724
Non-current				
Term deposits:				
Other investments	77	77	-	-
Total non-current investments	77	77	-	-
Total investments	90,305	79,450	80,247	70,724

The Hospital measures financial assets and debts at historical cost, except for listed equities which are measured at market value.

Refer to Note 30 for further information on risk management.

20 Inventories	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Current - held for distribution				
Materials at cost:				
Drug supplies	1,312	1,263	1,312	1,263
Medical, surgical and laboratory supplies	2,641	2,443	2,641	2,443
Food and hotel supplies	553	589	553	589
Engineering supplies	36	32	36	32
Other	180	166	180	166
Total current inventories - held for distribution	4,722	4,493	4,722	4,493

Inventories held for distribution at no or nominal consideration, are measured at the lower of average weighted cost and replacement cost. All other inventories are measured at the lower of average weighted cost or their net realisable value.

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

21 Property, plant and equipment	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Land and buildings				
Land	46,751	46,911	18,925	18,805
Buildings and improvements	826,456	817,744	419,593	414,533
Accumulated depreciation - buildings and improvements	(63,540)	(33,730)	(31,376)	(16,947)
Buildings and improvements under construction (work in progress)	3,696	6,680	3,696	6,680
Total land, buildings and improvements	813,363	837,605	410,838	423,071
Leasehold improvements				
Leasehold improvements at fair value	741	741	741	741
Accumulated amortisation	(741)	(667)	(741)	(667)
Total leasehold improvements	-	74	-	74

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	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Plant and equipment				
Medical, surgical, dental and biomedical equipment at cost (deemed fair value)	36,119	35,426	36,119	35,426
Accumulated depreciation - medical, surgical, dental and biomedical	(30,298)	(29,656)	(30,298)	(29,656)
Other plant and equipment at cost (deemed fair value)	18,369	18,067	18,369	18,067
Accumulated depreciation - other plant and equipment	(12,003)	(11,502)	(12,003)	(11,502)
Plant and equipment under construction (work in progress)	3,302	1,703	3,302	1,703
Total plant and equipment	15,489	14,038	15,489	14,038
Total property, plant and equipment	828,852	851,717	426,327	437,183

Valuation of land and buildings

An independent valuation of land and buildings, including site improvements, was performed in May 2015 by a Certified Practising Valuer from Liquid Pacific Holdings Pty Ltd, as at 1 June 2015.

The valuer arrived at the fair value of unrestricted land using the market approach. The valuation was based on recent market transactions for similar land and buildings (non-specialised) in the area and includes adjustment for factors specific to the land and buildings being valued such as size, location and current use.

The valuer used depreciated replacement cost for specialised land and buildings, due to there not being an active market for such land and buildings. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature of the assets, including the restricted use of the assets; the size, condition, location and current use of the assets. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

Impairment

There were no indications of impairment of property, plant and equipment and infrastructure assets at 30 June 2017.

22 Intangible assets

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Computer software	3,931	181	3,931	181
Accumulated amortisation - computer software	(1,093)	(57)	(1,093)	(57)
Residential aged care bed licences*	700	700	700	700
Total intangible assets	3,538	824	3,538	824

*Residential aged care bed licences that are purchased are initially recorded at cost. Bed licences that are received for no consideration from the Commonwealth Government are recognised at their fair value at the date of implementation, having regard to recent sale activity within SA's country areas and the relaxation of ceiling limits on bed licenses, the Hospital has recorded these licences at Nil value.

Impairment

There were no indications of impairment of intangible assets at 30 June 2017.

23 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 Hospital categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement as follows:

Fair value measurements at 30 June 2017

	Consolidated			Parent		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements						
Land (Note 21)	46,751	-	46,751	18,925	-	18,925
Buildings and improvements (Note 21)	-	762,916	762,916	-	388,217	388,217
Plant and equipment (Note 21)	-	12,187	12,187	-	12,187	12,187
Total	46,751	775,103	821,854	18,925	400,404	419,329

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Fair value measurements at 30 June 2016						
	Consolidated			Parent		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements						
Land (Note 21)	46,911	-	46,911	18,805	-	18,805
Buildings (Note 21)	-	784,014	784,014	-	397,586	397,586
Leasehold improvements (Note 21)	-	74	74	-	74	74
Plant and equipment (Note 21)	-	12,335	12,335	-	12,335	12,335
Total	46,911	796,423	843,334	18,805	409,995	428,800

There are no non-recurring fair value measurements.

Valuation techniques and inputs

Land fair values were derived by using Level 2 valuation inputs, being recent sales transactions of other similar land holdings within the region, adjusted for differences in key attributes such as property size, zoning and any restrictions on use.

Due to the predominantly specialised nature of health service assets, the majority of building and plant and equipment valuations have been undertaken using a cost approach (depreciated replacement cost), an accepted valuation methodology under AASB 13. The extent of unobservable inputs and professional judgement required in valuing these assets is significant, and as such they are deemed to have been valued using Level 3 valuation inputs.

Unobservable inputs used to arrive at final valuation figures included:

- Estimated remaining useful life, which is an economic estimate and by definition, is subject to economic influences;
- Cost rate, which is the estimated cost to replace an asset with the same service potential as the asset undergoing valuation (allowing for over-capacity), and based on a combination of internal records including: refurbishment and upgrade costs, historical construction costs, functional utility users, industry construction guides, specialised knowledge and estimated acquisition/transfer costs;
- Characteristics of the asset, including condition, location, any restrictions on sale or use and the need for ongoing provision of Government services;
- Effective life, being the expected life of the asset assuming general maintenance is undertaken to enable functionality but no upgrades are incorporated which extend the technical life or functional capacity of the asset; and
- Depreciation methodology, noting that AASB 13 dictates that regardless of the depreciation methodology adopted, the exit price should remain unchanged.

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Reconciliation of property, plant and equipment and investment properties

The following table shows the movement

Consolidated
2016-17

	Land and buildings				Plant and equipment						Total \$'000
	Buildings		Buildings under finance lease \$'000	Capital works in progress land and buildings \$'000	Leasehold improvements \$'000	Medical/surgical/dental/biomedical \$'000	Other plant and equipment \$'000	Plant and equipment under finance lease \$'000	Capital works in progress plant and equipment \$'000		
	Land \$'000	Buildings \$'000									
Carrying amount at beginning of the period											
Additions	-	83	-	6,680	74	5,770	6,556	9	1,703	851,717	
Assets received free of charge	120	80	-	5,677	-	924	298	-	3,680	10,662	
Disposals	(280)	(79)	-	(98)	-	(3)	(16)	-	(4)	224	
Transfers between asset classes	-	8,564	72	(8,563)	-	1,607	397	-	(2,077)	(480)	
Subtotal:	46,751	704,091	88,643	3,696	74	8,322	7,235	9	3,302	862,123	
Gains/(losses) for the period recognised in net result:											
Depreciation and amortisation	-	(27,836)	(1,982)	-	(74)	(2,501)	(877)	(1)	-	(33,271)	
Subtotal:	-	(27,836)	(1,982)	-	(74)	(2,501)	(877)	(1)	-	(33,271)	
Carrying amount at the end of the period											
	46,751	676,255	86,661	3,696	-	5,821	6,358	8	3,302	828,852	

All property, plant and equipment are classified in the level 3 fair value hierarchy except for Investment properties and land (classified as level 2) and capital works in progress (not classified).

2015-16

All property, plant and equipment are classified in the level 3 fair value hierarchy except for Investment properties and land (classified as level 2) and capital works in progress (not classified).

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Parent 2016-17	Land and buildings											Total \$'000
	Land and buildings					Plant and equipment						
	Land \$'000	Buildings \$'000	Buildings under finance lease \$'000	Buildings under finance lease \$'000	Capital works in progress land and buildings \$'000	Leasehold improve- ments \$'000	Medical/ surgical/ dental/ biomedical \$'000	Other plant and equipment \$'000	Plant and equipment under finance lease \$'000	Capital works in progress plant and equipment \$'000		
Carrying amount at beginning of the period	18,805	309,015	88,571		6,680	74	5,770	6,556	9	1,703	437,183	
Additions	-	83	-		5,677	-	924	298	-	3,680	10,662	
Assets received free of charge	120	80	-		-	-	24	-	-	-	224	
Disposals	-	-	-		(98)	-	(3)	(16)	-	(4)	(121)	
Donated assets disposal	-	-	-		(3,740)	-	-	-	-	-	(3,740)	
Transfers between asset classes	-	4,824	72		(4,823)	-	1,607	397	-	(2,077)	-	
Subtotal:	18,925	314,002	88,643		3,696	74	8,322	7,235	9	3,302	444,208	
Gains/(losses) for the period recognised in net result:												
Depreciation and amortisation	-	(12,446)	(1,982)		-	(74)	(2,501)	(877)	(1)	-	(17,881)	
Subtotal:	-	(12,446)	(1,982)		-	(74)	(2,501)	(877)	(1)	-	(17,881)	
Carrying amount at the end of the period	18,925	301,556	86,661		3,696	-	5,821	6,358	8	3,302	426,327	

All property, plant and equipment are classified in the level 3 fair value hierarchy except for Investment properties and land (classified as level 2) and capital works in progress (not classified).

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2015-16

	Land and buildings				Plant and equipment					Total \$'000
	Buildings			Capital works in progress	Leasehold improvements	Medical/surgical/dental/biomedical	Other plant and equipment	Plant and equipment under finance lease	Capital works in progress plant and equipment	
	Land \$'000	Buildings \$'000	Buildings under finance lease \$'000	land and buildings \$'000						
Carrying amount at beginning of the period	18,804	320,223	90,542	2,690	202	6,424	7,295	9	1,824	448,013
Additions	-	-	-	7,469	-	853	250	-	1,697	10,269
Assets received free of charge	-	-	-	-	-	9	-	-	-	9
Disposals	-	-	-	(1,098)	-	(483)	(107)	-	-	(1,688)
Transfers between asset classes	-	2,349	16	(2,381)	-	1,782	48	5	(1,819)	-
Other movements	1	3	-	-	-	1	(1)	-	1	5
Subtotal:	18,805	322,575	90,558	6,680	202	8,586	7,485	14	1,703	456,608
Gains/(losses) for the period recognised in net result:										
Depreciation and amortisation	-	(13,560)	(1,987)	-	(128)	(2,816)	(929)	(5)	-	(19,425)
Subtotal:	-	(13,560)	(1,987)	-	(128)	(2,816)	(929)	(5)	-	(19,425)
Carrying amount at the end of the period	18,805	309,015	88,571	6,680	74	5,770	6,556	9	1,703	437,183

All property, plant and equipment are classified in the level 3 fair value hierarchy except for Investment properties and land (classified as level 2) and capital works in progress (not classified).

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Reconciliation of intangible assets
Consolidated

	2016-17			2015-16		
	Computer software \$'000	Bed licences \$'000	Total \$'000	Computer software \$'000	Bed licences \$'000	Total \$'000
Carrying amount at beginning of the period	124	700	824	160	700	860
Additions	3,750	-	3,750	-	-	-
Depreciation and amortisation	(1,036)	-	(1,036)	(36)	-	(36)
Carrying amount at the end of the period	2,838	700	3,538	124	700	824

Parent

	2016-17			2015-16		
	Computer software \$'000	Bed licences \$'000	Total \$'000	Computer software \$'000	Bed licences \$'000	Total \$'000
Carrying amount at beginning of the period	124	700	824	160	700	860
Additions	3,750	-	3,750	-	-	-
Depreciation and amortisation	(1,036)	-	(1,036)	(36)	-	(36)
Carrying amount at the end of the period	2,838	700	3,538	124	700	824

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24 Payables	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Current				
Creditors and accrued expenses	29,578	36,190	29,578	36,190
Paid Parental Leave Scheme payable	69	94	69	94
Staff on-costs*	6,383	6,660	6,383	6,660
Other payables	832	680	832	680
Total current payables	36,862	43,624	36,862	43,624
Non-current				
Staff on-costs*	3,671	3,953	3,671	3,953
Total non-current payables	3,671	3,953	3,671	3,953
Total payables	40,533	47,577	40,533	47,577

*Staff on-costs include superannuation contributions. The Hospital 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.

As a result of an actuarial assessment performed the Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave has decreased from the 2016 rate 51% to 48%, Further, Mercer Consulting (Australia) Pty Ltd has determined that the average factor for the calculation of employer superannuation cost on-cost has increased from 9.92% in 2016 rate to 9.94%. 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 the employment on-cost of \$0.217 million and employee benefits expense of \$0.217 million. The estimated impact on 2018 and 2019 is \$0.226 million and \$0.235 million respectively.

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

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/received.

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

Interest rate and credit risk

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owed. Sundry creditors are normally settled within 30 days from the date the invoice is first received. Staff on-costs are settled when the respective staff benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand.

Refer to Note 30 for further information on risk management.

25 Borrowings	Note	Consolidated		Parent	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
Current					
Loans*		829	778	829	778
Finance lease	29.2	2,798	2,602	2,798	2,602
Total current borrowings		3,627	3,380	3,627	3,380
Non-current					
Loans*		1,135	1,976	1,135	1,976
Finance lease	29.2	13,867	16,666	13,867	16,666
Total non-current borrowings		15,002	18,642	15,002	18,642
Total borrowings		18,629	22,022	18,629	22,022

*The contractual maturities for loans (financial liabilities at cost) is within 5 years.

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

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Refer to Note 30 for further information on risk management.

Defaults and breaches

There were no defaults or breaches on any of the above liabilities throughout the year.

26 Staff benefits	Consolidated		Parent	
	2017	2016	2017	2016
Current	\$'000	\$'000	\$'000	\$'000
Annual leave	43,823	41,130	43,823	41,130
Long service leave	15,762	14,818	15,762	14,818
Accrued salaries and wages	8,875	12,482	8,875	12,482
Skills and experience retention leave	3,948	3,797	3,948	3,797
Other	19	67	19	67
Total current staff benefits	72,427	72,294	72,427	72,294
Non-current				
Long service leave	78,923	80,208	78,923	80,208
Total non-current staff benefits	78,923	80,208	78,923	80,208
Total staff benefits	151,350	152,502	151,350	152,502

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave. The actuarial assessment performed by Mercer Consulting (Australia) Pty Ltd has provided a basis for the measurement of long service leave.

AASB 119 requires the use of a yield on long term Commonwealth Government bonds which matches the expected term of the liabilities as the discount rate in the measurement of the long service leave liability.

The appropriate yield on long term Commonwealth Government bonds has increased from 2016 (1.73%) to 2017 (2.27%). This increase of the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The net financial effect of the change in the bond yield in the current financial year is a decrease in the long service leave liability of \$2.664 million and staff benefit expense of \$2.791 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 being the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4.00% for long service leave liability and 3.00% 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.

27 Provisions

	Note	Consolidated		Parent	
		2017	2016	2017	2016
Current		\$'000	\$'000	\$'000	\$'000
Workers compensation	27.1	6,102	8,260	6,102	8,260
Total current provisions		6,102	8,260	6,102	8,260
Non-current					
Workers compensation	27.1	7,785	11,127	7,785	11,127
Total non-current provisions		7,785	11,127	7,785	11,127
Total provisions		13,887	19,387	13,887	19,387

Workers Compensation

The Hospital is an exempt employer under the *Return to Work Act 2014*. Under a scheme arrangement, the Hospital is responsible for the management of workers rehabilitation and compensation, and is directly responsible for meeting the cost of workers' compensation claims and the implementation and funding of preventive programs.

Although the Department provides funds to the Hospital for the settlement of lump sum and redemption payments, the cost of these claims, together with other claim costs, are met directly by the Hospital, and are thus reflected as an expense from ordinary activities in the Statement of Comprehensive Income.

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The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2017 provided by a consulting actuary engaged through the Office of the Public Sector. The provision is for the estimated cost of ongoing payments to staff as required under current legislation. The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling these claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all claims do not have to be paid in the immediate future.

27.1 Reconciliation of workers compensation

The following table shows the movement of workers compensation:

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	19,387	21,624	19,387	21,624
Reductions resulting from re-measurement or settlement without cost	(5,500)	(2,237)	(5,500)	(2,237)
Carrying amount at the end of the period	13,887	19,387	13,887	19,387

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.

28 Other liabilities

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Current				
Unclaimed monies	133	213	133	213
Unearned revenue	3,822	1,983	3,822	1,983
Residential aged care bonds	66,549	61,657	66,549	61,657
Other	46	88	46	88
Total other liabilities	70,550	63,941	70,550	63,941

Residential Aged Care Bonds are accommodation bonds, refundable accommodation contributions and refundable accommodation deposits. These are non-interest bearing deposits made by aged care facility residents to the Consolidated Entity upon their admission to residential accommodation. The liability for accommodation is carried at the amount that would be payable on exit of the resident. This is the amount received on entry of the resident less applicable deductions for fees and retentions pursuant to the *Aged Care Act 1997*. Residential Aged Care Bonds are classified as current liabilities as the Consolidated Entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. The obligation to settle could occur at any time. Once a refunding event occurs the other liability becomes interest bearing. The interest rate applied is the prevailing interest rate at the time as prescribed by the Commonwealth Department of Health.

29 Unrecognised contractual commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources, and are disclosed at their nominal value. Unrecognised contractual commitments are disclosed net of the amount of GST recoverable or payable. If GST is not recoverable or payable, the commitments are disclosed on a gross basis.

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29.1 <i>Operating lease expenditure commitments</i>	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:				
Within one year	5,006	4,727	5,006	4,727
Later than one year but not longer than five years	6,067	4,814	6,067	4,814
Later than five years	1,217	793	1,217	793
Total operating lease commitments	12,290	10,334	12,290	10,334
Representing:				
Cancellable operating leases	6,524	3,466	6,524	3,466
Non-cancellable operating leases*	5,766	6,868	5,766	6,868
Total operating lease commitments	12,290	10,334	12,290	10,334

The Hospital has a number of lease agreements. Lease terms vary in length. Each lease agreement has renewal options for a determined period, exercisable by both the lessor and lessee. The majority of the operating lease arrangements are for the use of properties.

*Motor vehicles are leased from South Australian Government Financing Authority (SAFA) through their agent LeasePlan Australia. The leases are non-cancellable and the vehicles are leased for a specified time period or a specified number of kilometres, whichever occurs first.

29.2 *Finance lease liabilities commitments*

Future minimum lease payments for the Hospital under finance lease and hire purchase contracts together with the present value of net minimum lease payments are as follows:

	2017		2016	
	Minimum lease payments	Present value of lease payments	Minimum lease payments	Present value of lease payments
	\$'000	\$'000	\$'000	\$'000
Within one year	6,624	3,768	6,530	3,768
Later than one year but not longer than five years	22,969	9,794	26,121	12,613
Later than five years	4,193	3,103	7,188	2,887
Total minimum lease payments	33,786	16,665	39,839	19,268
Less future finance lease charges and contingent rentals	(17,121)		(20,571)	
Total finance lease commitments	16,665	16,665	19,268	19,268

Included in finance lease commitments above is \$1.515 million (\$1.751 million) which is the GST component of the finance lease commitments.

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Included in the Statement of Financial Position as:				
Current borrowings (Note 25)	2,798	2,602	2,798	2,602
Non-current borrowings (Note 25)	13,867	16,666	13,867	16,666
Total included in borrowings	16,665	19,268	16,665	19,268

The Hospital has entered into a number of finance leases. These finance leases are for buildings. The leases are non-cancellable with some leases having the right of renewal. Rent is payable in arrears.

Minimum lease payments are allocated between interest expense/borrowing costs and reduction of the lease liability to each period during the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The lease of the Health Facility to Mt Gambier and Districts Health Service is for 25 years with an option for a 10 year renewal. After 35 years the land and buildings revert to the Department. The lease commenced on 30 June 1997. The base rental for the 25 year term increases according to CPI each quarter. For the 10 year renewal the rental is determined according to a different method related to a valuation of the property and its replacement cost.

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29.3 Other expenditure Commitments

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Expenditure commitments				
Within one year	18,477	13,268	18,477	13,268
Later than one year but not longer than five years	18,497	19,287	18,497	19,287
Later than five years	558	9,445	558	9,445
Total other expenditure commitments	37,532	42,000	37,532	42,000

The Hospital expenditure commitments are for agreements for goods and services ordered but not received.

The Hospital also has commitments to provide funding to various non-government organisations in accordance with negotiated service agreements. The value of these commitments as at 30 June 2017 has not been quantified.

30 Financial instruments/financial risk management

30.1 Financial risk management

Risk management is managed by the Department for Health and Ageing's Risk and Assurance Services section and risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

The Hospital's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Liquidity Risk

The Hospital is funded principally by the Department for Health and Ageing. The Department for Health and Ageing works with the Department of Treasury and Finance to determine the cash flows associated with this Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Refer to Note 24 and 25 for further information

Credit and market risk

The Hospital has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Hospital does not trade in foreign currency, enter into transactions for speculative purposes, nor for hedging. No collateral is held as security and no credit enhancements relate to financial assets held by the Consolidated Entity.

Refer to Notes 17, 18 and 19 for further information.

Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. There is no exposure to foreign currency or other price risks.

There have been no changes in risk exposure since the last reporting period.

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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 or the respective financial asset / financial liability note.

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

The Hospital does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in Level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer Notes 2, 18 and 24).
- Borrowings are initially recognised at fair value, plus any transaction cost directly attributable to the borrowings, then subsequently held at amortised cost. The fair value of borrowings approximates the carrying amount, as the impact of discounting is not significant (refer Notes 2 and 25).
- 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 19).

Category of financial asset and financial liability	Notes	Consolidated		Parent	
		2017 Carrying amount/ Fair value \$'000	2016 Carrying amount/ Fair value \$'000	2017 Carrying amount/ Fair value \$'000	2016 Carrying amount/ Fair value \$'000
Financial assets					
Cash and equivalent					
Cash and cash equivalents	17, 33	24,669	47,549	17,063	41,712
Loans and receivables					
Receivables ⁽¹⁾⁽²⁾	18	13,981	19,921	13,912	20,137
Held to maturity investments					
Other financial assets	19	90,305	79,450	80,247	70,724
Total financial assets		128,955	146,920	111,222	132,573
Financial liabilities					
Financial liabilities at cost					
Payables ⁽¹⁾	24	29,733	36,123	29,733	36,123
Borrowings	25	1,964	2,754	1,964	2,754
Other financial liabilities	28	66,728	61,958	66,728	61,958
Finance lease liability	25, 29	16,665	19,268	16,665	19,268
Total financial liabilities		115,090	120,103	115,090	120,103

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth taxes; Auditor-General's Department audit fees etc.). 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⁾ Receivable amount disclosed here excludes prepayments. Prepayments are presented in Note 18 as trade and other receivables in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

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31 Transferred functions

Transferred in

Assets and liabilities transferred were:	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Payables	-	106	-	106
Employee benefits	-	1,573	-	1,573
Total net assets transferred	-	(1,679)	-	(1,679)

Net assets assumed by the Hospital as a result of the administrative restructure are at the carrying amount of those assets in the transferor's Statement of Financial Position immediately prior to the transfer. The net assets transferred were treated as a contribution by the Government as owner.

2016-17

- There were no transfers in during this period.

2015-16

- Following a review of Departmental functions, effective 1 July 2015, the Chief Executive of the Department approved the transfer of operational employees within the Workforce division of the Department to the Local Health Networks and SA Ambulance Service Inc.

Transferred Out

Assets and liabilities transferred were:	Consolidated		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Inventory	-	565	-	565
Total net assets transferred	-	565	-	565

Net assets transferred by the Hospital as a result of the administrative restructures were at the carrying amount immediately prior to the transfer. The net assets transferred were treated as a distribution to the Government as owner.

2016-17

- There were no transfers out during this period.

2015-16

- Health Portfolio Executive approved on 2 October 2008 the establishment of a consolidated procurement, contracting and supply chain service. This service provides the foundation for delivering best practice procurement, contracting and supply chain management across SA Health. Effective 13 July 2015 inventory associated with the Country Health SA Local Health Network (Gawler Hospital, Mt Gambier Hospital, Millicent Hospital and Naracoorte Hospital) were transferred to the SA Distribution Centre division of the Department.

32 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed within this note and, if quantifiable are measured at nominal value. Contingencies are disclosed net of the amount of GST recoverable or payable. If GST is not recoverable or payable, the contingencies are disclosed on a gross basis.

Contingent Assets

The Consolidated Entity is not aware of any contingent assets.

Contingent Liabilities

Under the Act, all real property except for property associated with Crown Land of the former Hospitals and Health Centre entities was to be transferred to the associated Health Advisory Council. To date a limited number of real properties have not transferred to the Health Advisory Councils as the vesting instruments have not been finalised or there is a requirement to seek clarification from Crown Law regarding encumbrances on some properties and whether a Health Advisory Council can hold property that is encumbered. Given the uncertainty of the outcome of the advice sought from Crown Law it is not possible to reliably measure the value of the real property that could transfer to the Health Advisory Councils in the future. Similarly, it is not possible to determine when the vesting instruments will be finalised or to reliably measure the value of the real property that will transfer to the Health Advisory Councils at that time.

Guarantees

The Hospital has made no guarantees.

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33 Cash flow reconciliation

	Consolidated		Parent	
	2017	2016	2017	2016
	\$'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	24,669	47,549	17,063	41,712
Cash as per Statement of Financial Position	24,669	47,549	17,063	41,712
Balance as per Statement of Cash Flows	24,669	47,549	17,063	41,712
Reconciliation of net cash provided by operating activities to net cost of providing services:				
Net cash provided by/(used in) operating activities	857	24,586	(1,709)	24,008
Department for Health and Ageing contributions for the provision of health services	(618,230)	(617,653)	(618,230)	(617,653)
Add/less non-cash items				
Depreciation and amortisation expense of non-current assets	(34,307)	(34,930)	(18,917)	(19,461)
Gain/(loss) on sale or disposal of non-current assets	(187)	(374)	(118)	(293)
Donated Asset Expense	-	(314)	(3,740)	(1,395)
Assets acquired at no cost or nominal consideration	256	9	224	9
Revenue credited directly to investments	2,119	1,633	1,905	1,439
Capital revenues	1,499	2,332	1,499	2,354
Revaluation of investments	16	(20)	16	(20)
Other	-	13	1	4
Movement in assets/liabilities				
Increase/(Decrease) in receivables	(8,123)	(5,816)	(8,392)	(6,108)
Increase/(Decrease) in inventories	229	536	229	536
(Increase)/Decrease in staff benefits	1,152	(9,735)	1,152	(9,735)
(Increase)/Decrease in payables and provisions	13,364	(5,268)	13,364	(5,203)
(Increase)/Decrease in other liabilities	(6,609)	(17,092)	(6,609)	(17,092)
Net cost of providing services	(647,964)	(662,093)	(639,325)	(648,610)

Cash and cash equivalents in the Statement of Cash Flows consist of cash and cash equivalents as per the Statement of Financial Position, net of bank overdrafts.

34 Interests in other entities

The Hospital has interests in a number of other entities as detailed below.

Controlled Entities

The Hospital has effective control over, and a 100% interest in, the net assets of the HAC's. The HAC's were established as a consequence of the Act being enacted and certain assets, rights and liabilities of the former Hospitals and Incorporated Health Centres were vested in them with the remainder being vested in the Hospital.

By proclamation dated 26 June 2008, the following assets, rights and liabilities were vested in the Incorporated HAC's:

- all real property, including any estate, interest or right in, over or in respect of such property except for all assets, rights and liabilities associated with any land dedicated under any legislation dealing with Crown land; and
- all funds and personal property held on trust and bank accounts and investments that are solely constituted by the proceeds of fundraising except for all gift funds, and other funds or personal property constituting gifts or deductible contributions under the *Income Tax Assessment Act 1997* (Commonwealth).

The above assets, rights and liabilities of the former Hospitals whose HAC elected not to become incorporated were vested in the Country Health SA Board Health Advisory Council Inc.

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The HAC have no powers to direct or make decisions with respect to the management and administration of Country Health SA Local Health Network.

Health Advisory Council		
Incorporated HACs		
Balaklava Riverton Health Advisory Council Inc	Barossa and Districts Health Advisory Council Inc	Berri Barmera District Health Advisory Council Inc
Bordertown and District Health Advisory Council Inc	Ceduna District Health Services Health Advisory Council Inc	Coorong Health Service Health Advisory Council Inc
Country Health SA Local Health Network Health Advisory Council Inc	Eastern Eyre Health Advisory Council Inc	Eudunda Kapunda Health Advisory Council Inc
Gawler District Health Advisory Council Inc	Hills Area Health Advisory Council Inc	Kangaroo Island Health Advisory Council Inc
Kingston/Robe Health Advisory Council Inc	Lower Eyre Health Advisory Council Inc	Lower North Health Advisory Council Inc
Loxton and Districts Health Advisory Council Inc	Mallee Health Service Health Advisory Council Inc	Mannum District Hospital Health Advisory Council Inc
Mid North Health Advisory Council Inc	Mid West Health Advisory Council Inc	Millicent and Districts Health Advisory Council Inc
Mount Gambier and Districts Health Advisory Council Inc	Naracoorte Area Health Advisory Council Inc	Northern Yorke Peninsula Health Advisory Council Inc
Penola and Districts Health Advisory Council Inc	Port Broughton District Hospital and Health Services Health Advisory Council	Renmark Paringa District Health Advisory Council Inc
South Coast Health Advisory Council Inc	The Murray Bridge Soldiers' Memorial Hospital Health Advisory Council Inc	Waikerie and Districts Health Advisory Council Inc
Yorke Peninsula Health Advisory Council Inc		
Unincorporated HACs		
Far North Health Advisory Council	Hawker District Memorial Health Advisory Council	Leigh Creek Health Service Health Advisory Council
Port Augusta, Roxby Downs, Woomera Health Advisory Council	Port Lincoln Health Advisory Council	Port Pirie Health Service Health Advisory Council
Quorn Health Services Health Advisory Council	Southern Flinders Health Advisory Council	Whyalla Hospital and Health Services Health Advisory Council

35 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Parent

Note	SA Government		Non-SA Government		Total	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES						
4 Staff benefit expenses	239	250	520,786	531,442	521,025	531,692
5 Supplies and services	102,738	101,274	199,586	199,500	302,324	300,774
Administration	303	114	1,715	1,514	2,018	1,628
Advertising	491	295	605	52	1,096	347
Communication	1,787	1,956	1,961	1,959	3,748	3,915
Computing	9,296	8,499	730	1,713	10,026	10,212
Contractors	-	8	1,695	1,683	1,695	1,691
Contractors - agency staff	7,766	7,755	5,585	6,242	13,351	13,997
Consultants	-	-	95	146	95	146
Contract of services	73	457	21,093	21,534	21,166	21,991
Drug supplies	798	896	7,230	7,530	8,028	8,426
Electricity, gas and fuel	24	58	8,591	8,866	8,615	8,924
Fee for service	4,157	4,640	76,403	74,747	80,560	79,387
Finance lease contingent rentals	-	-	2,359	2,260	2,359	2,260

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EXPENSES	SA Government		Non-SA Government		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Food supplies	287	286	9,174	9,280	9,461	9,566
Housekeeping	1,932	1,931	5,418	5,629	7,350	7,560
Insurance	6,122	5,934	1,445	1,317	7,567	7,251
Internal SA Health SLA payments	4,727	6,537	-	-	4,727	6,537
Interstate patient transfers	-	-	3	-	3	-
Legal	168	127	7	4	175	131
Medical, surgical and laboratory supplies	19,493	18,616	18,810	19,985	38,303	38,601
Minor equipment	470	177	4,964	2,919	5,434	3,096
Motor vehicle expenses	1,283	1,757	381	473	1,664	2,230
Occupancy rent and rates	2,647	3,103	1,066	2,226	3,713	5,329
Patient transport	10,568	10,106	8,896	9,021	19,464	19,127
Printing and stationery	819	818	2,089	2,177	2,908	2,995
Payments to Shared Services SA	6,855	6,527	-	-	6,855	6,527
Postage	34	32	1,111	1,123	1,145	1,155
Rental expense on operating lease	4,129	4,042	1,356	180	5,485	4,222
Repairs and maintenance	17,319	15,337	7,985	6,962	25,304	22,299
Security	73	59	910	611	983	670
Staff training and development	245	266	2,250	2,971	2,495	3,237
Staff travel expenses	22	51	2,250	2,673	2,272	2,724
Other supplies and services	850	890	3,409	3,703	4,259	4,593
6 Depreciation and amortisation expense	-	-	18,917	19,461	18,917	19,461
7 Grants and subsidies	36	-	531	846	567	846
Capital grants	-	-	14	-	14	-
Subsidies	-	-	2	-	2	-
Funding to non-government organisations	-	-	515	846	515	846
Other	36	-	-	-	36	-
8 Borrowing costs	90	134	1,306	1,468	1,396	1,602
14 Net loss from disposal of non-current and other assets	-	-	118	293	118	293
Total proceeds from disposal	-	-	(4)	-	(4)	-
Less total value of assets disposed	-	-	121	293	121	293
Less other costs of disposal	-	-	1	-	1	-
9 Other expenses	5,208	2,011	970	844	6,178	2,855
Bad and doubtful debts	-	-	285	130	285	130
Bank fees and charges	-	-	24	44	24	44
Donated assets expense	3,740	1,479	-	-	3,740	1,479
Net loss on revaluation of investment	-	-	-	20	-	20
Other	1,468	532	661	650	2,129	1,182
TOTAL EXPENSES	108,311	103,669	742,214	753,854	850,525	857,523
INCOME						
10 Revenue from fees and charges	3,516	3,336	71,921	72,255	75,437	75,591
Ambulance transport	1	-	(1)	1	-	1
Insurance recoveries	8	28	1	-	9	28
Patient and client fees	-	-	19,351	18,231	19,351	18,231
Private practice fees	-	-	1,620	1,137	1,620	1,137
Recoveries	3,238	2,855	12,605	12,182	15,843	15,037
Residential and other aged care charges	-	-	26,835	26,913	26,835	26,913
Sale of goods - medical supplies	115	121	1,354	1,677	1,469	1,798
Other user charges and fees	154	332	10,156	12,114	10,310	12,446

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	SA Government		Non-SA Government		Total	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME						
11 Grants and contributions	9,022	10,647	123,810	120,202	132,832	130,849
Commonwealth grants and donations	-	-	41,206	38,920	41,206	38,920
Commonwealth aged care subsidies	-	-	74,080	72,387	74,080	72,387
SA Government Capital contributions	969	1,334	-	-	969	1,334
Other SA Government grants and contributions	8,053	9,313	-	-	8,053	9,313
Private sector capital contributions	-	-	-	156	-	156
Private sector grants and contributions	-	-	8,524	8,739	8,524	8,739
12 Interest revenue	24	28	2,053	2,185	2,077	2,213
13 Resources received free of charge	200	9	24	-	224	9
15 Other revenue	5	12	609	239	614	251
Commissions revenue	-	-	17	13	17	13
Dividend revenue	-	-	2	4	2	4
Training revenue	-	-	5	2	5	2
Donations	1	-	547	439	548	439
Car parking revenue	-	-	3	3	3	3
Other	4	12	35	(222)	39	(210)
15 Other income	-	-	16	-	16	-
Other	-	-	16	-	16	-
16 Revenue from SA Government	618,230	617,653	-	-	618,230	617,653
TOTAL INCOME	630,997	631,685	198,433	194,881	829,430	826,566
FINANCIAL ASSETS						
17 Cash and cash equivalents	5,209	17,272	11,854	24,440	17,063	41,712
18 Receivables	5,776	8,253	16,474	22,533	22,250	30,786
Patient/client fees						
Compensable	-	-	623	1,243	623	1,243
Aged care	-	-	3,774	5,285	3,774	5,285
Other	-	-	3,553	3,359	3,553	3,359
Debtors	470	567	3,136	5,540	3,606	6,107
Less: allowance for doubtful debts	-	-	(1,446)	(2,095)	(1,446)	(2,095)
Prepayments	-	-	655	673	655	673
Loans	-	-	144	288	144	288
Interest income receivable	2	2	573	588	575	590
Sundry receivables and accrued revenue	35	284	3,188	5,259	3,223	5,543
GST recoverable	-	-	2,274	2,393	2,274	2,393
Workers compensation provision recoverable	5,269	7,400	-	-	5,269	7,400
19 Other financial assets	1,279	1,253	78,968	69,471	80,247	70,724
Finance institutions	-	-	78,881	69,402	78,881	69,402
SA Government Financing Authority	1,279	1,253	-	-	1,279	1,253
Other investments	-	-	87	69	87	69
TOTAL FINANCIAL ASSETS	12,264	26,778	107,296	116,444	119,560	143,222

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	SA Government		Non-SA Government		Total	
	2017	2016	2017	2016	2017	2016
FINANCIAL LIABILITIES	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
24 Payables	5,961	5,413	34,572	42,164	40,533	47,577
Creditors and accrued expenses	5,961	5,413	23,617	30,777	29,578	36,190
Paid Parental Leave Scheme payable	-	-	69	94	69	94
Employment on-costs	-	-	10,054	10,613	10,054	10,613
Other payables	-	-	832	680	832	680
25 Borrowings	1,964	2,754	16,665	19,268	18,629	22,022
Loans	1,964	2,754	-	-	1,964	2,754
Finance lease	-	-	16,665	19,268	16,665	19,268
28 Other liabilities	892	41	69,658	63,900	70,550	63,941
Unclaimed monies	-	-	133	213	133	213
Unearned revenue	891	41	2,931	1,942	3,822	1,983
Residential aged care bonds	-	-	66,549	61,657	66,549	61,657
Other	1	-	45	88	46	88
TOTAL FINANCIAL LIABILITIES	8,817	8,208	120,895	125,332	129,712	133,540

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36 Remuneration of board and committee members

Members of boards/committees that served for all or part of the financial year and were entitled to receive income from membership in accordance with Accounting Policy Framework II *General Purpose Financial Statements* were:

Board/Committee name:	Government employee members*	
	Other members	
Country Health SA Local Health Network Advisory Council Inc	-	Blacker P (Chair), Evans L, Gregurke K, Healy R, Sam G (resigned 30/06/2017), Sparkes D (resigned 30/06/2017)
Country Health SA Risk Management and Audit Committee	-	Stubbs T Dr (Chair), Martin M, Drew J (resigned 28/05/2017), Wilson R, Brown G (appointed 29/05/2017)

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

	2017		2016	
	No. of Members		No. of Members	
\$0	2		1	
\$1 - \$9,999	6		8	
\$10,000 - \$19,999	2		1	
\$20,000 - \$29,999	1		1	
Total	11		11	

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 \$0.077 million (\$0.079 million).

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

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

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37 Related Party Transactions

The Hospital is controlled by the SA Government.

Related parties of the Hospital include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Significant transactions with government related entities

The Hospital received funding from the SA Government via the Department (Note 16), and incurred expenditure via the Department for medical, surgical and laboratory supplies, computing, inter-health staff recharging and insurance (Note 5 and 35). The Department transferred capital works in progress of \$1.499 million to the Hospital and an outstanding loan payable balance to the Department at 30 June was \$1.964 million. In addition, the Hospital incurred significant expenditure with the Department of Planning, Transport and Infrastructure (DPTI) for capital works of \$5.189 million and for property repairs and maintenance of \$17.118 million (Note 5 and 35). As at 30 June the outstanding balance payable to DPTI was \$5.702 million and the value of unrecognised contractual expenditure commitments with DPTI was \$3.122 million.

Quantitative information about transactions and balances between the Hospital and other SA Government controlled entities are disclosed at Note 35.

The Hospital has lease arrangements (both as lessee and as lessor) with other SA Government controlled entities. The premises are provided/received at nil or nominal rental with outgoings such as utilities being paid by the lessee.

Key Management Personnel

Key management personnel (KMP) of the Hospital includes the Ministers, the Chief Executive of the Department, Chief Executive Officer of the Hospital and the seventeen members of the Executive Management Group who have responsibility for the strategic direction and management of the Hospital.

The compensation detailed below excludes salaries and other benefits:

- The Minister for Health, The Minister for Ageing and the Minister for Mental Health and Substance Abuse. These Ministers' remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*; and
- The Chief Executive of the Department. The Chief Executive of the Department is compensated by the Department and there is no requirement for the Hospital to reimburse those expenses.

	2017	2016
Compensation	\$'000	\$'000
Salaries and other short term employee benefits	3,352	na
Post-employment benefits	810	na
Total	4,162	-

For those employees doing long term acting in KMP roles, only compensation for the period that they were acting is included.

The Hospital did not enter into any transactions with KMP or their close family in 2016-17.

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

38 Schedules of administered funds

The following incomes, expenses, assets and liabilities were administered but not controlled by the Hospital and have not been included in the financial statements. In accordance with Accounting Policy Framework II *General Purpose Financial Statements* para. APS 3.13.2, these items are regarded as insignificant to the Consolidated Entity's overall performance and are disclosed in the following schedules.

Description of categories of administered funds

Private Practice Funds represents funds billed on behalf of salaried medical officers and subsequently distributed to the LHN and salaried medical officers according to individual Rights of Private Practice Deeds of Agreement.

Schedule of Administered Expenses and Income

	Private Practice Funds 2017 \$'000	Total 2017 \$'000
Administered expenses		
Other expenses	3,252	3,252
Total administered expenses	3,252	3,252
Administered income		
Revenue from fees and charges	3,298	3,298
Total administered income	3,298	3,298
Net result	46	46

	Private Practice Funds 2016 \$'000	Total 2016 \$'000
Administered expenses		
Other expenses	133	133
Total administered expenses	133	133

	Private Practice Funds 2016 \$'000	Total 2016 \$'000
Administered income		
Revenue from fees and charges	355	355
Total administered income	355	355
Net result	222	222

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

Schedule of Administered Assets and Liabilities

	Private Practice Funds 2017 \$'000	Total 2017 \$'000
Administered current assets		
Cash and cash equivalents	267	267
Receivables	1	1
Total administered assets	268	268
Administered current liabilities		
Payables	-	-
Total administered liabilities	-	-
Net administered assets	268	268

	Private Practice Funds 2016 \$'000	Total 2016 \$'000
Administered current assets		
Cash and cash equivalents	324	324
Receivables	31	31
Total administered assets	355	355
Administered current liabilities		
Payables	133	133
Total administered liabilities	133	133
Net administered assets	222	222

Schedule of Administered Changes in Equity

	Total 2017 \$'000	Total 2016 \$'000
Balance at the beginning of the reporting period	222	-
Restated Opening Balance	222	-
Total comprehensive result for the period	46	222
Balance at the end of the reporting period	268	222

Schedule of Administered Cash Flows

	Total 2017 \$'000	Total 2016 \$'000
Cash flows from operating activities		
Cash inflows		
Fees and charges	3,329	324
Total cash inflows	3,329	324
Cash outflows		
Other payments	3,385	-
Total cash outflows	3,385	-
Net cash inflows/cash outflows from operating	(56)	324
Net increase/(decrease) in cash held	(56)	324
Cash at the beginning of the reporting period	324	-
Cash at the end of the reporting period	268	324

COUNTRY HEALTH SA LOCAL HEALTH NETWORK INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2017

Administered expenses and administered cash outflows

The Hospital makes various transfer payments to eligible beneficiaries in the capacity of an agent responsible for the administration of the transfer process. Amounts relating to these transfer payments are not controlled by the Hospital, since they are made at the discretion of Government in accordance with Government policy. These transfers are disclosed as administered expenses and administered cash outflows.

Administered incomes and administered cash inflows

The Hospital collects various revenues and grants on behalf of Government. The amounts are not controlled by the Hospital and are not recognised by the Hospital. These amounts are disclosed as administered revenues and administered cash inflows.

Administered assets and liabilities

The Hospital manages various assets and liabilities on behalf of the Government. The amounts are not controlled by the Hospital and are not recognised by the Hospital. These amounts are disclosed as administered assets and liabilities.

Administered contingent assets and liabilities

The Hospital has no administered contingent assets and liabilities.

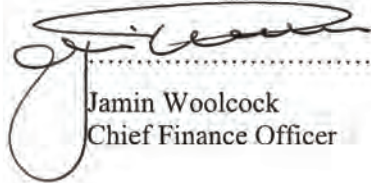
Certification of the financial statements

We certify that the:

- financial statements of the Country Health SA Local Health Network Inc.:
 - are in accordance with the accounts and records of the authority; and
 - comply with relevant Treasurer's instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the authority at the end of the financial year and the result of its operations and cash flows for the financial year.
- Internal controls employed by the Country Health SA Local Health Network Inc. over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Maree Geraghty
Chief Executive Officer



Jamin Woolcock
Chief Finance Officer

Date 15/9/17

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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To the Chief Executive Officer Country Health SA Local Health Network Incorporated

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 36(2) of the *Health Care Act 2008*, I have audited the financial report of Country Health SA Local Health Network Incorporated and the consolidated entity comprising the Country Health Network Incorporated and its controlled entities for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Country Health SA Local Health Network Incorporated and its controlled entities as at 30 June 2017, 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.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive Officer and the Chief Finance Officer, Department for Health and Ageing.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of Country Health SA Local Health Network Incorporated and its controlled entities. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Chief Executive Officer for the financial report

The Chief Executive 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 the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the audit of the financial report

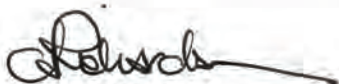
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

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

Andrew Richardson

Auditor-General

21 September 2017

Courts Administration Authority

Financial report
for the year ended
30 June 2017

**Courts Administration Authority
2016-17 Financial Statements**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$'000	2016 \$'000
Expenses			
Employee benefits expenses	5	51,576	52,512
Supplies and services	6	31,363	34,543
Depreciation and amortisation expense	7	7,878	7,843
Borrowing costs	8	636	714
Net loss from disposal of non-current assets	10	44	19
Other expenses	9	1,219	885
Total Expenses		92,716	96,516
Income			
Revenues from fees and charges	11	3,057	3,124
Sale of goods and services	12	1,373	1,330
Grants and transfers	13	-	25
Total Income		4,430	4,479
Net cost of providing services		88,286	92,037
Revenues from/payments to SA Government			
Revenues from SA Government	14	85,533	94,366
Payments to SA Government	14	-	(543)
Net Result		(2,753)	1,786
Total comprehensive result		(2,753)	1,786

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

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

**Courts Administration Authority
2016-17 Financial Statements**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	Note	2017 \$'000	2016 \$'000
CURRENT ASSETS			
Cash and cash equivalents	15	58,143	58,196
Receivables	16	1,579	1,788
Total Current Assets		59,722	59,984
NON-CURRENT ASSETS			
Property, plant and equipment	17, 19	198,448	202,760
Intangible assets	18, 19	141	146
Total Non-Current Assets		198,589	202,906
Total Assets		258,311	262,890
CURRENT LIABILITIES			
Payables	21	3,185	3,304
Financial liabilities	25	1,521	1,439
Employee benefits	22	5,261	5,227
Provisions	23	681	688
Other liabilities	24	439	487
Total Current Liabilities		11,087	11,145
NON-CURRENT LIABILITIES			
Payables	21	899	948
Financial liabilities	25	9,026	10,547
Employee benefits	22	9,780	10,267
Provisions	23	1,476	1,187
Total Non-Current Liabilities		21,181	22,949
Total Liabilities		32,268	34,094
NET ASSETS		226,043	228,796
EQUITY			
Contributed capital		3,140	3,140
Retained earnings		90,466	93,219
Asset Revaluation Surplus		132,437	132,437
TOTAL EQUITY		226,043	228,796

The Total Equity is attributable to the SA Government as owner

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

Unrecognised contractual commitments 26

Contingent assets and liabilities 27

**Courts Administration Authority
2016-17 Financial Statements**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	Contributed Capital \$'000	Asset Revaluation Surplus \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 30 June 2015		3,140	132,437	91,433	227,010
Net result for 2015 - 2016		-	-	1,786	1,786
Total comprehensive result for 2015-2016		-	-	1,786	1,786
Balance at 30 June 2016		3,140	132,437	93,219	228,796
Net result for 2016 - 2017		-	-	(2,753)	(2,753)
Total comprehensive result for 2016-2017		-	-	(2,753)	(2,753)
Balance at 30 June 2017		3,140	132,437	90,466	226,043

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

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

**Courts Administration Authority
2016-17 Financial Statements**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$'000	2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Outflows			
Employee benefits payments		(52,043)	(50,627)
Payments for supplies and services		(34,979)	(38,636)
Payments for paid parental leave scheme		(80)	(106)
Borrowing costs		(636)	(714)
Other payments		(949)	(1,348)
Cash used in operations		(88,687)	(91,431)
Cash Inflows			
Grants and transfers		-	83
Fees and charges		4,645	4,587
GST recovered from the ATO		2,965	3,520
Receipts for paid parental leave scheme		76	110
Cash generated from operations		7,686	8,300
Cash Flows from SA Government			
Receipts from SA Government		85,533	94,366
Cash generated from SA Government		85,533	94,366
Net cash provided by operating activities	30	4,532	11,235
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Outflows			
Purchase of intangibles		(44)	-
Purchase of property, plant and equipment		(3,186)	(2,655)
Cash used in investing activities		(3,230)	(2,655)
Cash Inflows			
Proceeds from the sale of land		84	-
Cash generated from investing activities		84	-
Net cash used in investing activities		(3,146)	(2,655)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Outflows			
Repayment of finance lease		(1,439)	(1,360)
Cash used in financing activities		(1,439)	(1,360)
Net cash used in financing activities		(1,439)	(1,360)
Net (decrease)/increase in cash and cash equivalents		(53)	7,220
Cash and cash equivalents at the beginning of the financial year		58,196	50,976
Cash and cash equivalents at the end of the financial year	15	58,143	58,196

The above statement should be read in conjunction with the accompanying notes.

**Courts Administration Authority
2016-17 Financial Statements**

DISAGGREGATED DISCLOSURES - EXPENSES AND INCOME

For the year ended 30 June 2017

	Activity 1		Activity 2		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses						
Employee benefits expenses	49,020	49,742	2,556	2,770	51,576	52,512
Supplies and services	30,762	33,922	601	621	31,363	34,543
Depreciation and amortisation expense	7,838	7,794	40	49	7,878	7,843
Borrowing costs	636	714	-	-	636	714
Net loss from disposal of non-current assets	44	19	-	-	44	19
Other expenses	1,181	854	38	31	1,219	885
Total expenses	89,481	93,045	3,235	3,471	92,716	96,516
Income						
Revenues from fees and charges	3,057	3,124	-	-	3,057	3,124
Sale of goods and services	1,373	1,330	-	-	1,373	1,330
Grants and transfers	-	25	-	-	-	25
Total income	4,430	4,479	-	-	4,430	4,479
Net cost of providing services	85,051	88,566	3,235	3,471	88,286	92,037
Revenues from/Payments to SA Government						
Revenues from SA Government	82,399	90,806	3,134	3,560	85,533	94,366
Payments to SA Government	-	(523)	-	(20)	-	(543)
Net and Total Comprehensive Result	(2,652)	1,717	(101)	69	(2,753)	1,786

The above statement should be read in conjunction with note 4.

**Courts Administration Authority
2016-17 Financial Statements**

DISAGGREGATED DISCLOSURES - ASSETS AND LIABILITIES

As at 30 June 2017

	Activity 1		Activity 2		General/not attributable		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Assets								
Cash and cash equivalents	-	-	-	-	58,143	58,196	58,143	58,196
Receivables	1,579	1,788	-	-	-	-	1,579	1,788
Property, plant and equipment	192,450	197,718	5,998	5,042	-	-	198,448	202,760
Intangible assets	137	142	4	4	-	-	141	146
Total assets	194,166	199,648	6,002	5,046	58,143	58,196	258,311	262,890
Liabilities								
Payables	4,006	4,176	78	76	-	-	4,084	4,252
Financial liabilities	10,547	11,986	-	-	-	-	10,547	11,986
Employee benefits	14,296	14,677	745	817	-	-	15,041	15,494
Provisions	2,090	1,808	67	67	-	-	2,157	1,875
Other liabilities	439	487	-	-	-	-	439	487
Total liabilities	31,378	33,134	890	960	-	-	32,268	34,094

The above statement should be read in conjunction with note 4.

**Courts Administration Authority
2016-17 Financial Statements**

**Notes to and forming part of the financial statements
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**Courts Administration Authority
2016-17 Financial Statements**

Note 1. Objectives of the Courts Administration Authority

The State Courts Administration Council (Council), the State Courts Administrator and staff of the Council are collectively referred to as the Courts Administration Authority (Authority).

The Council was established by the Courts Administration Act 1993 (Act) as a statutory authority independent of control by executive government. The Act confers on Council power to provide courts with the administrative facilities and services necessary for the proper administration of justice.

The Authority is overseen by the Council and reports on behalf of the Council.

The Authority's principal objective is to provide quality administration to the Judiciary and to ensure an effective and accessible courts system.

The major priorities of the Authority and the Council are to;

- provide administrative support to the courts of this state;
- foster an environment in which judicial officers, staff and volunteers can contribute to improved performance of the courts system;
- co-operate with other parts of the justice system to improve access to justice and the overall performance of the justice system;
- improve court facilities;
- keep up to date with technological and other developments and apply those that are appropriate to improve the performance of the courts system; and
- increase the community's understanding of the operations of the courts and provide new avenues for community comment on the operations of the courts and their registries.

The continued existence of the Authority is dependent on State Government policy and on continuing appropriations by Parliament in order to fund the Authority's net cost of providing services.

Note 2. Significant accounting policies

a) Statement of compliance

The financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are General Purpose Financial Statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The Authority has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Authority is a not-for-profit entity.

Courts Administration Authority 2016-17 Financial Statements

b) Basis of preparation

The preparation of the financial statements requires;

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosures, which have been included in this financial report:
 - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature;
 - b) expenses incurred as a result of engaging consultants;
 - c) employee targeted voluntary separation package information;
 - d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and
 - e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The financial statements have been prepared based on a twelve-month period and presented in Australian currency.

Historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

c) Reporting entity

The Authority, comprised of the Council, State Courts Administrator and the staff of the Council under the *Courts Administration Act 1993*, is the reporting entity.

The Authority is the mechanism via which the Council discharges its financial obligations. Therefore all reporting is undertaken in the name of the Authority.

The financial statements and accompanying notes include all the controlled activities of the Authority (refer to the disaggregated disclosures schedule for details of the Authority's controlled activities).

The Authority does not control any other entity and has no interests in unconsolidated structured entities.

Transactions and balances relating to administered resources are not recognised as Authority's income, expenses, assets and liabilities. As administered items are significant in relation to the Authority's overall financial performance and position, they are disclosed in the administered financial statements which follow the controlled general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the controlled items.

**Courts Administration Authority
2016-17 Financial Statements**

d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or Accounting Policy Statements have required a change.

The restated comparative amounts do not replace the original financial statements for the preceding period.

e) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

f) Taxation

The Authority is not subject to income tax. The Authority is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax equivalents and local government rate equivalents.

Income, expenses and assets are recognised net of the amount of GST except;

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

The 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.

g) Events after the reporting period

There were no events occurring after the balance date.

h) Current and non-current classification

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Authority has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

**Courts Administration Authority
2016-17 Financial Statements**

i) 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 allowing for accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position.

However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recorded at the value recorded by the transferor prior to the restructure.

All non-current tangible assets with a value equal to or in excess of \$5,000 are capitalised. Items of property, plant and equipment and infrastructure costing less than \$5,000 are immediately expensed to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Depreciation and amortization

All non-current assets, having a limited useful life, are systematically depreciated/ amortised over their useful lives in a manner that reflects the consumption of their service potential.

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

Land and works of art are not depreciated. The Authority does not depreciate the works of art because it believes that works of art do not diminish in value over time.

Depreciation/Amortisation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

Class of asset	Useful life (years)
Buildings and Improvements	5 - 54
Building under finance lease	Life of lease
Leasehold improvements	Life of lease
Computing and office furniture and equipment	3 - 25
Library collections	5 - 25
Intangibles	4 - 7

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Revaluation of non-current assets

All non-current tangible assets are valued at fair value; and revaluation of non-current assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

Every three years, the Authority revalues its land, buildings and improvements, and library collections internally with the exception of the Authority's finance lease relating to the Sir Samuel Way building, via internal estimates based on indices or recent transactions. A valuation appraisal by an independent Certified Practising Valuer is performed at least every six years.

If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value. Refer to Note 17.

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.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance and is measured at cost and are tested for indications of impairment at each reporting date. The majority of intangible assets of the Authority is software. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Authority only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets are reviewed on an annual basis.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition 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 \$5,000.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

Subsequent expenditure on intangible assets has not been capitalised. This is because the Authority has been unable to attribute this expenditure to the intangible asset rather than to the Authority as a whole.

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Fair value measurement

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The Authority classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

- Level 1 – traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 – not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 – not traded in an active market and are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed by the Chief Financial Officer and Audit and Risk Committee at each reporting date.

In determining fair value, the Authority has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

The Authority's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the Authority did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or an estimated useful life that was less than three years are deemed to approximate fair value.

Refer Note 17 and Note 20 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

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j) Liabilities

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

The Authority has entered into finance leases and operating leases.

Finance leases

Finance leases, which transfer to the Authority substantially all the risks and benefits/rewards incidental to ownership of the leased assets, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

Minimum lease payments are allocated, between interest expense/borrowing costs and reduction of the lease liability, to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Where there is no reasonable assurance that the Authority will obtain ownership of the capitalised asset at the end of the lease term, the asset is amortised over the shorter of the lease term and its useful life.

Operating leases – The Authority as Lessee

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

Courts premises in four country centres are provided by a Public Private Partnership arrangement between the State and Plenary Justice Pty Ltd. It is accounted for as an operating lease. As the arrangement is for a 25-year period from 2005 the Authority has a substantial future commitment for servicing costs but has no right to obtain ownership.

The aggregate benefit of lease incentives received by the Authority in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight line basis.

Operating leases – The Authority as Lessor

The Authority leases commercial spaces to external parties through operating leases. Income derived from these leases is recognised as rental recovery income in the Statement of Comprehensive Income in the period in which it is earned.

Employee Benefits

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

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Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and the SERL liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

The long service leave liability has been allocated between current and non-current liabilities using the average leave pattern history of previous years.

k) 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.

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Note 3. New and revised accounting standards and policies

Changes in accounting policy

The Authority did not voluntarily change any of its accounting policies during 2016-17.

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 ended 30 June 2017. The Authority has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Authority.

AASB 15 *Revenue from Contracts with Customers* will replace the existing AASB 118 *Revenue* and applies to reporting periods beginning on or after 1 January 2019. AASB 15 *Revenue from Contracts with Customers* introduces a five step process for revenue recognition with the core principle being to recognise revenue 'when control of a good or service transfers to a customer'. This is effectively when performance obligations have been met, rather than the former model of 'where the risk and rewards of ownership reside'. AASB 15 *Revenue from Contracts with Customers* will generally result in increased disclosures. The changes in revenue recognition requirements may result in changes to the timing and amount of revenue from sales of the Authority's goods and services. Some revenue may need to be deferred to a later reporting period to the extent that the Authority has received cash but has not yet met the associated performance obligations.

AASB 1058 *Income of Not-for-Profit Entities* will replace a number of income recognition requirements under AASB 1004 *Contributions* and applies to reporting periods beginning on or after 1 January 2019. The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. Where there is no liability to be recognised under another standard, or the liability is less than the fair value of the asset received then revenue is recognised.

The Authority has not yet quantified the impact of applying AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* and the resulting impact on the statement of comprehensive income.

AASB 16 *Leases* will apply for the first time to our 30 June 2020 financial report. This standard will require us to recognize all leased items in the statement of financial position as assets to represent the value of what we lease, and liabilities to represent expected future lease payments. Depending on what lease arrangements we have entered into at the time, this could see significant assets and liabilities being recognized and, over the lease term, amortised.

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Note 4. Activities of the Authority

In achieving its objectives, the Authority provides a range of services classified into the following activities:

Activity 1: Court and Tribunal Case Resolution Services - It consists of the resolution of criminal, civil, appellate, coronial and probate matters in the State's courts and tribunals.

Activity 2: Alternative Dispute Resolution Services - Services for resolving disputes between citizens, and disputes between citizens and the State; as well as the education, training, information and advice processes, which aim to prevent disputes.

General/Not attributable: Certain items of the Authority are not allocated to activities.

The disaggregated disclosures schedules present expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2017 and 30 June 2016.

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Note 5. Employee benefits expenses

	2017	2016
	\$'000	\$'000
Salaries and wages	39,323	39,029
TVSPs (refer below)	-	67
LSL	594	2,117
Annual leave	3,958	3,751
SERL	261	259
Employment on-costs - superannuation*	4,875	4,682
Employment on-costs - payroll tax	2,440	2,465
Board and committee fees	20	43
Workers compensation	15	15
Other employee related expenses	90	84
Total employee benefits expenses	51,576	52,512

* The superannuation employment on-cost charge represents the Authority's contributions to superannuation plans in respect of current services of current employees.

TVSPs

Amount paid during the reporting period to separated employees:	\$'000	\$'000
TVSPs	-	67
Annual leave, LSL and SERL paid to those employees	-	16
	-	83
Net cost to the Authority	-	83

The number of employees who received a TVSP during 2017 nil (2016 - 1).

Remuneration of employees

2017 2016

The number of employees whose remuneration received or receivable falls within the following bands:

\$ 147,001	to	\$ 157,000	3	2
\$ 167,001	to	\$ 177,000	2	1
\$ 177,001	to	\$ 187,000	2	2
\$ 187,001	to	\$ 197,000	1	1
\$ 197,001	to	\$ 207,000	1	-
\$ 207,001	to	\$ 217,000	-	1
\$ 217,001	to	\$ 227,000	2	1
\$ 247,001	to	\$ 257,000	1	-
\$ 257,001	to	\$ 267,000	-	1
\$ 267,001	to	\$ 277,000	1	-
Total			13	9

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Increase in total is due to new appointments, termination payments and leave in cash payments during the year.

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$2.5 million (\$1.8 million).

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Note 6. Supplies and Services

	2017	2016
	\$'000	\$'000
Accommodation and services	14,141	13,983
Circuit and Travel expenses	1,191	1,135
Computing and communications	5,536	5,898
Consultancy, contractors and temp staff	1,915	1,942
Legal cost	357	79
Court expenses	1,283	1,246
Operating leases	189	202
Staff development and training	524	447
Equipment purchases and repairs	378	280
Coronial Charges	423	4,276
Jurors' expenses	2,215	1,952
Sheriff's Officer Payments	860	858
Other administration expenses	2,351	2,245
Total supplies and services	31,363	34,543

Reduction in Coronial Charges during 2016-17 was due to the transfer of forensic services costs to the Attorney-General's Department.

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:

	2017		2016	
	No	\$'000	No	\$'000
Below \$10 000	4	16	4	25
Above \$10 000	5	121	3	69
Total paid/payable to consultants engaged:	9	137	7	94

Note 7. Depreciation and Amortisation Expense

	2017	2016
	\$'000	\$'000
Depreciation and amortisation		
Buildings and Improvements	4,240	4,173
Computing and office furniture & equipment	776	1,000
Library collections	1,541	1,381
Leasehold improvements	424	389
Building under Finance lease	830	830
Intangible assets	67	70
Total depreciation and amortisation	7,878	7,843

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Note 8. Borrowing costs

	2017	2016
	\$'000	\$'000
Interest paid/payable on long-term borrowings		
Finance lease costs	636	714
Total borrowing costs	636	714

The Authority occupies the Sir Samuel Way building under a 40 year non-cancellable finance lease with Funds SA, which expires in 2023. The nominal interest rate on the lease was at 5.64% (2016 - 5.64%). Refer to Note 25.

Note 9. Other expenses

	2017	2016
	\$'000	\$'000
Workers compensation	1,046	595
Audit fees*	172	291
Bad/Doubtful debts	1	(1)
Total other expenses	1,219	885

*Audit fees include fees paid to both the Auditor-General's Department and to internal auditors.

Fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$ 141 000 (2016: \$145 000). No other services were provided by the Auditor-General's Department.

Note 10. Net loss from disposal of non-current assets

	2017	2016
	\$'000	\$'000
Land		
Proceeds from sale of land	84	-
Less: Carrying value of land disposed	128	-
Net loss from disposal of Land	44	-
Plant and Equipment		
Proceeds from sale of other assets	-	-
Less: Carrying value of other assets disposed	-	19
Net loss from disposal of Plant and Equipment	-	19
Total loss from disposal of non-current assets	44	19

Net losses on disposal of are recognised at the date control of the asset is passed to the buyer and are determined after deducting the cost of the asset from the proceeds at that time.

Land was sold by and sales proceeds receipted from the Department of Planning, Transport and Infrastructure.

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Note 11. Revenues from Fees and Charges

	2017	2016
	\$'000	\$'000
Sheriff's officer fees	1,929	2,078
Other regulatory fees	1,128	1,046
Total Revenues from Fees and Charges	3,057	3,124

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.

Note 12. Sale of Goods and Services

	2017	2016
	\$'000	\$'000
Sale of electronic information	286	288
Rent recoveries	485	441
Recoup of services and others	602	601
Total sales of goods and services	1,373	1,330

Revenues from sales of goods and services are derived from the provision of goods and recouping of services to other SA government agencies and to the public.

Note 13. Grants and Transfers

	2017	2016
	\$'000	\$'000
Intervention treatment	-	25
Total grants and transfers	-	25

Contributions (grants and transfers) are recognised as an asset and income when the Authority obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (i.e. the amount can be reliably measured and the flow of resources is probable).

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Note 14. Revenues from / Payments to SA Government

	2017	2016
	\$'000	\$'000
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	85,533	94,361
Transfers from contingency provisions	-	5
Total revenues from SA Government	85,533	94,366
Payments to SA Government		
Other payments to the Consolidated Account	-	543
Total payments to SA Government	-	543

Appropriations are recognised as revenues when the Authority obtains control over the funding. Control over appropriations is normally obtained upon receipt.

Total revenues from Government consist of \$81.2million (\$91.2million) for operational funding and \$4.3million (\$2.6million) for capital projects. For details on the expenditure associated with the operational funding and capital funding received refer Note 5 to Note 9. There were no material variations between the amount appropriated and the expenditure associated with this appropriation.

The original amount appropriated to the Authority under the annual Appropriation Act was varied due to funding adjustments primarily for the Electronic Court Management System and forensic services.

Note 15. Cash and Cash Equivalents

	2017	2016
	\$'000	\$'000
Deposits with the Treasurer	58,114	58,166
Cash on hand	29	30
Total cash and cash equivalents	58,143	58,196

Cash is measured at nominal amounts

Deposits with the Treasurer

The Authority has two deposit accounts with the Treasurer, a general operating account and an Accrual Appropriation Excess Funds Account of \$52.7million (2016 \$52.7million). Although the Authority controls the money in the Accrual Appropriation Account its use must be approved by the Treasurer. The Authority does not earn interest on its deposits with the Treasurer.

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Note 16. Receivables

	2017 \$'000	2016 \$'000
Current		
Receivables	175	279
Accrued revenue	84	77
GST input tax recoverable	599	473
Prepayments	721	959
Total current receivables	1,579	1,788

Movement in the allowance for doubtful debts

The allowance for doubtful debts is recognised when there is objective evidence that a receivable is impaired.

An allowance for impairment loss has been recognised in other expenses for specific debtors and debtors assessed on a collective basis for which such evidence exists.

Movements in the allowance for doubtful debts (impairment loss)

	2017 \$'000	2016 \$'000
Carrying amount at the beginning of the period	-	1
Amounts recovered during the year	-	(1)
Carrying amount at the end of the period	-	-

Interest rate and credit risk

Receivables are raised at the time service is provided only where it is probable that the revenue will be received. The Authority cannot be certain of receiving items such as Sheriff's officer fees until the payment is made. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non interest-bearing.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Authority will not be able to collect the debt. 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 33 for further information on risk management.

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Note 17. Property, Plant and Equipment

	2017	2016
	\$'000	\$'000
Land and buildings		
Land at fair value	62,074	62,202
Buildings and improvements at fair value	128,858	127,951
Accumulated depreciation at the end of the period	(12,553)	(8,314)
Total land and buildings	178,379	181,839
Assets under finance lease		
Buildings and improvements at net present value	33,191	33,191
Accumulated amortisation at the end of the period	(28,213)	(27,383)
Total assets under finance lease	4,978	5,808
Leasehold improvements		
Leasehold improvements at cost (deemed fair value)	4,763	4,366
Accumulated depreciation at the end of the period	(3,332)	(2,908)
Total leasehold improvements	1,431	1,458
Computing and office furniture & equipment		
Plant and equipment at cost (deemed fair value)	10,471	9,875
Accumulated depreciation at the end of the period	(7,737)	(7,405)
Total plant and equipment	2,734	2,470
Capital work in progress		
Capital work in progress	279	-
Total capital work in progress	279	-
Library Collection		
Library collections at cost/fair value	13,456	12,459
Accumulated depreciation at the end of the period	(2,922)	(1,381)
Total library collection	10,534	11,078
Works of art and collections		
Works of art and collections at fair value	113	107
Total works of art and collections	113	107
Total property, plant and equipment	198,448	202,760

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Valuation of land and buildings

The valuation of land and buildings were performed by an independent Certified Practising Valuer from Liquid Pacific Pty Ltd as at 30 June 2014. Updated desktop valuation has been provided by the valuer as at 30 June 2015.

The valuer arrived at the fair value of unrestricted land using the market approach. The valuation was based on recent market transactions for similar land in the area and includes adjustment for factors specific to the land - such as size and location.

The valuer used depreciated replacement cost for buildings, due to there not being an active market. The depreciated replacement cost considered the need for ongoing provision of government services; specialised nature and restricted use of the assets, their size, condition and location.

The valuation used estimates about construction materials that would be required to replace the buildings, information about current construction costs were derived from subscriber databases, published industry materials and the estimated useful life due to age and condition of the building.

Internal review has indicated that there were no material movements in fair values during 2016-17.

Carrying amount of computing and office furniture and equipment.

All items of computing and office furniture and equipment had a 'fair value at the time of acquisition that was less than \$1 million' and have not been revalued in accordance with APF III.

The carrying value of these items are deemed to approximate fair value.

These assets are classified at level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the assets condition and remaining useful life.

Valuation of library collection

The valuation of library collections was performed by Valcorp Australia Pty Ltd as at 30 June 2015. The independent valuer arrived at the fair value based on the written down current cost of replacing the collection.

Impairment

There were no indications of material impairment of property, and plant and equipment assets at 30 June 2017.

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Note 18. Intangible Assets

	2017	2016
	\$'000	\$'000
Computer software		
Internally developed computer software	7,688	7,688
Accumulated amortisation	(7,688)	(7,688)
Total internally generated computer software	-	-
Others		
Other computer software and licences	604	604
Accumulated amortisation	(525)	(458)
Total other computer software and licences	79	146
Total intangible work in progress	62	-
Total intangible assets	141	146

Impairment

There were no indications of impairment of intangible assets at 30 June 2017.

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Note 19. Reconciliation of Non-Current Assets

The following table shows the movement of Non-Current Assets during 2016-17

	<i>Land</i> \$'000	<i>Buildings & improvements</i> \$'000	<i>Building under finance lease</i> \$'000	<i>Buildings - leasehold improvements</i> \$'000	<i>Total land & buildings</i> \$'000
Carrying amount at the beginning of the period	62,202	119,637	5,808	1,458	189,105
Additions	-	908	-	397	1,305
Disposals	(128)	-	-	-	(128)
Depreciation & amortisation	-	(4,240)	(830)	(424)	(5,494)
Carrying amount at the end of the period	62,074	116,305	4,978	1,431	184,788

	<i>Computing and office furniture & equipment</i> \$'000	<i>Library collections</i> \$'000	<i>Works of art & collections</i> \$'000	<i>Capital work in progress</i> \$'000	<i>Total Property, Plant & Equipment</i> \$'000
Carrying amount at the beginning of the period	2,470	11,078	107	-	202,760
Additions	1,040	997	6	279	3,627
Disposals	-	-	-	-	(128)
Depreciation & amortisation	(776)	(1,541)	-	-	(7,811)
Carrying amount at the end of the period	2,734	10,534	113	279	198,448

	<i>Other Computer Software & licence</i> \$'000	<i>Intangible Capital work in progress</i> \$'000	<i>Total Intangible Assets</i> \$'000
Carrying amount at the beginning of the period	146	-	146
Additions	-	62	62
Depreciation & amortisation	(67)	-	(67)
Carrying amount at the end of the period	79	62	141

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The following table shows the movement of Non-Current Assets during 2015-16

	<i>Land</i> \$'000	<i>Buildings & improvements</i> \$'000	<i>Building under finance lease</i> \$'000	<i>Buildings - leasehold improvements</i> \$'000	<i>Total land & buildings</i> \$'000
Carrying amount at the beginning of the period	62,202	122,882	6,638	1,608	193,330
Additions	-	928	-	239	1,167
Depreciation & amortisation	-	(4,173)	(830)	(389)	(5,392)
Carrying amount at the end of the period	62,202	119,637	5,808	1,458	189,105

	<i>Computing and office furniture & equipment</i> \$'000	<i>Library collections</i> \$'000	<i>Works of art & collections</i> \$'000	<i>Total Property, Plant & Equipment</i> \$'000
Carrying amount at the beginning of the period	3,311	11,458	107	208,206
Additions	178	1,001	-	2,346
Disposals	(19)	-	-	(19)
Depreciation & amortisation	(1,000)	(1,381)	-	(7,773)
Carrying amount at the end of the period	2,470	11,078	107	202,760

	<i>Other Computer Software & licence</i> \$'000	<i>Total Intangible Assets</i> \$'000
Carrying amount at the beginning of the period	216	216
Depreciation & amortisation	(70)	(70)
Carrying amount at the end of the period	146	146

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Note 20. Fair Value Measurement

Fair Value Hierarchy

The fair value of non-financial assets must be estimated for recognition and measurement for disclosure purposes. Refer to Note 2. The Authority categorises non-financial assets measured at fair value into hierarchy based on the level of inputs use in measurement as follows:

Fair value measurements at 30 June 2017

Recurring fair value measurements	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Buildings	17	2,183	114,122	116,305
Land	17	62,074	-	62,074
Assets under finance lease	17	-	4,978	4,978
Leasehold improvements	17	-	1,431	1,431
Computing/Office furniture & equipment	17	-	2,734	2,734
Library Collections	17	-	10,534	10,534
Works of art and collections	17	-	113	113
Total recurring fair value measurements		64,257	133,912	198,169
Total		64,257	133,912	198,169

Fair value measurements at 30 June 2016

Recurring fair value measurements	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Buildings	17	2,329	117,308	119,637
Land	17	62,202	-	62,202
Assets under finance lease	17	-	5,808	5,808
Leasehold improvements	17	-	1,458	1,458
Computing/Office furniture & equipment	17	-	2,470	2,470
Library Collections	17	-	11,078	11,078
Works of art and collections	17	-	107	107
Total recurring fair value measurements		64,531	138,229	202,760
Total		64,531	138,229	202,760

The Authority's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. Valuation techniques and inputs used to derive level 2 and 3 fair values are at Note 17.

During 2017 and 2016, the Authority had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

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Reconciliation of Level 3 recurring fair value measurements at 30 June 2017

	Buildings \$'000	Asset under finance lease \$'000	Leasehold improvements \$'000	Computing and office furniture & equipment \$'000	Library Collections \$'000	Works of art and collections \$'000	Total \$'000
Opening balance at the beginning of the period	117,308	5,808	1,458	2,470	11,078	107	138,229
Acquisitions	908	-	397	1,040	997	6	3,348
Total (loss) for the period recognised in net result:							
Depreciation	(4,094)	(830)	(424)	(776)	(1,541)	-	(7,665)
Closing balance at the end of the period	114,122	4,978	1,431	2,734	10,534	113	133,912

Reconciliation of Level 3 recurring fair value measurements at 30 June 2016

	Buildings \$'000	Asset under finance lease \$'000	Leasehold improvements \$'000	Computing and office furniture & equipment \$'000	Library Collections \$'000	Works of art and collections \$'000	Total \$'000
Opening balance at the beginning of the period	120,401	6,638	1,608	3,311	11,458	107	143,523
Acquisitions	928	-	239	178	1,001	-	2,346
Total (loss) for the period recognised in net result:							
Depreciation	(4,021)	(830)	(389)	(1,000)	(1,381)	-	(7,621)
Disposals	-	-	-	(19)	-	-	(19)
Closing balance at the end of the period	117,308	5,808	1,458	2,470	11,078	107	138,229

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Note 21. Payables

	2017	2016
	\$'000	\$'000
Current:		
Creditors	102	24
Accrued expenses	1,771	2,455
Accrued capital expenditure	565	79
Employment on-costs	747	742
Paid Parental Leave Scheme payable	-	4
Total current payables	3,185	3,304
Non-Current:		
Employment on-costs	899	948
Total non-current payables	899	948
Total Payables	4,084	4,252

Employment on-costs include payroll tax, WorkCover levies and superannuation contributions.

The Authority makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at balance date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave remained at the 2016 rate of 40% and the average factor for the calculation of employer superannuation cost on-cost has changed from the 2016 rate (10.2%) to 10.1%. 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 the employment on-cost of \$5 000. Refer to Note 22.

The Paid Parental Leave Scheme payable represents amounts which the Authority has received from the Commonwealth Government to forward onto eligible employees via the Authority's standard payroll processes. That is, the Authority is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

Interest rate and credit risk

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received.

Employment on-costs are settled when the respective employee benefits that they relate to is discharged.

All payables are non interest-bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand. For further information on risk management refer to Note 33.

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Note 22. Employee Benefits

	2017	2016
	\$'000	\$'000
Current:		
Accrued salaries and wages	837	669
Annual leave	2,886	2,885
Long service leave	1,209	1,359
Skills and experience retention leave	329	314
Total current employee benefits	5,261	5,227
Non-Current:		
Long service leave	9,780	10,267
Total non-current employee benefits	9,780	10,267
Total employee benefits	15,041	15,494

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 increased from 2016 (2%) to 2017 (2.5%).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$407 000 and employee benefits expense of \$444 000. The impact on future periods is impracticable to measure as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

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Note 23. Provisions

	2017	2016
	\$'000	\$'000
Current:		
Provision for workers compensation	681	688
Total current provisions	681	688
Non-Current:		
Provision for workers compensation	1,476	1,187
Total non-current provisions	1,476	1,187
Total provisions	2,157	1,875
Carrying amount at the beginning of the period	1,875	2,285
Reductions arising from payments/other sacrifice of future economic benefits	(741)	(932)
Increase/(Reductions) resulting from re-measurement or settlement without cost	166	(155)
Additional provisions recognised	857	677
Carrying amount at the end of the period	2,157	1,875

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2017 provided by a consulting actuary engaged through the Office for the Public Sector (a division of the Department of the Premier and Cabinet). The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Authority is responsible for the payment of workers compensation claims.

Note 24. Other Liabilities

	2017	2016
	\$'000	\$'000
Current		
Unearned revenue	339	308
Unclaimed money	100	179
Total other liabilities	439	487

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Note 25. Financial Lease Liabilities/ Commitments

	2017	2016
	\$'000	\$'000
Finance lease commitments		
Future minimum lease payments under finance lease of the Sir Samuel Way Building to Funds SA, expiring in 2023, together with the present value of net minimum lease payments are as follows:		
Within one year	2,074	2,074
Later than one year but not longer than five years	8,298	8,298
Later than five years	2,074	4,149
Total minimum lease payments	12,446	14,521
Less: Future finance charges	1,899	2,535
Total finance lease commitments - non-cancellable	10,547	11,986
Present value of finance leases payable as follows:		
Within one year	1,521	1,439
Later than one year but not longer than five years	7,013	6,631
Later than five years	2,013	3,916
Total present value of minimum lease payments	10,547	11,986
Included in the financial statements as:		
Current financial liabilities	1,521	1,439
Non-Current financial liabilities	9,026	10,547
Total present value of minimum lease payments	10,547	11,986

The weighted average interest rate implicit in the lease is 5.64% (5.64%)

Contingent Rentals

The above finance lease comprises a base amount plus an incremental contingent rental. Contingent rentals are based on the CPI and other related indices. Commitments in relation to contingent rentals are payable as follows:

Within one year	4,596	4,468
Later than one year but not longer than five years	18,386	17,872
Later than five years	4,597	8,937
Total contingent rentals commitment	27,579	31,277

The Authority is responsible for all maintenance costs and paid a contingent rental of \$4,468,000 (2016 - \$4,425,000) which will increase each year by the amount obtained by applying the rate of CPI increase in the previous year to the combined total of the previous year's rental and finance lease repayments.

Contingent liability – Restorative repair work

The Authority is responsible to maintain and repair the Sir Samuel Way Building and is required to ensure that it is in good tenable condition at the end of the lease term. It is presently estimated that restorative repair work for the building will cost in excess of \$10 million. The Authority has an option to purchase the building and the land at the end of the lease term and the restorative obligation may be reduced.

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Note 26. Unrecognised Contractual Commitments

	2017 \$'000	2016 \$'000
Capital commitments		
Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:		
Within one year	1,090	-
Later than one year but not longer than five years	2,146	-
Total capital commitments	3,236	-

The Authority's capital commitment within the first year is for building restoration which is undertaken through the Department of Planning, Transport and Infrastructure. The capital commitment later than one year is for the Electronic Court Management System.

	2017 \$'000	2016 \$'000
Expenditure commitments		
Within one year	4,323	5,182
Later than one year but not longer than five years	12,427	10,358
Later than five years	21,871	25,291
Total other commitments	38,621	40,831

The Authority's expenditure commitments is mainly in relation to a Public Private Partnership arrangement via SA Police for regional court premises (\$34.5million). Other expenditure commitments are related to operating expenses.

	2017 \$'000	2016 \$'000
Operating lease commitments as lessee		
Commitments in relation to equipment and accommodation operating leases contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:		
Within one year	760	1,193
Later than one year but not longer than five years	514	533
Total operating lease commitments - all non-cancellable	1,274	1,726

The Authority's operating lease commitments as lessee with Fleet SA via LeasePlan for vehicles is \$1.2 million.

	2017 \$'000	2016 \$'000
Operating lease commitments as lessor		
Commitments in relation to accommodation operating leases contracted for at the reporting date but not recognised as receivable in the financial report, are receivable as follows:		
Within one year	148	480
Later than one year but not longer than five years	17	192
Total operating lease commitments - all non-cancellable	165	672

The Authority's operating lease commitment as lessor with The South Australia Police in one of the court premises is \$26 000 within the next year.

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Note 27. Contingent Assets and Liabilities

With the exception of the possible restorative repair work (refer to Note 25), the Authority has no other material contingent assets or liabilities as at 30 June 2017 (2016 Nil).

Note 28. Remuneration of board and committee members

Members of/assessors in the board and committees during the 2017 financial year were:

Administrative and Disciplinary Division of the District Court			
Mr	Adrian Jackson (term expired 17.09.16)	Ms	Karen Lehman
Mr	Alan Tregilgas	Ms	Kimberley Shorland
Mr	Alan Tuckfield	Mr	Leroy Uren
Mr	Alistair Matheson	Mr	Marc Cheney
Mr	Andrew Clark	Mr	Marc Sanderson
Mr	Andrew Forrest	Mr	Mark Pittman
Mr	Andrew Hill	Ms	Marilyn Sheffield
Ms	Ann Rungie	Mr	Martin Burns
Mr	Anthony Toop	Ms	Megan Tamlin
Mr	Brenton Trenorden	Mr	Michael Pohl
Mr	Caleb Robins	Ms	Michele Slatter
Mr	Charles MacDonald	Mr	Nathan Fox
Ms	Christine Bindon (term expired 17.09.16)	Mr	Nick Giannetta
Mr	David Kelly (term expired 17.09.16)	Ms	Nola Beck
Ms	Dianne Neale	Ms	Patricia Johnson
Ms	Elaine Attwood	Ms	Penny Riggs
Ms	Elizabeth Bachmann	Mr	Peter Kentish
Ms	Faye Donaghy	Mr	Richard Retalleck
Ms	Fiona Webber	Mr	Robert Ormston
Ms	Florina D'Sylvia (term expired 17.09.16)	Mr	Robin Matters
Mr	Gary Mason	Mr	Robin Turner
Mr	Gary Palmer	Mr	Rod Shogren
Mr	Gary McDougall	Ms	Roseanne Healy
Mr	Greg Sharp	Ms	Samantha Ireland
Mr	Harry Klavins	Ms	Sarah Sheppard
Mr	Ian Butterworth	Mr	Stephen Kemp
Ms	Jaene Piip	Mr	Stephen McDermot-Batt
Ms	Janina Gipslis (term expired 31.01.17)	Mr	Stavros Georgiadis
Ms	Jean Hutchinson	Ms	Susan Visser
Mr	Jeffrey Stevens	Mr	Timothy Crowley (term expired 17.09.16)
Mr	John Adley	Mr	Timothy O'Halloran
Mr	John Furbank	Ms	Valerie Timms
Mr	John Paholski	Mr	Warren Hall
Ms	Joy De Leo	Mr	Wayne Chadwick
Ms	Judith Morris	Mr	William Waterhouse
Mr	Kris Casey		

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Training Centre Review Board			
Mr	Barry Jennings *	Ms	Jasmine Tonkin * (appointed 17.11.16)
Ms	Branka King	Ms	Kathryn Stone * (term expired 01.07.16)
Mr	Christopher Boltje	Ms	Katrina Dee *
Mr	Douglas Barr *	Ms	Lynette Pugh * (term expired 10.11.16)
Mr	David Branson	Ms	Nancy Penna (term expired 07.08.16)
Mr	Dale Agius *	Mr	Philip Fagan-Schmidt *
Mr	Darryn Keneally	Ms	Shona Reid *
Ms	Ester Huxtable	Mr	Stuart McLean *
Ms	Fiona Curnow * (appointed 17.11.16)	Ms	Tiffany Downing
Mr	Gregory Forrest *		

Equal Opportunity Tribunal			
Ms	Helena Jasinski	Ms	Elizabeth Bachmann
Ms	David Shetliffe	Mr	Richard Altman

State Courts Administration Council			
Chief Justice	Christopher Kourakis *	Judge	Wayne Chivell *
Justice	Timothy Stanley *	Chief Magistrate	Mary-Louise Hribal *
Chief Judge	Michael Evans * (appointed 20.12.16)	Magistrate	Dr Andrew Cannon *
Chief Judge	Geoffrey Muecke * (retired 20.12.16)		

The number of members whose remuneration received or falls within the following bands:

	2017	2016
\$0 - \$9,999	6	12
\$10,000 - \$19,999	-	1
Total number of members	6	13

* In accordance with the Department of Premier and Cabinet Circular No. 016, Government employees did not receive any remuneration for board/committee duties during the financial year.

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and any fringe benefits tax paid or payable in respect of these benefits. The total remuneration received/receivable by members was \$17,000 (\$41,000).

The District Court and Youth Court judges are presiding officers of the boards. Various Acts confer a jurisdiction upon the District Court in its Administrative and Disciplinary Division and the Youth Court in the Training Centre Review Board. The District Court Act 1991 and Young Offenders Act 1993 specify the proceedings process when the matters are referred to the boards for hearing. The Police Disciplinary Tribunal and the Protective Security Officers Disciplinary Tribunal are constituted of a magistrate under the Police (Complaints and Disciplinary Proceedings) Act 198 and do not have any other members.

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Unless otherwise disclosed, transactions between members are on conditions no more favourable than those it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

Note 29. Related Party Transactions

The Courts Administration Authority is a statutory authority independent of control by executive government.

Related parties of the Authority include all key management personnel and their close family members and certain judicial officers and their close family members.

Significant transactions with government related entities

All Authority transactions with government related entities during the 2017 period were minor commercial or intragovernmental operational transactions. There were no significant transactions with government related entities.

Collectively, but not individually significant transactions with government related entities.

Quantitative information about transactions and balances between the Authority and other SA Government controlled entities are disclosed at Note 31.

Key Management Personnel

Key Management Personnel of the Authority include the membership of the State Courts Administration Council, the State Courts Administrator and members of the Authority's executive and senior management team who have responsibility for the strategic direction and management of the Authority.

	2017
Key Management Personnel Compensation*	\$'000
Salaries and other short term employee benefits	3,812
Post-employment benefits	1,089
Other long-term employment benefits	219
Total Key Management Personnel Compensation	5,120

*Key Management Personnel Compensation includes compensation to judicial officers.

Transactions with Key Management Personnel and other related parties

There have been no transactions with Key Management Personnel.

All contractual arrangements entered into by the Authority with related entities were conducted on an arm's length basis.

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Note 30. Cash Flow Reconciliation

	2017	2016
	\$'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	58,143	58,196
Balance as per the Statement of Cash Flows	58,143	58,196
Reconciliation of net cash provided by operating activities to net cost of providing services:		
Net cash provided by operating activities	4,532	11,235
<u>Less</u> Revenues from SA Government	(85,533)	(94,366)
<u>Add</u> Payment to SA Government	-	543
Add/Less non cash items		
Depreciation/Amortisation	(7,878)	(7,843)
Loss from disposal of assets	(44)	(19)
Impairment loss	-	1
Movements in Assets/Liabilities		
(Decrease)/Increase in Receivables	(254)	603
Decrease/(Increase) in Employee Benefits	472	(1,714)
Decrease/(Increase) in Payables	653	(771)
(Increase)/Decrease in Provisions	(282)	410
Decrease/(Increase) in Other Liabilities	48	(116)
Net Cost of providing Services	(88,286)	(92,037)

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Note 31. Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Note			SA Government		Non-SA Government		Total	
			2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
		EXPENSES						
5		Employee benefits expenses	2,455	2,480	49,121	50,032	51,576	52,512
6		Supplies and Services						
		Accommodation and services	9,121	9,743	5,020	4,240	14,141	13,983
		Circuit and Travel expenses	-	-	1,191	1,135	1,191	1,135
		Computing and communications	1,067	1,532	4,469	4,366	5,536	5,898
		Consultancy, contractors and temp staff	37	-	1,878	1,942	1,915	1,942
		Legal cost	35	79	322	-	357	79
		Court expenses	180	225	1,103	1,021	1,283	1,246
		Operating leases	178	191	11	11	189	202
		Staff development and training	1	22	523	425	524	447
		Equipment purchases and repairs	-	-	378	280	378	280
		Coronial Charges	-	3,824	423	452	423	4,276
		Jurors' expenses	-	-	2,215	1,952	2,215	1,952
		Sheriff Officer Payments	-	-	860	858	860	858
		Other administration expenses	395	363	1,956	1,882	2,351	2,245
7		Depreciation and amortisation expense	-	-	7,878	7,843	7,878	7,843
8		Borrowing costs	636	714	-	-	636	714
9		Other expenses						
		Workers compensation	-	-	1,046	595	1,046	595
		Audit fees	141	145	31	146	172	291
		Doubtful debts	-	-	1	(1)	1	(1)
14		Payments to SA Government	-	543	-	-	-	543
		TOTAL EXPENSES	14,246	19,861	78,426	77,179	92,672	97,040

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			SA Government		Non-SA Government		Total	
Note			2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
	INCOME							
11	Revenues from fees and charges		336	398	2,721	2,726	3,057	3,124
12	Sales of goods and services							
		Sale of electronic information	-	-	286	288	286	288
		Recoup of services and others	516	523	86	78	602	601
		Rent recoveries	270	229	215	212	485	441
13	Grants and transfers		-	25	-	-	-	25
14	Revenues from SA Government		85,533	94,366	-	-	85,533	94,366
	TOTAL INCOME		86,655	95,541	3,308	3,304	89,963	98,845

	FINANCIAL ASSETS							
15	Cash and cash equivalents		58,114	58,166	29	30	58,143	58,196
16	Receivables							
		Receivables	23	64	152	215	175	279
		Accrued revenues	79	13	5	64	84	77
		GST input tax recoverable	-	-	599	473	599	473
		Prepayments	-	-	721	959	721	959
	TOTAL FINANCIAL ASSETS		58,216	58,243	1,506	1,741	59,722	59,984
	FINANCIAL LIABILITIES							
21	Payables							
		Creditors	-	-	102	24	102	24
		Accrued expenses	1,232	1,680	1,104	854	2,336	2,534
		Employment on-costs	782	811	864	879	1,646	1,690
		Paid Parental Leave Scheme payable	-	-	-	4	-	4
25	Financial liabilities							
		Finance lease liabilities	10,547	11,986	-	-	10,547	11,986
24	Other liabilities		109	108	330	379	439	487
	TOTAL FINANCIAL LIABILITIES		12,670	14,585	2,400	2,140	15,070	16,725

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Note 32. Budgetary reporting and explanations of major variances between budget and actual amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2016-17 Budget Paper 4). Budget information has been included for the Statement of Comprehensive Income and for Investment Expenditure. Budget information has not been included for the Statement of Financial Position or Statement of Cash Flows as the information in these statements are not budgeted for on the same basis and/or determined in a different manner to financial statement information. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

The budget process is not subject to audit.

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 2017 \$'000	Actual 2017 \$'000	Variance \$'000
Statement of Comprehensive Income				
Expenses				
Employee benefits expenses		53,275	51,576	(1,699)
Supplies and services		33,435	31,363	(2,072)
Depreciation and amortisation expense		8,121	7,878	(243)
Borrowing costs		636	636	-
Net loss from disposal of non-current assets		-	44	44
Other expenses		1,238	1,219	(19)
Total Expenses		96,705	92,716	(3,989)
Income				
Revenues from fees and charges	a	3,594	3,057	(537)
Sale of goods and services	b	974	1,373	399
Total Income		4,568	4,430	(138)
Net cost of providing services		92,137	88,286	(3,851)
Revenues from SA Government				
Revenues from SA Government		93,592	85,533	(8,059)
Net Result		1,455	(2,753)	(4,208)
Total comprehensive result		1,455	(2,753)	(4,208)

- a) Revenue from fees and charges were lower than the original budget mainly due to lower than expected Sheriff's Officer fees for serving civil processes.
- b) Sale of goods and services were higher than the original budget mainly due to unbudgeted recoups from the Fines Enforcement Recovery Unit.

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		Original budget 2017 \$'000	Actual 2017 \$'000	Variance \$'000
Investing expenditure summary	Note			
Total new projects	c	-	90	90
Total existing projects	d	6,161	70	(6,091)
Total annual programs	e	4,198	3,530	(668)
Total investing expenditure		10,359	3,690	(6,669)

c) Total new projects investing expenditure relates to building renovation was included in the budgeted total annual programs investing expenditure.

d) Total existing projects investing expenditure was lower than the original budget due to delay in the Electronic Court Management System.

e) Total annual programs investing expenditure was lower than the original budget due to reclassification of actual expenditure to new projects and less than expected building works.

Note 33. Financial Risk Management

33.01 Financial Risk Management

Risk management is managed by the Authority's corporate services section and divisional risk management policies are in accordance with the Risk Management Policy Statement issued by the Premier and Treasurer and the principles established in the Australian Standard Risk Management Principles and Guidelines.

The Authority's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Liquidity Risk

The Authority is funded principally from appropriations by the SA Government. The Authority works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Credit and market risk

The Authority has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

The Authority does not trade in foreign currency, enter into transactions for speculative purposes, nor for hedging. The Authority does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the Government's risk management strategy articulated in TI 23 Management of Foreign Currency Exposures.

No collateral is held as security and no credit enhancements relate to financial assets held by the Authority

Refer Note 16 for further information.

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Market risk for the Authority is primarily through interest rate risk. Exposure to interest rate risk may arise through its borrowings from Funds SA. There is no exposure to foreign currency or other price risks.

There have been no changes in risk exposures since the last reporting period.

33.02 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 or the respective financial asset/financial liability note.

The carrying amounts of each of the following categories of financial assets and liabilities: loan and receivables; and financial liabilities measured at cost are detailed below:

The Authority does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short term nature of these. Refer to Note 2, Note 16, and Note 21.
- Financial liabilities are initially recognised at fair value, plus any transaction cost directly attributable to the finance lease liabilities, then subsequently held at amortised cost. The fair value of the finance lease liabilities approximates the carrying amount, as the impact of discounting is not significant. Refer to Note 2 and Note 25.

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Category of financial asset and financial liability	Notes	2017 Carrying amount/Fair value (\$'000)	2017 contractual maturities			
			Current	Within 1 year	1-5 years (\$'000)	5+ years (\$'000)
Financial assets						
Cash and cash equivalents						
Cash and cash equivalents	15	58,143	58,143	-	-	-
Loans and receivables						
Receivables (1) (2)	16	259	259	-	-	-
Total financial assets		58,402	58,402	-	-	-
Financial liabilities						
Financial liabilities at cost						
Payables (1)	21	2,264	2,264	-	-	-
Financial lease liability	25	10,547	-	1,521	7,013	2,013
Total financial liabilities		12,811	2,264	1,521	7,013	2,013

Category of financial asset and financial liability	Notes	2016 Carrying amount/Fair value (\$'000)	2016 contractual maturities			
			Current	Within 1 year (\$'000)	1-5 years (\$'000)	5+ years (\$'000)
Financial assets						
Cash and cash equivalents						
Cash and cash equivalents	15	58,196	58,196	-	-	-
Loans and receivables						
Receivables (1) (2)	16	356	356	-	-	-
Total financial assets		58,552	58,552	-	-	-
Financial liabilities						
Financial liabilities at cost						
Payables (1)	21	2,375	2,375	-	-	-
Financial lease liability	25	11,986	-	1,439	6,631	3,916
Total financial liabilities		14,361	2,375	1,439	6,631	3,916

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (eg Commonwealth, State and Local Govt taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

(2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in Note 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.

**Courts Administration Authority
2016-17 Financial Statements**

**STATEMENT OF ADMINISTERED COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$'000	2016 \$'000
Administered Expenses			
Judicial benefits expenses	A4	39,328	40,159
Payments to Fines Enforcement Recovery Unit		1,034	1,145
Payments to Consolidated Account		22,478	17,392
Other expenses		841	692
Total Administered Expenses		63,681	59,388
Administered Income			
Revenues from SA Government		39,328	40,159
Court fees		19,228	16,147
Transfer receipts from Trust monies		1,861	-
Transcript fees		1,455	1,262
Fines Enforcement Recovery Unit Income		1,034	1,145
Other income		775	675
Total Administered Income		63,681	59,388
Net and total comprehensive result		-	-
Net and total comprehensive result are attributable to SA Government as owner			

The above statement should be read in conjunction with the accompanying notes.

**Courts Administration Authority
2016-17 Financial Statements**

**STATEMENT OF ADMINISTERED FINANCIAL POSITION
AS AT 30 JUNE 2017**

	Note	2017 \$'000	2016 \$'000
Administered Current Assets			
Cash and cash equivalents	A5	6,417	3,618
Receivables	A6	5,104	7,307
Total current assets		11,521	10,925
Administered Current Liabilities			
Payables	A7	3,467	3,025
Judicial benefits	A8	4,362	4,271
Other liabilities	A9	104	119
Total current liabilities		7,933	7,415
Administered Non-Current Liabilities			
Payables	A7	1,459	1,450
Judicial benefits	A8	10,097	10,028
Total non-current liabilities		11,556	11,478
Total liabilities		19,489	18,893
Net Assets		(7,968)	(7,968)
Administered Equity			
Accumulated deficit		(7,968)	(7,968)
Total administered equity		(7,968)	(7,968)

Total administered equity is attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes.

**Courts Administration Authority
2016-17 Financial Statements**

**STATEMENT OF ADMINISTERED CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Retained Earnings
Note	\$'000
Balance at 30 June 2015	(7,968)
Net result for 2015-16	-
Total comprehensive result for 2015-16	-
 Balance at 30 June 2016	 (7,968)
Net result for 2016-17	-
Total comprehensive result for 2016-17	-
Balance at 30 June 2017	(7,968)

All changes in equity are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes.

**Courts Administration Authority
2016-17 Financial Statements**

**STATEMENT OF ADMINISTERED CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017	2016
		\$'000	\$'000
CASH FLOWS FROM ADMINISTERED ACTIVITIES			
Cash outflows			
Judicial benefits		(39,171)	(38,488)
Payments to consolidated account		(22,075)	(17,318)
Payments to Fines Enforcement Recovery Unit		(1,037)	(1,196)
Other payments		(863)	(680)
Total cash outflows		(63,146)	(57,682)
Cash inflows			
Receipts from SA Government		41,438	38,257
Court fees		19,257	16,125
Transfer receipts from Trust monies		1,861	-
Transcript fees		1,451	1,186
Fines Enforcement Recovery Unit receipts		1,034	1,145
GST recovered from the ATO		50	53
Other receipts		854	718
Total cash inflows		65,945	57,484
Net cash provided by/(used in) administered activities	A10	2,799	(198)
Net increase/(decrease) in cash and cash equivalents		2,799	(198)
Cash and cash equivalents at the beginning of the financial year		3,618	3,816
Cash and cash equivalents at the end of the financial year	A5	6,417	3,618

The above statement should be read in conjunction with the accompanying notes.

**Courts Administration Authority
2016-17 Financial Statements**

Notes to and forming part of the administered financial statements

NOTE INDEX

Administered items

Objectives of the Courts Administration Authority	Note A1
Significant accounting policies	Note A2
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Remuneration of judiciary	Note A4
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Judicial benefits	Note A8
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Administered transactions with SA Government	Note A11
Administered budgetary reporting and explanations of major variances	Note A12
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Courts Administration Authority 2016-17 Financial Statements

Note A1 Objectives of the Courts Administration Authority

The objectives of the Authority outlined in Note 1 for operating items apply equally to the Administered Financial Statements.

Note A2 Significant accounting policies

The policies of the Authority outlined in Note 2 for operating items apply equally to the Administered Financial Statements.

Note A3 Administered Activities of the Authority

The activities the Authority administers are mainly comprised of the following transactions:

- Court fees and transcripts fees – The Authority processes revenue from fees charged under regulations to various Acts. Examples of these fees include lodgement fees in the various jurisdictions and sale of evidence/transcript. This revenue is directly credited to the Consolidated Account. Court fees are recognised at the time cash is received due to the uncertainty of amounts to be collected. Transcript fees are recognised upon delivery of the service.
- During 2017, \$1.8million receipted as Trust monies in prior years was returned to the Consolidation Account via Administered revenue. Refer Note A13 Trust monies.
- Fines Enforcement Recovery Unit income – The Authority collects fines and Victims of Crime Levy at a court registry. Monies are recognised at the time cash is received and paid into the Attorney-General's Department.
- Other income includes recovery from other SA Government agencies for witness fees paid when the witness fee expense is incurred.
- Judicial expenses – The Authority makes payments pursuant to the *Remuneration Act 1990* for the judiciary. These expenses include judicial salaries and associated on-costs (superannuation and payroll tax), judicial vehicle expenses and related Fringe Benefits Tax.
- The activities used by the Authority for budgeting and reporting purposes are mainly from one activity named as Court and Tribunal Case Resolution Services. It consists of the resolution of criminal, civil, appellate, coronial and probate matters in the State's courts and tribunals.

**Courts Administration Authority
2016-17 Financial Statements**

Note A4 Judicial Benefits Expenses

	2017 \$'000	2016 \$'000
Salaries and wages	25,934	25,921
Long service leave	1,230	2,602
Annual leave	2,330	1,812
Employment on-costs - superannuation*	6,021	6,068
Employment on-costs - payroll tax	1,856	1,897
Other judicial related expenses	1,957	1,859
Total Judicial benefits expenses	39,328	40,159

*The superannuation employment on-cost charge represents the Authority's contributions to superannuation plans in respect of current services of current judicial officers.

Remuneration of

Judiciary	2017	2016		2017	2016
The number of judicial officers whose remuneration received or receivable falls within the following bands:					
\$145000 to \$147000*	na	1	\$387001 to \$397000	1	1
\$147001 to \$157000	-	1	\$417001 to \$427000	2	-
\$177001 to \$187000	2	1	\$437001 to \$447000	-	1
\$197001 to \$207000	1	1	\$447001 to \$457000	2	-
\$207001 to \$217000	2	2	\$477001 to \$487000	-	3
\$247001 to \$257000	-	1	\$487001 to \$497000	1	1
\$257001 to \$267000	-	1	\$497001 to \$507000	2	14
\$267001 to \$277000	1	1	\$507001 to \$517000	19	2
\$277001 to \$287000	1	1	\$517001 to \$527000	2	-
\$287001 to \$297000	-	1	\$557001 to \$567000	1	9
\$297001 to \$307000	2	1	\$567001 to \$577000	6	2
\$317001 to \$327000	1	5	\$577001 to \$587000	4	1
\$327001 to \$337000	5	8	\$587001 to \$597000	-	1
\$337001 to \$347000	9	8	\$617001 to \$627000	-	1
\$347001 to \$357000	9	7	\$627001 to \$637000	1	1
\$357001 to \$367000	6	3	\$637001 to \$647000	1	-
\$367001 to \$377000	2	6	\$677001 to \$687000	-	1
\$377001 to \$387000	5	1			
Total number of judicial officers				88	88

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2015-16.

The table includes all judicial officers who received remuneration equal to or greater than the base executive remuneration level during the year.

Remuneration of judicial officers reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice and fringe benefits and any fringe benefit tax paid/payable in respect of those benefits. The total remuneration received by these judicial officers for the year was \$37.2million (\$36.1million).

**Courts Administration Authority
2016-17 Financial Statements**

Note A5 Administered Cash and Equivalents

	2017	2016
	\$'000	\$'000
Deposit with the Treasurer	6,417	3,618
Total Administered cash and cash equivalents	6,417	3,618

Cash is measured at nominal amounts.

Deposits with the Treasurer

The Authority does not earn interest on its deposit with the Treasurer.

Note A6 Administered Receivables

	2017	2016
	\$'000	\$'000
Current		
Debtors	1,107	1,124
Allowance for doubtful debts	(347)	(286)
Accrued revenue	4,338	6,462
GST input tax recoverable	6	7
Total current Administered receivables	5,104	7,307

Movement in the allowance for doubtful debts

The allowance for doubtful debts is recognised when there is objective evidence that a receivable is impaired.

An allowance for impairment loss has been recognised in other expenses for specific debtors and debtors assessed on a collective basis for which such evidence exists.

**Movements in the allowance for doubtful debts
(Impairment loss)**

Carrying amount at the beginning of the period	286	259
Increase in the allowance	61	29
Amounts recovered during the year	-	(2)
Carrying amount at the end of the period	347	286

Interest rate and credit risk

Receivables are raised at the time service is provided only where it is probable that the revenue will be received. Receivables are normally settled within 30 days after the issue of an invoice. Accrued revenues are mainly statutory revenue from SA Government which do not have credit risk. Receivables and accrued revenues are non interest-bearing.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Authority will not be able to collect the debt. 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.

**Courts Administration Authority
2016-17 Financial Statements**

Note A7 Administered Payables

	2017	2016
	\$'000	\$'000
Current:		
Creditors	198	185
Accrued expenses	2,327	1,919
Judicial benefits on-costs	942	921
Total current administered payables	3,467	3,025
Non-Current:		
Judicial benefits on-costs	1,459	1,450
Total non-current administered payables	1,459	1,450
Total Administered payables	4,926	4,475

Judicial benefits on-costs include payroll tax and superannuation contributions.

The Authority makes contributions to several State Government 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.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave remained the same 2016 rate of 40% and the average factor for the calculation of employer superannuation cost on-cost has changed from the 2016 rate (10.2%) to 10.1%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year in the employment on-cost is minimal. The impact on future years is impractical to estimate. Refer to Note A8.

Interest rate and credit risk

Payables are measured at nominal amounts. Creditors and accrued expenses are mainly statutory payables (eg Commonwealth tax and Consolidated account) which has no credit risk. All payables are non interest-bearing.

Judicial benefits on-costs are settled when the respective employee benefits that they relate to is discharged.

**Courts Administration Authority
2016-17 Financial Statements**

Note A8 Judicial Benefits

	2017	2016
	\$'000	\$'000
Current:		
Accrued salaries and wages	580	465
Annual leave	2,091	2,138
Long service leave	1,691	1,668
Total current judicial benefits	4,362	4,271
Non-Current:		
Long service leave	10,097	10,028
Total non-current judicial benefits	10,097	10,028
Total judicial benefits	14,459	14,299

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 increased from 2016 (2%) to 2017 (2.5%).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$422 000 and employee benefits expense of \$484 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The Authority has used the average leave pattern history of previous years to allocate the current and non-current liability. Refer to Note A7.

Note A9 Administered Other Liabilities

	2017	2016
	\$'000	\$'000
Current		
Unclaimed money	104	119
Total Administered other liabilities	104	119

**Courts Administration Authority
2016-17 Financial Statements**

Note A10 Administered Cashflow Reconciliation

	2017	2016
	\$'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	6,417	3,618
Balance as per the Statement of Administered Cash Flows	6,417	3,618
Reconciliation of Net Cash provided by Administered Activities to total comprehensive result:		
Net cash (used in) provided by operating activities	2,799	(198)
<u>Less: non cash item</u>		
Doubtful debts and bad debts expenses	(66)	(27)
Movements in Administered Assets / Liabilities		
(Decrease)/Increase in Receivables	(2,137)	2,016
(Increase) in Judicial Entitlements	(160)	(1,510)
(Increase) in Payables and Other liabilities	(436)	(281)
Total comprehensive result from Administered Activities	-	-

Courts Administration Authority

2016-17 Financial Statements

Note A11 Administered Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Note	SA Government		Non-SA Government		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
ADMINISTERED EXPENSES						
A4 Judicial benefits expenses	1,856	1,897	37,472	38,262	39,328	40,159
Administered expenses						
Payments to Fines Enforcement Recovery Unit	1,034	1,145	-	-	1,034	1,145
Payments to Consolidated Account	22,478	17,392	-	-	22,478	17,392
Other expenses	21	13	820	679	841	692
TOTAL ADMINISTERED EXPENSES	25,389	20,447	38,292	38,941	63,681	59,388
ADMINISTERED INCOME						
Court fees	-	-	19,228	16,147	19,228	16,147
Transfer receipts from Trust monies	-	-	1,861	-	1,861	-
Transcript fees	-	-	1,455	1,262	1,455	1,262
Fines Enforcement Recovery Unit Income	-	-	1,034	1,145	1,034	1,145
Other income	754	652	21	23	775	675
Revenues from SA Government	39,328	40,159	-	-	39,328	40,159
TOTAL ADMINISTERED INCOME	40,082	40,811	23,599	18,577	63,681	59,388
ADMINISTERED FINANCIAL ASSETS						
A5 Administered cash and cash equivalents	6,417	3,618	-	-	6,417	3,618
A6 Administered Receivables						
Receivables	337	203	423	635	760	838
Accrued revenues	4,294	6,387	44	75	4,338	6,462
GST input tax recoverable	-	-	6	7	6	7
TOTAL ADMINISTERED FINANCIAL ASSETS	11,048	10,208	473	717	11,521	10,925
ADMINISTERED FINANCIAL LIABILITIES						
A7 Administered Payables						
Creditors	-	-	198	185	198	185
Accrued expenses	2,278	1,874	49	45	2,327	1,919
Employment on-costs	794	784	1,607	1,587	2,401	2,371
A9 Other Administered liabilities	-	-	104	119	104	119
TOTAL ADMINISTERED FINANCIAL LIABILITIES	3,072	2,658	1,958	1,936	5,030	4,594

**Courts Administration Authority
2016-17 Financial Statements**

Note A12 Administered Budgetary reporting and explanations of major variances between budget and actual amounts

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2016-17 Budget Paper 4). Budget information has been included for the Administered Statement of Comprehensive Income. Budget information has not been included for the Administered Statement of Financial Position or Administered Statement of Cash Flows as the information in these statements are not budgeted for on the same basis and/or determined in a different manner to financial statement information. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

The budget process is not subject to audit.

The following are brief explanations of variances between original and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

		Original budget #	Actual	Variance
		2017	2017	
Statement of Administered Comprehensive Income	Note	\$'000	\$'000	\$'000
Administered Expenses				
Judicial benefits expenses		40,240	39,328	(912)
Payments to Fines Enforcement Recovery Unit		-	1,034	1,034
Payments to Consolidated Account	(a)	19,203	22,478	3,275
Other expenses		1,006	841	(165)
Total Administered Expenses		60,449	63,681	3,232
Administered Income				
Revenues from SA Government		40,240	39,328	(912)
Court fees		17,902	19,228	1,326
Transfer receipts from Trust monies		-	1,861	1,861
Transcript fees		1,301	1,455	154
Fines Enforcement Recovery Unit Income		-	1,034	1,034
Other income		1,006	775	(231)
Total Administered Income		60,449	63,681	3,232
Net and total comprehensive result		-	-	-

(a) Increase in Payments to Consolidated account is mainly due to the transfer receipts from Trust monies returned to Treasury which was not budgeted and increase in probate lodgements.

Courts Administration Authority 2016-17 Financial Statements

A13 Trust Monies

The Authority holds monies pending the outcome of court decisions. Beneficiaries of these payments include other SA, Federal and Local government entities, and individuals. These monies are excluded from the financial statements as the Authority cannot use them for the achievement of its objectives.

The following is a summary of the transactions in the jurisdiction's trust accounts.

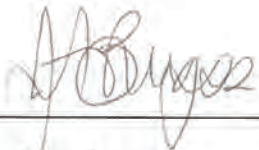
	2017	2016
	\$'000	\$'000
Supreme Court Suitor Account		
Balance at 1 July	37,893	18,875
Receipts	18,351	49,308
	56,244	68,183
Less: Payments	24,600	30,290
Balance at 30 June	31,644	37,893
District Court Suitor Account		
Balance at 1 July	3,103	2,941
Receipts	2,769	4,573
	5,872	7,514
Less: Payments	1,064	4,411
Balance at 30 June	4,808	3,103
Sheriff's Office Trust Clearing Account		
Balance at 1 July	-	134
Receipts	1,535	1,351
	1,535	1,485
Less: Payments	1,192	1,485
Balance at 30 June	343	-
Magistrates' Court Suitor Account		
Balance at 1 July	5,944	5,624
Receipts	3,696	3,397
	9,640	9,021
Less: Payments *	5,778	3,077
Balance at 30 June	3,862	5,944

* Included payment of \$1.8million returned to Consolidated Account via Administered revenue due to prior years' collections not part of the Trust monies.

**Courts Administration Authority
Certification of the Financial Statements**

We certify that the:

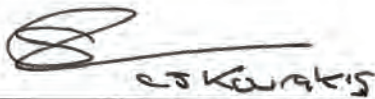
- financial statements of the Courts Administration Authority:
 - are in accordance with the accounts and records of the Authority; and
 - comply with relevant Treasurer's Instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Authority at the end of the financial year at 30 June 2017 and the result of its operations and cash flows for the financial year.
- internal controls employed by the Courts Administration Authority over its financial reporting and its preparation of the draft financial statements have been effective throughout the financial year.



Julie-Anne Burgess
State Courts Administrator



Trevor Pearce
Chief Financial Officer



The Honourable Christopher Kourakis
Chief Justice of South Australia
Chair State Courts Administration Council

Date: 12 September 2017

INDEPENDENT AUDITOR'S REPORT



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Auditor-General's Department

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To the Chair State Courts Administration Council

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 27 of the *Courts Administration Act 1993*, I have audited the financial report of the Courts Administration Authority for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Courts Administration Authority as at 30 June 2017, 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.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- Disaggregated Disclosures – Expenses and Income for the year ended 30 June 2017
- Disaggregated Disclosures – Assets and Liabilities as at 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2017
- a Statement of Administered Financial Position as at 30 June 2017
- a Statement of Administered Changes in Equity for the year ended 30 June 2017
- a Statement of Administered Cash Flows for the year ended 30 June 2017
- notes, comprising a summary of significant accounting policies and other explanatory information for administered items
- a Certificate from the Chair State Courts Administration Council, State Courts Administrator and the Chief Financial Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of Courts Administration Authority. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the State Courts Administrator and the State Courts Administration Council for the financial report

The State Courts Administrator 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 management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

The members of the State Courts Administration Council are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the State Courts Administrator
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the State Courts Administrator and the State Courts Administration Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

19 September 2017