

# Department of Treasury and Finance

Financial report  
for the year ended  
30 June 2018



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## To the Chief Executive Department of Treasury and Finance

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Department of Treasury and Finance for the financial year ended 30 June 2018.

### Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department of Treasury and Finance as at 30 June 2018, its financial performance and its cash flows for year then ended in accordance with the Treasurer's Instructions issued 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 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- Disaggregated Disclosures – Expenses and Income for the year ended 30 June 2018
- Disaggregated Disclosures – Assets and Liabilities as at 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2018
- a Statement of Administered Financial Position as at 30 June 2018
- a Statement of Administered Changes in Equity for the year ended 30 June 2018
- a Statement of Administered Cash Flows for the year ended 30 June 2018
- a Schedule of Expenses and Income attributable to administered activities for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information for administered items
- a Certificate from the Chief Executive and the Acting Director, Finance 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 of Treasury and Finance. 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 issued 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 about, 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 2018

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## Certification of the Financial Statements

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

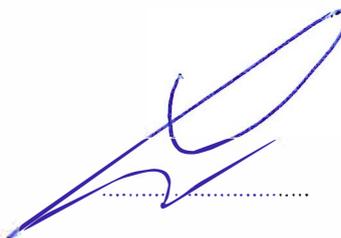
- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Department; and
- present a true and fair view of the financial position of the Department of Treasury and Finance as at 30 June 2018 and the results of its operation and cash flows for the financial year.

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



David Reynolds  
CHIEF EXECUTIVE OFFICER

14 September 2018



Terry Crowe  
A/Director, Finance Services

14 September 2018

**Department of Treasury and Finance  
(DTF)**

**Financial Statements**

For the year ended 30 June 2018

**Department of Treasury and Finance**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2018*

	Note	2018 \$'000	2017 \$'000
<b>Expenses</b>			
Employee benefits expenses	3	77 436	67 323
Supplies and services	5	108 431	50 310
Depreciation and amortisation	6	5 442	3 870
Net loss from disposal of non-current assets	7	19	329
Other expenses	8	594	386
<b>Total expenses</b>		<b>191 922</b>	<b>122 218</b>
<b>Income</b>			
Revenues from fees and charges	9	72 930	57 425
Resources received free of charge	10	1 217	-
Other income	11	7 515	4 144
<b>Total income</b>		<b>81 662</b>	<b>61 569</b>
<b>Net cost of providing services</b>		<b>(110 260)</b>	<b>(60 649)</b>
<b>Revenues from / payments to SA Government</b>			
Revenues from SA Government	12	127 738	72 435
<b>Total net revenues from SA Government</b>		<b>127 738</b>	<b>72 435</b>
<b>Net result</b>		<b>17 478</b>	<b>11 786</b>
<b>Other comprehensive income</b>			
Changes in intangible asset revaluation surplus	17	4 356	-
<b>Total comprehensive result</b>		<b>21 834</b>	<b>11 786</b>

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

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

**Department of Treasury and Finance**  
**Statement of Financial Position**  
*as at 30 June 2018*

	Note	2018 \$'000	2017 \$'000
<b>Current assets</b>			
Cash and cash equivalents	13	27 484	20 346
Receivables	14	21 064	3 752
<b>Total current assets</b>		<b>48 548</b>	<b>24 098</b>
<b>Non-current assets</b>			
Receivables	14	120	7
Property, plant and equipment	15/16	15 422	13 594
Intangible assets	17	60 364	37 104
<b>Total non-current assets</b>		<b>75 906</b>	<b>50 705</b>
<b>Total assets</b>		<b>124 454</b>	<b>74 803</b>
<b>Current liabilities</b>			
Payables	19	13 663	7 386
Employee benefits	20	9 136	7 969
Provisions	21	445	215
<b>Total current liabilities</b>		<b>23 244</b>	<b>15 570</b>
<b>Non-current liabilities</b>			
Payables	19	1 623	1 467
Employee benefits	20	17 227	15 953
Provisions	21	3 441	357
<b>Total non-current liabilities</b>		<b>22 291</b>	<b>17 777</b>
<b>Total liabilities</b>		<b>45 535</b>	<b>33 347</b>
<b>Net assets</b>		<b>78 919</b>	<b>41 456</b>
<b>Equity</b>			
Contributed capital		5 344	1 809
Asset revaluation surplus		4 356	-
Retained earnings		69 219	39 647
<b>Total equity</b>		<b>78 919</b>	<b>41 456</b>

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

Unrecognised contractual commitments 22

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

**Department of Treasury and Finance**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2018*

		Asset		
		Contributed	revaluation	Retained
		capital	surplus	earnings
	Note	\$'000	\$'000	\$'000
		Total		equity
		\$'000		\$'000
<b>Balance at 30 June 2016</b>		547	-	28 390
Error correction	17	-	-	(529)
<b>Restated balance as at 30 June 2016</b>		<b>547</b>	<b>-</b>	<b>27 861</b>
Net result for 2016-17		-	-	11 786
<b>Total comprehensive result for 2016-17</b>		<b>-</b>	<b>-</b>	<b>11 786</b>
Equity contribution received		1 262	-	-
<b>Balance at 30 June 2017</b>		<b>1 809</b>	<b>-</b>	<b>39 647</b>
Net result for 2017-18		-	-	17 478
Gain (loss) on revaluation of intangible asset	17	-	4 356	-
<b>Total comprehensive result for 2017-18</b>		<b>-</b>	<b>4 356</b>	<b>17 478</b>
Administrative restructure	2.3	-	-	12 094
Equity contribution received		3 535	-	-
<b>Balance at 30 June 2018</b>		<b>5 344</b>	<b>4 356</b>	<b>69 219</b>

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

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

**Department of Treasury and Finance**  
**Statement of Cash Flows**  
*for the year ended 30 June 2018*

		2018	2017
		(Outflows)	(Outflows)
		Inflows	Inflows
	Note	\$'000	\$'000
<b>Cash flows from operating activities</b>			
<b>Cash outflows</b>			
Employee benefit payments		(69 911)	(66 434)
Payments for supplies and services		(109 045)	(55 065)
Payments for Paid Parental Leave Scheme		(175)	(159)
<b>Cash used in operations</b>		<u>(179 131)</u>	<u>(121 658)</u>
<b>Cash inflows</b>			
Fees and charges		58 650	66 181
GST recovered from the Australian Taxation Office		6 214	3 008
Other receipts		1 577	4 210
Receipts for Paid Parental Leave Scheme		184	170
<b>Cash generated from operations</b>		<u>66 625</u>	<u>73 569</u>
<b>Cash flows from SA Government</b>			
Receipts from SA Government		127 738	72 435
<b>Cash generated from SA Government</b>		<u>127 738</u>	<u>72 435</u>
<b>Net cash provided by / (used in) operating activities</b>	24	<u>15 232</u>	<u>24 346</u>
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(2 543)	(3 820)
Purchase of intangibles		(9 086)	(11 773)
<b>Cash used in investing activities</b>		<u>(11 629)</u>	<u>(15 593)</u>
<b>Net cash provided by / (used in) investing activities</b>		<u>(11 629)</u>	<u>(15 593)</u>
<b>Cash flows from financing activities</b>			
<b>Cash inflows</b>			
Equity contribution received		3 535	1 262
<b>Cash generated from financing activities</b>		<u>3 535</u>	<u>1 262</u>
<b>Net cash provided by / (used in) financing activities</b>		<u>3 535</u>	<u>1 262</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<u>7 138</u>	<u>10 015</u>
Cash and cash equivalents at the beginning of the reporting period		20 346	10 331
<b>Cash and cash equivalents at the end of the reporting period</b>	24	<u>27 484</u>	<u>20 346</u>

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

# Department of Treasury and Finance

## Notes to and forming part of the financial statements

for the year ended 30 June 2018

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### 1 Basis of financial statements

#### 1.1 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 disclosures for details of the department's controlled activities).

Transactions and balances relating to administered resources are not recognised as departmental income, expenses, assets or liabilities. As administered items are significant in relation to the department's overall financial performance and position, they are disclosed in the administered financial statements at the back of the controlled general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

#### 1.2 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 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. 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 2018.

#### 1.3 Basis of preparation

The preparation of the financial statements requires:

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

**Department of Treasury and Finance**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**1 Basis of financial statements (continued)**

- 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. 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.

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

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

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.

Significant accounting policies are set out in the notes.

**1.4 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 retrospective application of changes to accounting policies and recognition of errors has occurred, relevant comparative amounts have been amended.

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

**1.5 Taxation**

The department is not subject to Income Tax. The department is liable for Payroll Tax, Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

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

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (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 department prepares the Business Activity Statement on behalf of the Administered items and Bureau agencies under the grouping provisions of the GST legislation. Under these provisions, the department is liable for the payments and entitled to the receipt of GST. As such, 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 of Treasury and Finance**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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## **2 Objectives and activities**

### **2.1 Objectives**

The Department of Treasury and Finance (DTF/the department) administers a range of programs and services in support of the government's seven strategic priorities and ten economic priorities for the State and South Australia's Strategic Plan.

The department's objectives are to:

- promote sustainable state finances
- support responsible budget and financial management
- deliver timely high quality services to meet the needs of our clients
- collaborate to deliver high quality advice on economic, social and environmental issues

### **2.2 Activities**

In achieving its objectives, the department undertakes the following activities:

#### ***Gambling Policy***

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

#### ***Accountability for Public Sector Resources***

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

#### ***Treasury Services***

The department manages the Government's financial assets and liabilities and provision of certainty of funding to the State.

#### ***Financial Services Provision***

The department provides a range of whole of government services including liability management, collection of taxes, insurance, superannuation and fleet administration.

#### ***Veterans' Affairs***

The department supports our ex-servicemen and women and those who support them by providing a central contact point for information about the State Government's services to veterans across departments, including health, transport, disability and mental health.

#### ***Office of the Valuer-General***

The Valuer-General is an independent statutory officer responsible for determining both site and capital values on an annual basis, which are utilised by local government and state based rating authorities for the levying of rates and taxes. The Valuer-General also provides various valuation services for government along with the collation of data which forms part of the centralised land information system and economic cadastre.

**Department of Treasury and Finance**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**2 Objectives and activities (continued)**

***Office of the Registrar-General***

The key function of the Office of the Registrar-General is to administer the *Real Property Act 1886*, and the associated statutes and policy impacting land transactions. This includes maintenance of the integrity of the Land Titles Register Book in accordance with the Torrens title system, and the government guarantee of indefeasibility of title, controlling the Assurance Fund and processing associated claims and setting regulated fees and charges.

Since October 2017, Land Services SA Pty Ltd (LSSA) are the exclusive provider for the State's transactional land services. The provision of these services is governed by the Land Services Agreement (LSA) and IP Licence Deed between the State and LSSA, which ensures regulatory, legal and contractual compliance by the State and LSSA. Under the LSA, all legislative powers, duties and functions necessary to enable LSSA to provide commercialised services on behalf of the State are delegated from the Registrar-General to the Chief Executive Officer, LSSA. However, all statutory responsibilities under the *Real Property Act 1886*, including delegated roles and functions outsourced to LSSA, are required to be monitored by the Registrar-General.

***General/not attributable: Certain items of the department are not allocated to activities***

The Disaggregated Disclosure Schedules present expenses, income, assets and liabilities attributed to each of the activities for the years ended 30 June 2018 and 30 June 2017.

**Department of Treasury and Finance**  
**Disaggregated Disclosures – Expenses and Income**  
*For the year ended 30 June 2018*

Activities	Accountability for							
	Public Sector				Financial Services			
	Gambling Policy		Resources		Treasury Services		Provision	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses</b>								
Employee benefits expenses	665	353	19 095	17 804	5 439	4 738	45 795	43 363
Supplies and services	65	95	17 187	16 555	1 465	1 952	26 521	30 347
Depreciation and amortisation	4	3	404	300	35	-	3 950	3 304
Net loss from disposal of non-current assets	-	2	6	123	-	-	11	197
Other expenses	-	-	-	-	-	-	-	386
<b>Total expenses</b>	<b>734</b>	<b>453</b>	<b>36 692</b>	<b>34 782</b>	<b>6 939</b>	<b>6 690</b>	<b>76 277</b>	<b>77 597</b>
<b>Income</b>								
Revenues from fees and charges	414	354	2 291	1 180	5 088	5 006	51 063	50 863
Resources received free of charge	7	-	396	-	-	-	706	-
Other income	2	1	425	2 040	-	1	580	1 577
<b>Total income</b>	<b>423</b>	<b>355</b>	<b>3 112</b>	<b>3 220</b>	<b>5 088</b>	<b>5 007</b>	<b>52 349</b>	<b>52 440</b>
<b>Net cost of providing services</b>	<b>(311)</b>	<b>(98)</b>	<b>(33 580)</b>	<b>(31 562)</b>	<b>(1 851)</b>	<b>(1 683)</b>	<b>(23 928)</b>	<b>(25 157)</b>
<b>Revenues from / payments to SA Government</b>								
Revenues from SA Government	-	-	-	-	-	-	-	-
<b>Net revenues from SA Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net result</b>	<b>(311)</b>	<b>(98)</b>	<b>(33 580)</b>	<b>(31 562)</b>	<b>(1 851)</b>	<b>(1 683)</b>	<b>(23 928)</b>	<b>(25 157)</b>

**Department of Treasury and Finance**  
**Disaggregated Disclosures – Expenses and Income**  
*For the year ended 30 June 2018*

Activities	Veterans' Affairs		Office of the Valuer-General		Office of the Registrar-General		General / Not Attributable		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses</b>										
Employee benefits expenses	923	1 008	4 268	57	1 251	-	-	-	77 436	67 323
Supplies and services	1 188	1 281	14 833	80	47 172	-	-	-	108 431	50 310
Depreciation and amortisation	260	263	87	-	702	-	-	-	5 442	3 870
Net loss from disposal of non-current assets	-	7	1	-	1	-	-	-	19	329
Other expenses	-	-	-	-	594	-	-	-	594	386
<b>Total expenses</b>	<b>2 371</b>	<b>2 559</b>	<b>19 189</b>	<b>137</b>	<b>49 720</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>191 922</b>	<b>122 218</b>
<b>Income</b>										
Revenues from fees and charges	131	22	10 954	-	2 989	-	-	-	72 930	57 425
Resources received free of charge	16	-	56	-	36	-	-	-	1 217	-
Other income	535	525	439	-	5 534	-	-	-	7 515	4 144
<b>Total income</b>	<b>682</b>	<b>547</b>	<b>11 449</b>	<b>-</b>	<b>8 559</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81 662</b>	<b>61 569</b>
<b>Net cost of providing services</b>	<b>(1 689)</b>	<b>(2 012)</b>	<b>(7 740)</b>	<b>(137)</b>	<b>(41 161)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(110 260)</b>	<b>(60 649)</b>
<b>Revenues from / payments to SA Government</b>										
Revenues from SA Government	-	-	-	-	-	-	127 738	72 435	127 738	72 435
<b>Net revenues from SA Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127 738</b>	<b>72 435</b>	<b>127 738</b>	<b>72 435</b>
<b>Net result</b>	<b>(1 689)</b>	<b>(2 012)</b>	<b>(7 740)</b>	<b>(137)</b>	<b>(41 161)</b>	<b>-</b>	<b>127 738</b>	<b>72 435</b>	<b>17 478</b>	<b>11 786</b>

**Department of Treasury and Finance**  
**Disaggregated Disclosures – Assets and Liabilities**  
*as at 30 June 2018*

Activities	Accountability for							
	Gambling Policy		Public Sector Resources		Treasury Services		Financial Services Provision	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Assets</b>								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Receivables	-	-	1 948	15	3	3	1 219	699
Property, plant and equipment	-	-	845	876	670	8	1 205	961
Intangible assets	-	-	624	687	-	-	42 330	36 249
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>3 417</b>	<b>1 578</b>	<b>673</b>	<b>11</b>	<b>44 754</b>	<b>37 909</b>
<b>Liabilities</b>								
Payables	23	15	1 369	3 159	339	517	4 049	3 392
Employee benefits	207	125	5 949	6 326	1 694	1 684	14 266	15 408
Provisions	2	1	616	188	53	22	950	345
<b>Total liabilities</b>	<b>232</b>	<b>141</b>	<b>7 934</b>	<b>9 673</b>	<b>2 086</b>	<b>2 223</b>	<b>19 265</b>	<b>19 145</b>
<b>Net assets</b>	<b>(232)</b>	<b>(141)</b>	<b>(4 517)</b>	<b>(8 095)</b>	<b>(1 413)</b>	<b>(2 212)</b>	<b>25 489</b>	<b>18 764</b>

Activities	Office of the									
	Veterans' Affairs		Office of the Valuer-General		Registrar-General		General / Not Attributable		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Assets</b>										
Cash and cash equivalents	-	-	-	-	-	-	27 484	20 346	27 484	20 346
Receivables	1	1	8 109	-	6 494	-	3 410	3 041	21 184	3 759
Property, plant and equipment	9 297	9 548	646	-	251	-	2 508	2 201	15 422	13 594
Intangible assets	120	89	-	-	17 061	-	229	79	60 364	37 104
<b>Total assets</b>	<b>9 418</b>	<b>9 638</b>	<b>8 755</b>	<b>-</b>	<b>23 806</b>	<b>-</b>	<b>33 631</b>	<b>25 667</b>	<b>124 454</b>	<b>74 803</b>
<b>Liabilities</b>										
Payables	82	50	438	-	398	-	8 588	1 720	15 286	8 853
Employee benefits	301	358	2 993	20	954	-	(1)	1	26 363	23 922
Provisions	43	15	532	-	1 691	-	(1)	1	3 886	572
<b>Total liabilities</b>	<b>426</b>	<b>423</b>	<b>3 963</b>	<b>20</b>	<b>3 043</b>	<b>-</b>	<b>8 586</b>	<b>1 722</b>	<b>45 535</b>	<b>33 347</b>
<b>Net assets</b>	<b>8 992</b>	<b>9 215</b>	<b>4 792</b>	<b>(20)</b>	<b>20 763</b>	<b>-</b>	<b>25 045</b>	<b>23 945</b>	<b>78 919</b>	<b>41 456</b>

**Department of Treasury and Finance**  
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**2.3 Administrative restructure – Transferred In**

On 11 July 2017, the Premier proclaimed via *Public Sector (Reorganisation of Public Sector Operation) Notice 2017* the transfer of the Office of the Valuer-General from the Department of Planning, Transport and Infrastructure (DPTI) to the department. The effective date of the transfer is 1 July 2017.

Total income and expenses attributable to the Office of the Valuer-General for 2017-18 are disclosed in the disaggregated disclosures.

On transfer of the Office of the Valuer-General, the department recognised the following assets and liabilities:

	<b>2018</b>
<b>Assets</b>	<b>\$'000</b>
Property, plant and equipment	163
<b>Total assets</b>	<b>163</b>
<b>Liabilities</b>	
Payables	333
Employee benefits	2 904
<b>Total liabilities</b>	<b>3 237</b>
<b>Total net assets (liabilities) transferred</b>	<b>(3 074)</b>

**Department of Treasury and Finance**  
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**2.3 Administrative restructure – Transferred In (continued)**

On 8 January 2018, the Premier proclaimed via *Public Sector (Reorganisation of Public Sector Operation) Notice 2018* the transfer of the Office of the Registrar-General (Retained Function) from the Department of Planning, Transport and Infrastructure (DPTI) to the department. The effective date of the transfer was 1 February 2018.

Total income and expenses attributable to the Office of the Registrar-General (Retained Function) for 2017-18 were:

	DPTI	DTF	
	1 Jul 2017 - 31 Jan 2018	1 Feb 2018 - 30 Jun 2018	Total
	\$'000	\$'000	\$'000
<b>Income</b>			
Revenues from fees and charges	982	2 989	3 971
Resources received free of charge	-	36	36
Other income	8 572	5 534	14 106
<b>Total income</b>	<b>9 554</b>	<b>8 559</b>	<b>18 113</b>
<b>Expenses</b>			
Employee benefits expenses	245	1 251	1 496
Supplies and services	965	47 172	48 137
Depreciation and amortisation	932	702	1 634
Other expense	2	594	596
<b>Total expenses</b>	<b>2 144</b>	<b>49 719</b>	<b>51 863</b>
<b>Net result</b>	<b>7 410</b>	<b>(41 160)</b>	<b>(33 750)</b>

On transfer of the Office of the Registrar-General (Retained Function), the department recognised the following assets and liabilities:

	2018
<b>Assets</b>	<b>\$'000</b>
Receivable	2 261
Property, plant and equipment	266
Intangible assets – includes SAILIS	13 371
<b>Total assets</b>	<b>15 898</b>
<b>Liabilities</b>	
Payables	274
Employee benefits	456
<b>Total liabilities</b>	<b>730</b>
<b>Total net assets (liabilities) transferred</b>	<b>15 168</b>

**Department of Treasury and Finance**  
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**3 Employee benefits expenses**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	53 860	48 540
TVSPs (refer below)	662	961
Long service leave	2 367	1 740
Annual leave	5 403	4 923
Skills and experience retention leave	289	269
Employment on-costs - superannuation	7 075	6 641
Employment on-costs - other	3 442	3 066
Board and committee fees	348	352
Other employee related expenses	3 990	831
<b>Total employee benefits expenses</b>	<b>77 436</b>	<b>67 323</b>

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Targeted voluntary separation packages (TVSPs)</b>		
Amounts paid to separated employees:		
TVSPs	662	961
Leave paid to those employees	411	784
<b>Net cost to the department</b>	<b>1 073</b>	<b>1 745</b>

The number of employees who received a TVSP during the reporting period was 9 14

**Key management personnel**

Key management personnel of the department include the Minister/Treasurer, the Chief Executive Officer and other directors/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/Treasurer receives. The Minister's/Treasurer'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 DTF) under section 6 the *Parliamentary Remuneration Act 1990*.

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Compensation</b>		
Salaries and other short term employee benefits	3 648	3 272
Post-employment benefits	388	381
Termination benefits	192	-
<b>Total compensation</b>	<b>4 228</b>	<b>3 653</b>

**Department of Treasury and Finance**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**3 Employee benefits expenses (continued)**

**Remuneration of employees**

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

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
\$147 001 - \$149 000	n/a	-
\$149 001 - \$159 000	4	6
\$159 001 - \$169 000	5	3
\$169 001 - \$179 000	6	6
\$179 001 - \$189 000	4	5
\$189 001 - \$199 000	6	5
\$199 001 - \$209 000	5	1
\$209 001 - \$219 000	3	1
\$219 001 - \$229 000	2	1
\$229 001 - \$239 000	2	1
\$239 001 - \$249 000	1	2
\$249 001 - \$259 000	2	1
\$269 001 - \$279 000	1	2
\$279 001 - \$289 000	1	1
\$289 001 - \$299 000	1	1
\$299 001 - \$309 000	2	-
\$329 001 - \$339 000	-	4
\$339 001 - \$349 000	1	-
\$349 001 - \$359 000	3	2
\$359 001 - \$369 000	-	-
\$369 001 - \$379 000	-	1
\$379 001 - \$389 000	-	1
\$469 001 - \$479 000	1	1
\$479 001 - \$489 000	-	-
\$489 001 - \$499 001	1	-
<b>Total number of employees</b>	<b>51</b>	<b>45</b>

The bands above include long service leave and annual leave payments relating to employees who received a termination payment during the financial year.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year, of which 39 (2017: 40) are executive and 12 (2017: 5) are non-executive staff. Remuneration of employees reflects all costs of employment including salaries and wages, payment in lieu of leave, superannuation contributions, fringe benefits, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$11 552 000 (2017: \$10 398 000).

**Department of Treasury and Finance**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**4 Remuneration of board and committee members**

**SAFA Advisory Board**

David Reynolds\* (Presiding Member)  
Nicolle Rantanen\* (Resigned 15/2/2018)  
Kathryn Presser  
Joan Fitzpatrick  
Paul Holloway  
Juliet Brown  
Mark Day  
Jamie Hollamby\*  
Kerry Rowlands\* (Deputy Member)  
Leeann Willson (Appointed 19/9/2017)

**SAFA Risk and Performance Committee**

Debra Contala (Chair - Appointed 15/5/2018)  
Nicolle Rantanen\* (Resigned 15/2/2018)  
Gianna Giannopoulos\*  
Tamara Tomic\* (Resigned 15/2/2018)

**DTF Risk and Performance Committee**

Kathryn Presser (Chair - Appointed 20/9/2017)  
Nicolle Rantanen\* (Resigned 19/3/2018)  
Andrew Blaskett\* (Resigned 30/11/2017)  
John Hill - Independent Member (Resigned 3/12/2017)  
Kate Dooley\* (Resigned 30/11/2017)  
Jeanette Dhondee\*  
Greg Raymond\* (Resigned 28/02/2017)  
Shakhlo Rasulova\* (Resigned 30/11/2017)  
Tammie Pribanic\* (Resigned 30/11/2017)  
Tracey Scott\* (Appointed 8/11/2017)  
Paul Williams\* (Appointed 3/11/2017)  
Julie Holmes\* (Appointed 8/5/2018)  
Greg Fenn\* (Appointed 3/11/2017)  
Andrea Michaels - Independent Member  
(Appointed 1/12/2017)  
Andrew Armour - Independent Member  
(Appointed 1/12/2017)

**Veterans' Advisory Council**

AVM B Espeland AM (Retd) (Chair)  
BRIG L Lewis AM (Retd)\*\*  
BRIG TJ Hanna AM  
Dr P D Schultz OAM (Resigned 31/12/2017)  
Raymond J Kemp (Resigned 31/12/2017)  
Chantelle Graham  
B L Horan  
COL Christopher M Burns CSC  
Leon Eddy  
Chantelle Bohan (Appointed 1/1/2018)  
Michael von Berg MC OAM  
Dr Sharon L Mascall-Dare  
Helen Meyer  
GPCAPT Darren Goldie  
LTCOL Paul Graham DSM  
Francis Lampard OAM  
James O'Hanlon  
CMDR Andrew Burnett  
Paula Dabovich  
Margot-Lee Forster (Appointed 1/1/2018)  
Sally Heidenreich (Appointed 1/12/2018)  
Karen May (Appointed 1/1/2018)  
B Rodgers (Appointed 1/12/2018)

**Super SA Board**

Annette Hurley (Presiding Member – Resigned 17/6/2018)  
Virginia Deegan  
Richard Dennis  
Dr Bill Griggs\*  
Jan McMahon  
Elizabeth Hlipala (Deputy Member)  
Aaron Chia (Deputy Member)  
Leah York  
John Wright

**Department of Treasury and Finance**  
**Notes to and forming part of the financial statements**  
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**4 Remuneration of board and committee members (continued)**

<b>Super SA Audit, Risk and Finance Committee</b>	<b>Super SA Member Services Committee</b>
Virginia Deegan (Convenor of Meetings)	Jan McMahon (Convenor of Meetings)
Annette Hurley (Resigned 17/6/2018)	Leah York
John Wright	Dr Bill Griggs*
	John Montague* (Resigned 1/11/2017)
	Dascia Bennett* (Appointed 1/12/2017)

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

\*\* BRIG L Lewis AM (Retd) was entitled to but elected not to receive remuneration for membership of the Veteran's Advisory Council.

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

	<b>2018</b>	<b>2017</b>
\$0 - \$9 999	19	20
\$10 000 - \$19 999	1	2
\$20 000 - \$29 999	1	1
\$30 000 - \$39 999	6	6
\$40 000 - \$49 999	1	2
\$50 000 - \$59 999	1	-
<b>Total number of members</b>	<b>29</b>	<b>31</b>

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$373 000 (2017: \$374 000).

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

**5 Supplies and services**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Accommodation and telecommunication	8 240	6 546
Consultants *	4 022	3 841
Contractors and temporary staff	10 468	8 167
Corporate recharge expense	2 784	3 088
General administration and consumables	7 822	7 437
Information technology charges	6 259	6 102
Land titling fees paid to LSSA	42 625	-
Legal costs	5 081	5 687
Minor works, maintenance and equipment	535	582
Valuation fees	12 595	4 999
Other ^	8 000	3 861
<b>Total supplies and services</b>	<b>108 431</b>	<b>50 310</b>

**Department of Treasury and Finance**  
**Notes to and forming part of the financial statements**  
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**5 Supplies and services (continued)**

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.

<sup>^</sup> Audit fees paid/payable to the Auditor-General's Department relating to work performed under *the Public Finance and Audit Act 1987* were \$550 000 (2017: \$619 000). No other services were provided by the Auditor-General's Department.

**Consultants**

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

	2018	2018	2017	2017
	Number	\$'000	Number	\$'000
Below \$10 000	11	46	23	94
\$10 000 or above	12	3 976	27	3 747
<b>Total paid / payable to the consultants engaged</b>	<b>23</b>	<b>4 022</b>	<b>50</b>	<b>3 841</b>

**6 Depreciation and amortisation**

	2018	2017
	\$'000	\$'000
Buildings	251	251
Building fitouts	590	173
Furniture	57	9
IT equipment	440	461
Office equipment	4	2
Intangible assets	4 100	2 974
<b>Total depreciation and amortisation</b>	<b>5 442</b>	<b>3 870</b>

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

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

Land, water licences and non-current assets held for sale are not amortised/depreciated.

**Department of Treasury and Finance**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**6 Depreciation and amortisation (continued)**

**Useful life**

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

<b>Class of asset</b>	<b>Useful life (years)</b>
Buildings	2-39
Land Improvements	3-100
Fitouts - leased buildings	Life of lease
Furniture	5-10
IT equipment	3-5
Intangibles	2-8
Office Equipment	3-7
Plant and Equipment	5-10

**Revision of accounting estimates**

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.

**7 Net gain / (loss) from disposal of non-current assets**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Plant and equipment</b>		
Proceeds from disposal	-	-
Less net book value of assets disposed	(19)	(329)
<b>Net gain / (loss) from disposal of plant and equipment</b>	<u>(19)</u>	<u>(329)</u>
<b>Total assets</b>		
Total proceeds from disposal	-	-
Less total net book value of assets disposed	(19)	(329)
<b>Total net gain / (loss) from disposal of non-current assets</b>	<u>(19)</u>	<u>(329)</u>

**8 Other expenses**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Intangible write-off	-	386
Disbursement to SA Water*	594	-
<b>Total other expenses</b>	<u>594</u>	<u>386</u>

\*Fees collected by the Office of the Registrar-General for services provided by SA Water.

**Department of Treasury and Finance**  
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**9 Revenues from fees and charges**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Compulsory Third Party Insurance Regulator	4 795	7 423
Community Emergency Services Fund	6 664	6 501
Fees for the provision of corporate services	188	305
Land services fees	9 895	-
Land Tax certificates	264	265
Regulatory fees	83	161
South Australian Government Financing Authority	15 231	13 123
South Australian Superannuation Board	28 321	27 391
Service provision	805	988
Other recoveries	6 684	1 268
<b>Total fees and charges</b>	<b>72 930</b>	<b>57 425</b>

**10 Resources received free of charge**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Shared Services SA	1 217	-
<b>Total services received free of charge</b>	<b>1 217</b>	<b>-</b>

On the 21 November 2016, approval was given by Cabinet to cease the intra-government charging model for services provided by Shared Services SA (SSSA) to general government sector agencies. As a result of this change, effective from 2017-18, SSSA is directly appropriation funded for the services provided by SSSA to general government agencies.

Under AASB 1004, Contributions, the contribution of services provided by SSSA to government agencies are disclosed in the financial statements as income because the fair value of the services can be reliably measured and the services would have been purchased if they had not been donated.

**11 Other income**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Banking recoveries	-	1 769
Commissions	141	142
Sale of services	5 938	-
Other income	1 436	2 233
<b>Total other income</b>	<b>7 515</b>	<b>4 144</b>

\*Services rendered under *Land and Business (Sale and Conveyancing) Act 1994*.

**Department of Treasury and Finance**  
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**12 Revenues from SA Government**

	2018	2017
	\$'000	\$'000
<b>Revenues from SA Government</b>		
Appropriations from the Consolidated Account pursuant to the <i>Appropriation Act</i>	66 733	55 641
Transfers from the Treasurer's Contingency Fund	10 508	12 870
Governor's Appropriation Fund	50 497	3 924
<b>Total revenues from SA Government</b>	<b>127 738</b>	<b>72 435</b>

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

Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the department and the appropriation is recorded as contributed equity. Equity contribution of \$3 535 000 is recognised in the Statement of Comprehensive Income.

Contingencies included \$2 585 000 for the Compulsory Third Party Insurance Market Reform Project, \$6 690 000 for Land Services Group Project, \$1 000 000 for the Public-Private Partnerships Management Cost, \$1 000 for Enterprise Agreement Weekly Paid 2017, \$182 000 for Enterprise Agreement Salaried 2017 and \$50 000 for preparation of a strategy to expand the Gig City network.

Total revenues from SA Government consist of \$121 667 000 for operational funding and \$6 071 000 for capital projects.

The original amount appropriated to the department under the annual *Appropriation Act* was \$66 733 000. An additional amount of \$50 497 000 was received from the Treasurer via the Governor's Appropriation Fund. This included \$49 104 000 for service fees paid to LSSA.

**13 Cash and cash equivalents**

	2018	2017
	\$'000	\$'000
Deposits with the Treasurer	27 483	20 344
Cash on hand	1	2
<b>Total cash and cash equivalents</b>	<b>27 484</b>	<b>20 346</b>

**Interest rate risk**

Cash on hand and Deposits at call and with the Treasurer are non-interest bearing. The carrying amount of cash and cash equivalents represents nominal value.

**Department of Treasury and Finance**  
**Notes to and forming part of the financial statements**  
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**14 Receivables**

	2018	2017
	\$'000	\$'000
<b>Current</b>		
Receivables	15 477	1 532
Less allowance for doubtful debts	(3)	(3)
Accrued revenues	3 739	1 197
Prepayments	1 259	813
Net GST receivable from the ATO	592	213
<b>Total current receivables</b>	<u>21 064</u>	<u>3 752</u>
<b>Non-current</b>		
Receivables	120	7
<b>Total non-current receivables</b>	<u>120</u>	<u>7</u>
<b>Total receivables</b>	<u><u>21 184</u></u>	<u><u>3 759</u></u>

**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 'supplies and services' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2018	2017
	\$'000	\$'000
Carrying amount at the beginning of the period	3	-
Increase/(decrease) in the allowance	-	3
<b>Carrying amount at the end of the period</b>	<u>3</u>	<u>3</u>

**Interest rate and credit risk**

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables and accrued 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.

**Ageing analysis of financial assets** - refer to note 26.

**Maturity analysis of financial assets and liabilities** - refer to note 26.

**Categorisation of financial instruments and risk exposure information** - refer to note 26.

**Department of Treasury and Finance**  
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*for the year ended 30 June 2018*

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**15 Non-current tangible assets**

**Revaluation**

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

The department revalues its land and buildings over \$1 million every 6 years via an independent Certified Practising Valuer. The next independent revaluation is due in June 2019. 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 de-recognition, any revaluation surplus relating to that asset is transferred to retained earnings.

**Acquisition and recognition**

Non-current tangible 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 their fair value in the Statement of Financial Position.

However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recorded at book value that is the amount recorded by the transferor public authority immediately prior to the restructure.

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

**Department of Treasury and Finance**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**16 Property, plant and equipment**

	2018	2017
	\$'000	\$'000
<b>Buildings</b>		
Buildings at cost (deemed fair value)	9 799	9 799
Accumulated depreciation	<u>(502)</u>	<u>(251)</u>
<b>Total buildings</b>	<u><b>9 297</b></u>	<u><b>9 548</b></u>
<b>Building fitouts</b>		
Building fitouts at cost (deemed fair value)	6 867	3 752
Accumulated depreciation	<u>(2 794)</u>	<u>(1 887)</u>
<b>Total building fitouts</b>	<u><b>4 073</b></u>	<u><b>1 865</b></u>
<b>Furniture</b>		
Furniture at cost (deemed fair value)	456	452
Accumulated depreciation	<u>(234)</u>	<u>(235)</u>
<b>Total furniture</b>	<u><b>222</b></u>	<u><b>217</b></u>
<b>IT equipment</b>		
IT equipment cost (deemed fair value)	2 830	2 867
Accumulated depreciation	<u>(1 915)</u>	<u>(1 700)</u>
<b>Total IT equipment</b>	<u><b>915</b></u>	<u><b>1 167</b></u>
<b>Office equipment</b>		
Office equipment at cost (deemed fair value)	96	148
Accumulated depreciation	<u>(78)</u>	<u>(140)</u>
<b>Total office equipment</b>	<u><b>18</b></u>	<u><b>8</b></u>
<b>Work in progress</b>		
Work in progress at cost	<u>897</u>	<u>789</u>
<b>Total work in progress</b>	<u><b>897</b></u>	<u><b>789</b></u>
<b>Total property, plant and equipment</b>	<u><b>15 422</b></u>	<u><b>13 594</b></u>

**Impairment**

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

**Department of Treasury and Finance**  
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**16 Property, plant and equipment (continued)**

**Carrying amount of property, plant and equipment**

All items of property, plant and equipment that 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, have not been revalued in accordance with APF III *Asset Accounting Framework*. The carrying value of these items are deemed to approximate fair value. The assets are classified as level 3 in the fair value hierarchy (not traded in an active market and are derived from unobservable inputs) as there has been no subsequent adjustments to their value, except for management assumptions about the asset condition and remaining useful life.

**Reconciliation of property, plant and equipment**

The following table shows the movement of property, plant and equipment during 2017-18:

2018	Buildings	Building fitouts	Furniture	IT equipment	Office equipment	Work in progress	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	9 548	1 865	217	1 167	8	789	13 594
Additions	-	352	62	-	-	2 345	2 759
Capital transfers from WIP	-	2 271	-	188	-	(2 459)	-
Transfer through administrative restructure	-	194	-	-	14	222	430
Depreciation and amortisation	(251)	(590)	(57)	(440)	(4)	-	(1 342)
Disposals	-	(19)	-	-	-	-	(19)
<b>Carrying amount at the end of the period</b>	<b>9 297</b>	<b>4 073</b>	<b>222</b>	<b>915</b>	<b>18</b>	<b>897</b>	<b>15 422</b>

The following table shows the movement of property, plant and equipment during 2016 -17:

2017	Buildings	Building fitouts	Furniture	IT equipment	Office equipment	Work in progress	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	-	653	1	704	10	10 857	12 225
Additions	-	19	-	-	-	2 576	2 595
Capital transfers from WIP	9 799	1 696	225	924	-	(12 644)	-
Depreciation and amortisation	(251)	(173)	(9)	(461)	(2)	-	(896)
Disposals	-	(330)	-	-	-	-	(330)
<b>Carrying amount at the end of the period</b>	<b>9 548</b>	<b>1 865</b>	<b>217</b>	<b>1 167</b>	<b>8</b>	<b>789</b>	<b>13 594</b>

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**17 Intangible assets**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Internally developed computer software</b>		
Internally developed computer software at cost	41 441	38 592
Accumulated amortisation	<u>(16 178)</u>	<u>(13 043)</u>
<b>Total Internally developed computer software</b>	<b><u>25 263</u></b>	<b><u>25 549</u></b>
<b>Externally acquired software</b>		
Externally acquired software at cost	3 260	3 306
Accumulated amortisation	<u>(2 426)</u>	<u>(2 194)</u>
<b>Total externally acquired software</b>	<b><u>834</u></b>	<b><u>1 112</u></b>
<b>Service concession assets</b>		
Service concession assets at current replacement cost	<u>17 062</u>	-
<b>Total service concession assets</b>	<b><u>17 062</u></b>	<b><u>-</u></b>
<b>Work in progress</b>		
Intangible work in progress at cost	<u>17 205</u>	<u>10 443</u>
<b>Total work in progress</b>	<b><u>17 205</u></b>	<b><u>10 443</u></b>
<b>Total intangible assets</b>	<b><u>60 364</u></b>	<b><u>37 104</u></b>

A review of intangible work in progress by the department in the year ended 30 June 2018 identified costs of \$529 000 which were not recognised or incorrectly recognised in prior years.

The department has recognised an error correction in the Statement of Changes in Equity for the year ended 30 June 2018 and restated the opening balances of accumulated surplus / (deficit) and intangible work in progress.

The following table discloses the impact that this error correction has had on the previously reported balance of intangible work in progress:

	<b>2018</b>
	<b>\$'000</b>
Balance at 30 June 2017	10 972
Error correction	<u>(529)</u>
<b>Restated balance as at 30 June 2017</b>	<b><u>10 443</u></b>

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

The acquisition of software 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.

**Department of Treasury and Finance**  
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**17 Intangible assets (continued)**

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

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

The SAILIS system and infrastructure has been reclassified as a service concession asset as a result of the commercialisation of the land services group. In accordance with the principles outlined in AASB 1059, DTF has revalued SAILIS to its current replacement cost at the time of reclassification. The SAILIS system and infrastructure is owned by the State prior to, during, and after the term of the contract.

**Reconciliation of Intangible assets**

The following table shows the movement of intangible assets during 2017 -18:

	<b>Internally developed software</b>	<b>Externally acquired software</b>	<b>Service concession assets</b>	<b>Work in progress</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at the beginning of the period	25 549	1 112	-	10 443	37 104
Additions	-	-	-	9 633	9 633
Transfer through administrative restructuring	13 371	-	-	-	13 371
Transfers between asset classes	(12 706)	-	12 706	-	-
Revaluation increment (Decrement)	-	-	4 356	-	4 356
Capital transfers from WIP	2 871	-	-	(2 871)	-
Amortisation	(3 822)	(278)	-	-	(4 100)
<b>Carrying amount at the end of the period</b>	<b>25 263</b>	<b>834</b>	<b>17 062</b>	<b>17 205</b>	<b>60 364</b>

The following table shows the movement of intangible assets during 2016 -17:

	<b>Internally developed software</b>	<b>Externally acquired software</b>	<b>Work in progress</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at the beginning of the period	25 832	-	2 824	28 656
Additions	-	-	11 808	11 808
Capital transfers from WIP	2 413	1 390	(3 803)	-
Amortisation	(2 696)	(278)	-	(2 974)
Write off	-	-	(386)	(386)
<b>Carrying amount at the end of the period</b>	<b>25 549</b>	<b>1 112</b>	<b>10 443</b>	<b>37 104</b>

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**18 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 measurements, based on the data and assumptions used in the most recent revaluation.

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

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

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

In determining fair value, the department has taken into account the characteristic of the asset (for example, 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.

**Fair value hierarchy**

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. The department categorises all non-financial assets measured at fair value into hierarchy level 3 as estimates of residual value and useful life used to calculate accumulated depreciation are not based on observable market data.

There were no transfers of assets into or out of the level 3 hierarchy in 2018. 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**

All property, plant and equipment is recognised at cost less accumulated depreciation.

In accordance with APF III *Asset Accounting Framework*, property, plant and equipment is only revalued when its fair value at acquisition date exceeds \$1 million and its estimated useful life is greater than 3 years.

There were no changes in valuation techniques during 2018.

Reconciliation of recurring fair value measurements - level 3 is disclosed in Note 16.

**Department of Treasury and Finance**  
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**19 Payables**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Creditors and accrued expenses	12 262	6 221
Employment on-costs	1 376	1 149
Paid Parental Leave Scheme payable	25	16
<b>Total current payables</b>	<b>13 663</b>	<b>7 386</b>
<b>Non-current</b>		
Employment on-costs	1 623	1 467
<b>Total non-current payables</b>	<b>1 623</b>	<b>1 467</b>
<b>Total payables</b>	<b>15 286</b>	<b>8 853</b>

Payables include creditors, accrued expenses, GST payable, employment on-costs and Paid Parental Leave Scheme payable. GST payables include amounts for Controlled, Administered and Bureau activities.

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 payroll tax, workers' compensation levies and superannuation contributions in respect of outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

The department makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting 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 DTF, the proportion of long service leave taken as leave has changed from the 2017 rate (40%) to 41% and the average factor for the calculation of employer superannuation cost on-cost has changed from the 2017 rate (10.1%) to 9.9%.

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 \$246 000 and employee benefits expense of \$246 000.

**Interest rate and credit risk**

Creditors and accruals are raised for all amounts owing but unpaid. 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 are discharged. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand. In addition, there is no concentration of credit risk.

**Department of Treasury and Finance**  
**Notes to and forming part of the financial statements**  
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**20 Employee benefits**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Accrued salaries and wages	1 370	1 119
Annual leave	5 403	5 013
Long service leave	1 905	1 433
Skills and experience retention leave	458	404
<b>Total current employee benefits</b>	<b>9 136</b>	<b>7 969</b>
<b>Non-current</b>		
Long service leave	17 227	15 953
<b>Total non-current employee benefits</b>	<b>17 227</b>	<b>15 953</b>
<b>Total employee benefits</b>	<b>26 363</b>	<b>23 922</b>

Employee benefits accrue 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 experience and retention leave and sick leave**

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

The annual leave liability and the skills experience and 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.

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on 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/the education sector across government/ the police and emergency services sector across government.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in measurement of the long service liability. The yield on long-term Commonwealth Government bonds remained at 2017 rate of 2.5%.

The actuarial assessment performed by DTF 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.

**Department of Treasury and Finance**  
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**21 Provisions**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Provision for workers' compensation	445	215
<b>Total current provisions</b>	<b>445</b>	<b>215</b>
<b>Non-current</b>		
Provision for workers' compensation	3 441	357
<b>Total non-current provisions</b>	<b>3 441</b>	<b>357</b>
<b>Total provisions</b>	<b>3 886</b>	<b>572</b>
<b>Reconciliation of provisions</b>		
Carrying amount at the beginning of the period	572	578
Payments/other sacrifices of future economic benefits	(192)	(174)
Additional provisions recognised	3 506	168
<b>Carrying amount at the end of the period</b>	<b>3 886</b>	<b>572</b>

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

When the department expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

**Workers' compensation**

A liability has been reported to reflect unsettled workers' compensation claims. The workers' compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2018 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 for workers' compensation claims.

**Department of Treasury and Finance**  
**Notes to and forming part of the financial statements**  
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**22 Unrecognised contractual commitments**

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 ATO, the commitments and contingencies are disclosed on a gross basis.

**Operating lease commitments**

*The department as Lessee*

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

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

Motor vehicles are leased from SAFA through their agent LeasePlan, these leases are non-cancellable with terms of 3-5 years.

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

	2018	2017
	\$'000	\$'000
Not later than one year	1 485	1 329
Later than one year but not later than five years	2 392	2 953
Later than five years	-	406
<b>Total non-cancellable operating lease commitments</b>	<b>3 877</b>	<b>4 688</b>

**Other commitments**

The department's other commitments are primarily agreements for software licenses, software development and agreements with LSSA for valuation services provided for use by State Government agencies.

	2018	2017
	\$'000	\$'000
Not later than one year	31 970	10 990
Later than one year and not later than five years	52 084	5 529
Later than five years	601 299	-
<b>Total other commitments</b>	<b>685 353</b>	<b>16 519</b>

**23 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.

**Collectively, but not individually significant transactions with government related entities**

Quantitative information about transactions and balances between the department and other SA Government entities is disclosed at note 29.

**Transaction with Key Management Personnel and other related parties**

There were no significant related party transactions based on initial assessment.

**Department of Treasury and Finance**  
**Notes to and forming part of the financial statements**  
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**24 Cash flow reconciliation**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of cash and cash equivalents at the end of the reporting period</b>		
Cash and cash equivalents disclosed in the Statement of Financial Position	27 484	20 346
Balance as per the Statement of Cash Flows	27 484	20 346
<b>Reconciliation of net cash provided by / (used in) operating activities to net cost of providing services</b>		
Net cash provided by/(used in) operating activities	15 232	24 346
Less revenues from SA Government	(127 738)	(72 435)
<b>Add / (less) non-cash items</b>		
Depreciation and amortisation	(5 442)	(3 870)
Net gain/(loss) from disposal of non-current assets	(19)	(329)
Other expenses - write off	-	(386)
<b>Movement in assets and liabilities</b>		
Increase/(decrease) in receivables	24 097	(4 424)
(Increase)/decrease in payables	(8 866)	(2 800)
(Increase)/decrease in employee benefits	(4 210)	(757)
(Increase)/decrease in provisions	(3 314)	6
<b>Net cost of providing services</b>	<b><u>(110 260)</u></b>	<b><u>(60 649)</u></b>

**Department of Treasury and Finance**  
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**25 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 (2017-18 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.

		Original budget <sup>(1)</sup>	Actual	Variance
		2018	2018	2018
	Note	\$'000	\$'000	\$'000
<b>Statement of Comprehensive Income</b>				
<b>Expenses</b>				
Employee benefits expenses		72 736	77 436	(4 700)
Supplies and services	a	56 427	108 431	(52 004)
Depreciation and amortisation		5 114	5 442	(328)
Net loss from disposal of non-current assets		-	19	(19)
Other expenses		366	594	(228)
<b>Total expenses</b>		<b>134 643</b>	<b>191 922</b>	<b>(57 279)</b>
<b>Income</b>				
Revenues from fees and charges		67 329	72 930	5 601
Resources received free of charge		-	1 217	1 217
Other income	b	83	7 515	7 432
<b>Total income</b>		<b>67 412</b>	<b>81 662</b>	<b>14 250</b>
<b>Net cost of providing services</b>	c	<b>(67 231)</b>	<b>(110 260)</b>	<b>(43 029)</b>
<b>Revenues from / (payments to) SA Government</b>				
Revenues from SA Government	d	66 733	127 738	61 005
<b>Total net revenues from SA Government</b>		<b>66 733</b>	<b>127 738</b>	<b>61 005</b>
<b>Net result</b>	e	<b>(498)</b>	<b>17 478</b>	<b>17 976</b>

<sup>(1)</sup> 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 (2017 - 18 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with the line items in the financial statements. However the amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

	Original budget <sup>(1)</sup>	Actual	Variance
	2018	2018	2018
	\$'000	\$'000	\$'000
<b>Investing expenditure summary</b>			
Total new projects	2 730	2 690	40
Total existing projects	1 756	4 941	(3 185)
Total annual program	1 453	4 761	(3 308)
<b>Total investing expenditure</b>	<b>5 939</b>	<b>12 392</b>	<b>(6 453)</b>

**Department of Treasury and Finance**  
**Notes to and forming part of the financial statements**  
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**25 Budgetary reporting and explanations of major variances between budget and actual amounts**  
**(continued)**

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 Supplies and services

An additional \$52.004 million in Supplies and Services expense is primarily due to additional Supplies and Services budget provided to the Office of the Registrar-General and the Office of the Valuer-General to fund outsourced service payments pursuant to the Land Services commercialisation (\$49.951 million).

b Other income

An additional \$7.432 million in Other Income was received in 2017-18 which is primarily attributable to land services revenues in the Office of the Registrar-General not included in the original budget (\$5.520 million).

c Net cost of providing services

The department's net cost of providing services deteriorated by \$43.569 million which is primarily due to increased Supplies and Services expenditure associated with approved budget adjustments post the original budget, partially offset by unbudgeted receipts in Other Income. Net result

d Revenues from SA Government

An additional \$61.005 million in Revenue from SA Government was received in 2017-18 over the original budget primarily attributable to the establishment of the Office of the Registrar-General's and the Office of the Valuer-General's retained functions in the Department (\$47.061 million) and additional budget provided to the Commercial Projects Branch to fund specific projects and initiatives of the Department (\$11.318 million).

e Net result

The department's actual net result against the original budget improved by \$17.436 million. This primarily relates to the additional Revenue from Government, partially offset by additional Supplies and Services expenditure associated with approved budget adjustments post the original budget in 2017-18.

**Department of Treasury and Finance**  
**Notes to and forming part of the financial statements**  
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**26 Financial risk management / financial instruments**

**26.1 Financial risk management**

The department's risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

The department is exposed to financial risk - credit risk, liquidity risk and market risk. There have been no changes in risk exposure since the last reporting period.

**26.2 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 respective notes.

The department does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes.

The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair value due to the short term nature of these. Refer to notes 14 and 19.

**26.3 Liquidity risk**

Liquidity risk arises from the possibility that the department is unable to meet its financial obligations as they fall due. The department is funded principally from appropriation by the SA Government. The department determines the cash flows associated with its government-approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The department settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

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

The carrying amount of financial liabilities recorded in below table represents the department's maximum exposure to liquidity risk.

**Department of Treasury and Finance**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

**26 Financial risk management / financial instruments (continued)**

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

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2018 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
<b>Financial assets</b>						
Cash and cash equivalents	13	27 484	27 484	27 484	-	-
Receivables <sup>(1)(2)</sup>	14	15 477	15 477	15 477	-	-
<b>Total financial assets</b>		<b>42 961</b>	<b>42 961</b>	<b>42 961</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>						
Payables <sup>(1)</sup>	19	11 523	11 523	11 523	-	-
<b>Total financial liabilities</b>		<b>11 523</b>	<b>11 523</b>	<b>11 523</b>	<b>-</b>	<b>-</b>

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2017 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
<b>Financial assets</b>						
Cash and cash equivalents	13	20 346	20 346	20 346	-	-
Receivables <sup>(1)(2)</sup>	14	1 532	1 532	1 532	-	-
<b>Total financial assets</b>		<b>21 878</b>	<b>21 878</b>	<b>21 878</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>						
Payables <sup>(1)</sup>	19	5 374	5 374	5 374	-	-
<b>Total financial liabilities</b>		<b>5 374</b>	<b>5 374</b>	<b>5 374</b>	<b>-</b>	<b>-</b>

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. All amounts recorded are carried at cost (not materially different from amortised cost).

(2) Excludes prepayments which do not meet the definition of a financial asset as per AASB 132 *Financial Instruments: Presentation*.

**26.4 Credit risk**

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

The department has minimal concentration of credit risk. The department does not engage in hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit ratings. The department does not hold any collateral as security on any of its financial assets. Other than receivables, there is no evidence to indicate that the financial assets are impaired. Refer to note 14 for information on the allowance for impairment in relation to receivables.

**Department of Treasury and Finance**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

**26 Financial risk management / financial instruments (continued)**

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

	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	
<b>2018</b>						
Receivables <sup>(1)</sup>	15 477	15 006	450	14	4	3
	<b>15 477</b>	<b>15 006</b>	<b>450</b>	<b>14</b>	<b>4</b>	<b>3</b>
<b>2017</b>						
Receivables <sup>(1)</sup>	1 532	1 459	8	1	61	3
	<b>1 532</b>	<b>1 459</b>	<b>8</b>	<b>1</b>	<b>61</b>	<b>3</b>

<sup>(3)</sup> Receivable amounts disclosed here exclude amounts relating to statutory receivables. They are carried at cost.

**26.5 Market risk**

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

The department does not trade in 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*.

**Sensitivity disclosure analysis**

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

**Department of Treasury and Finance**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**27 Events after the end of the reporting period**

As published in the SA Government Gazette on 14 and 21 June 2018, the employees of the Departmental business units as listed below will transfer to other Government departments from 1 July 2018. Accordingly, the assets, liabilities and obligations of the business units will also transfer to, and be under the control and direction of the receiving department from 1 July 2018.

Transferring to the Department of the Premier and Cabinet

- Veterans SA

Transferring to the Department of Planning, Transport and Infrastructure

- Office of the Registrar-General
- Office of the Valuer-General
- Other ancillary employees as gazetted

As published in the SA Government Gazette on 14 and 21 June 2018, the employees of business units within other Government departments as listed below will transfer to the Department from 1 July 2018. Accordingly, the assets, liabilities and obligations of the business units will also transfer to, and be under the control and direction of the Department from 1 July 2018.

Transferring from the Department of the Premier and Cabinet

- Shared Services SA
- Electorate Services
- Fleet Services (Ministerial Chauffers)
- ICT Transformation
- Policy Standards and Governance
- Strategic Procurement
- Return to Work Services section of the Office of the Public Sector
- Industrial Relations section of the Office of the Public Sector
- Other ancillary employees as gazetted

Transferring from the Attorney-General's Department

- SafeWork SA
- Other ancillary employees as gazetted

**Department of Treasury and Finance**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

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**28 Impact of standards and policies not yet implemented**

The department did not change any of its accounting policies during 2017-18.

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 2018. The department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the department, except below.

**AASB 16 Leases**

This standard will apply for the first time 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 and amortisation 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 and AASB 1058 Income of Not-for-Profit Entities**

These standards will apply for the first time to reporting periods beginning on or after 1 January 2019. The department has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts.

**AASB 1059 Service Concession Arrangement: Grantor**

AASB 1059 Service Concession Arrangement: Grantor applies to reporting periods commencing after 1 January 2019. The application date for DTF is 1 July 2019.

This new Standard will see some arrangements with a service component provided by an outside provider being captured within DTF's financial statements.

DTF has commenced assessing but not yet quantified the impact of applying AASB 1059 and the resulting impact on the statement of financial position.

Details on the impact of AASB 1059 on DTF's arrangements with Land Services SA are detailed in note 55.

**Department of Treasury and Finance**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

**29 Transactions with SA Government**

	Note	SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses</b>							
Employee benefits expenses	3	3 494	3 395	73 942	63 928	77 436	67 323
Supplies and services	5						
Accommodation and telecommunication		7 722	6 418	518	128	8 240	6 546
Information technology charges		262	498	5 997	5 604	6 259	6 102
Minor works maintenance and equipment		318	478	217	104	535	582
Legal costs		1 786	2 059	3 295	3 628	5 081	5 687
Consultants		-	-	4 022	3 841	4 022	3 841
Contractors and temporary staff		20	-	10 448	8 167	10 468	8 167
Land titling fees		-	-	42 625	-	42 625	-
Valuation fees		58	4 999	12 537	-	12 595	4 999
General administration and consumables		1 376	1 670	6 446	5 765	7 822	7 435
Corporate recharge expense		2 784	3 088	-	-	2 784	3 088
Other supplies and services		5 246	1 538	2 754	2 325	8 000	3 863
Depreciation and amortisation expense	6	-	-	5 442	3 870	5 442	3 870
Net loss from disposal of non-current assets	7	-	-	19	329	19	329
Other expenses	8	-	-	594	386	594	386
<b>Total expenses</b>		<b>23 066</b>	<b>24 143</b>	<b>168 856</b>	<b>98 075</b>	<b>191 922</b>	<b>122 218</b>

		SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income</b>							
Revenues from fees and charges	9						
Fees for the provision of corporate services		188	305	-	-	188	305
South Australian Government Financing Authority		15 231	13 123	-	-	15 231	13 123
South Australian Superannuation Board		28 321	27 391	-	-	28 321	27 391
Compulsory Third Party Regulator		4 795	7 423	-	-	4 795	7 423
Community Emergency Services Fund		6 664	6 501	-	-	6 664	6 501
Land Tax certificates		-	-	264	265	264	265
Land services fees		4 410	-	5 485	-	9 895	-
Regulatory fees		-	-	83	161	83	161
Service provision		805	988	-	-	805	988
Other recoveries		669	1 111	6 015	157	6 684	1 268
Resources received free of charge	10	1 217	-	-	-	1 217	-
Other income	11						
Commissions		-	-	141	142	141	142
Sales of services		324	-	5 614	-	5 938	-
Banking recoveries		-	-	-	1 769	-	1 769
Other income		685	1 502	751	731	1 436	2 233
Revenues from SA Government	12	127 738	72 435	-	-	127 738	72 435
<b>Total income</b>		<b>191 047</b>	<b>130 779</b>	<b>18 353</b>	<b>3 225</b>	<b>209 400</b>	<b>134 004</b>

**Department of Treasury and Finance**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

**29 Transactions with SA Government (continued)**

	Note	SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>							
Cash and cash equivalents	13	27 484	20 261	-	85	27 484	20 346
Receivables	14						
Receivables		556	980	15 038	556	15 594	1 536
Accrued revenues		3 723	1 190	16	7	3 739	1 197
Prepayments		-	-	1 259	813	1 259	813
Net GST receivable from the ATO		-	-	592	213	592	213
<b>Total financial assets</b>		<b>31 763</b>	<b>22 431</b>	<b>16 905</b>	<b>1 674</b>	<b>48 668</b>	<b>24 105</b>
<b>Financial liabilities</b>							
Payables	19						
Creditors and accrued expenses		2 655	2 984	9 607	3 237	12 262	6 221
Employment on-costs		1 262	1 252	1 737	1 364	2 999	2 616
Paid Parental Leave Scheme payable		-	-	25	16	25	16
Employee benefits	20						
Accrued salaries and wages		-	-	1 370	1 119	1 370	1 119
Annual leave		-	-	5 403	5 013	5 403	5 013
Long service leave		-	-	19 132	17 386	19 132	17 386
Skills and experience retention leave		-	-	458	404	458	404
Provisions	21						
Provision for workers' compensation		-	-	3 886	572	3 886	572
<b>Total financial liabilities</b>		<b>3 917</b>	<b>4 236</b>	<b>41 618</b>	<b>29 111</b>	<b>45 535</b>	<b>33 347</b>

The above tables disclose 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.

# **Department of Treasury and Finance**

## **Administered Financial Statements**

For the year ended 30 June 2018

**Department of Treasury and Finance**  
**Statement of Administered Comprehensive Income**  
*for the year ended 30 June 2018*

		2018	2017
	Note	\$'000	\$'000
<b>Administered expenses</b>			
Employee benefits expenses	32	444 382	475 751
Supplies and services	33	51 781	55 554
Borrowing costs	34	273 078	245 386
Grants, subsidies and transfers	35	3 355 887	2 873 217
Depreciation and amortisation	36	145	167
Payments to SA Government	42	13 506 936	11 006 249
Other expenses	37	50 217	438 858
<b>Total administered expenses</b>		<b>17 682 426</b>	<b>15 095 182</b>
<b>Administered income</b>			
Taxation	38	4 093 870	4 083 455
Commonwealth revenues	39	9 118 438	8 312 215
Dividends	40	206 970	169 129
Interest revenues	41	105 032	80 181
Revenues from SA Government	42	1 795 772	1 490 069
Grants and contributions	43	84 389	98 562
Revenues from fees and charges	44	229 451	132 853
Other revenues	45	566 629	731 387
<b>Total administered income</b>		<b>16 200 551</b>	<b>15 097 851</b>
<b>Net result</b>		<b>(1 481 875)</b>	<b>2 669</b>
<b>Total comprehensive result</b>		<b>(1 481 875)</b>	<b>2 669</b>

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

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

**Department of Treasury and Finance**  
**Statement of Administered Financial Position**  
*as at 30 June 2018*

	Note	2018 \$'000	2017 \$'000
<b>Administered current assets</b>			
Cash and cash equivalents	46	1 245 120	1 026 952
Receivables	47	9 131	8 353
Other financial assets	48	6 314	7 560
<b>Total current assets</b>		<b>1 260 565</b>	<b>1 042 865</b>
<b>Administered non-current assets</b>			
Receivables	47	2	6
Other financial assets	48	10 562	10 172
Property, plant and equipment	49	1 738	1 740
Intangible assets	50	325	325
<b>Total non-current assets</b>		<b>12 627</b>	<b>12 243</b>
<b>Total assets</b>		<b>1 273 192</b>	<b>1 055 108</b>
<b>Administered current liabilities</b>			
Payables	52	880 418	740 748
Employee benefits	53	1 358	1 476
Provisions	54	51	149
Other liabilities	55	38 150	25
<b>Total current liabilities</b>		<b>919 977</b>	<b>742 398</b>
<b>Administered non-current liabilities</b>			
Payables	52	111 371	31 940
Employee benefits	53	963	1 378
Provisions	54	76	253
Other liabilities	55	1 460 324	630
<b>Total non-current liabilities</b>		<b>1 572 734</b>	<b>34 201</b>
<b>Total liabilities</b>		<b>2 492 711</b>	<b>776 599</b>
<b>Net assets</b>		<b>(1 219 519)</b>	<b>278 509</b>
<b>Administered equity</b>			
Accumulated surplus		(1 220 154)	277 874
Asset revaluation surplus		635	635
<b>Total equity</b>		<b>(1 219 519)</b>	<b>278 509</b>

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

Unrecognised contractual commitments	56
Contingent assets and liabilities	57

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

**Department of Treasury and Finance**  
**Statement of Administered Changes in Equity**  
*for the year ended 30 June 2018*

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		Asset revaluation surplus	Accumulated surplus	Total equity
	Note	\$'000	\$'000	\$'000
Balance at 30 June 2016		635	275 205	275 840
Total comprehensive result for 2016-17		-	2 669	2 669
<b>Balance at 30 June 2017</b>		<b>635</b>	<b>277 874</b>	<b>278 509</b>
Total comprehensive result for 2017-18		-	(1 481 875)	(1 481 875)
Administrative restructure	31.1	-	(16 153)	(16 153)
<b>Balance at 30 June 2018</b>		<b>635</b>	<b>(1 220 154)</b>	<b>(1 219 519)</b>

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

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

**Department of Treasury and Finance**  
**Statement of Administered Cash Flows**  
*for the year ended 30 June 2018*

	Note	2018 \$'000	2017 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash outflows</b>			
Payments to SA Government		(13 316 419)	(11 305 502)
Employee benefit payments		(444 676)	(474 362)
Payments for supplies and services		(47 684)	(66 940)
Interest payments		(273 078)	(245 386)
Grants, subsidies and transfers		(3 342 761)	(2 876 794)
GST paid to the ATO		-	(24 211)
Payments for Paid Parental Leave Scheme		(47)	(66)
Other payments		(49 343)	(438 111)
<b>Cash used in operations</b>		<b>(17 474 008)</b>	<b>(15 431 372)</b>
<b>Cash inflows</b>			
Taxation received		4 093 870	4 083 455
Receipts from Commonwealth		9 118 438	8 312 215
Dividends		199 977	162 183
Interest received		105 032	80 181
Receipts from SA Government		1 795 544	1 490 069
Grants and contributions		84 389	98 562
Fees and charges		147 561	157 856
GST recovered from Australian Taxation Office		1 695	-
Receipts for Paid Parental Leave Scheme		50	60
Other receipts		2 144 664	733 216
<b>Cash generated from operations</b>		<b>17 691 220</b>	<b>15 117 797</b>
<b>Net cash provided by / (used in) operating activities</b>	58	<b>217 212</b>	<b>(313 575)</b>
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(143)	(126)
<b>Cash used in investing activities</b>		<b>(143)</b>	<b>(126)</b>
<b>Net cash provided by / (used in) investing activities</b>		<b>(143)</b>	<b>(126)</b>
<b>Cash flows from financing activities</b>			
<b>Cash inflows</b>			
Proceeds from other financial assets		4 016	35
<b>Cash generated from financing activities</b>		<b>4 016</b>	<b>35</b>
<b>Cash outflows</b>			
Other financial assets granted		(2 917)	(12 491)
<b>Cash used in financing activities</b>		<b>(2 917)</b>	<b>(12 491)</b>
<b>Net cash provided by / (used in) financing activities</b>		<b>1 099</b>	<b>(12 456)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>218 168</b>	<b>(326 157)</b>
Cash and cash equivalents at the beginning of the reporting period		1 026 952	1 353 109
<b>Cash and cash equivalents at the end of the reporting period</b>	58	<b>1 245 120</b>	<b>1 026 952</b>

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

**Department of Treasury and Finance**  
**Schedule of Expenses and Income attributable to Administered Activities**  
*for the year ended 30 June 2018*

	Administered Items on behalf of the Consolidated Account		CIMR Transitional Arrangement Accounts		Commonwealth Mirror Taxes on Commonwealth Places Revenue Account	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses</b>						
Employee benefits expenses	389	368	-	-	-	-
Supplies and services	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	43 864	37 908	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-
Other expenses	-	-	-	121 486	25 408	28 075
Payments to SA Government	13 091 283	10 692 747	-	-	-	-
<b>Total administered expenses</b>	<b>13 135 536</b>	<b>10 731 023</b>	<b>-</b>	<b>121 486</b>	<b>25 408</b>	<b>28 075</b>
<b>Income</b>						
Taxation	3 732 304	3 729 089	-	-	-	-
Commonwealth revenues	6 771 026	6 235 550	-	-	25 408	28 075
Dividends	199 977	162 183	-	-	-	-
Interest revenues	103 671	78 679	-	-	-	-
Revenues from SA Government	43 165	36 706	-	-	-	-
Grants and contributions	-	-	-	-	-	-
Revenues from fees and charges	146 396	132 400	-	-	-	-
Other revenues	2 138 997	356 416	-	110 011	-	-
<b>Total administered income</b>	<b>13 135 536</b>	<b>10 731 023</b>	<b>-</b>	<b>110 011</b>	<b>25 408</b>	<b>28 075</b>
<b>Net result</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11 475)</b>	<b>-</b>	<b>-</b>

**Department of Treasury and Finance**  
**Schedule of Expenses and Income attributable to Administered Activities**  
*for the year ended 30 June 2018*

	Community Development Fund		Community Emergency Services Fund		Country Equalisation Scheme Account	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Expenses</b>						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	20 000	20 000	253 197	248 000	-	-
Depreciation and amortisation	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-
<b>Total administered expenses</b>	<b>20 000</b>	<b>20 000</b>	<b>253 197</b>	<b>248 000</b>	<b>-</b>	<b>-</b>
<b>Income</b>						
Taxation	-	-	214 022	208 293	-	-
Commonwealth revenues	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Interest revenues	-	-	93	120	248	246
Revenues from SA Government	-	-	-	-	-	-
Grants and contributions	20 000	20 000	38 844	39 636	-	-
Revenues from fees and charges	-	-	452	452	-	-
Other revenues	-	-	-	-	-	-
<b>Total administered income</b>	<b>20 000</b>	<b>20 000</b>	<b>253 411</b>	<b>248 501</b>	<b>248</b>	<b>246</b>
<b>Net result</b>	<b>-</b>	<b>-</b>	<b>214</b>	<b>501</b>	<b>248</b>	<b>246</b>

**Department of Treasury and Finance**  
**Schedule of Expenses and Income attributable to Administered Activities**  
*for the year ended 30 June 2018*

	ETSA Sales/Lease		Hospitals Fund		Housing Loans	
	Proceeds Account				Redemption Fund	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses</b>						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Payments to SA Government	-	-	146 160	144 115	11 581	-
<b>Total administered expenses</b>	-	-	<b>146 160</b>	<b>144 115</b>	<b>11 581</b>	-
<b>Income</b>						
Taxation	-	-	146 160	144 115	-	-
Commonwealth revenues	-	-	-	-	-	-
Dividends	6 993	6 946	-	-	-	-
Interest revenues	-	-	-	-	-	262
Revenues from SA Government	-	-	-	-	-	-
Grants and contributions	-	-	-	-	-	-
Revenues from fees and charges	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
<b>Total administered income</b>	<b>6 993</b>	<b>6 946</b>	<b>146 160</b>	<b>144 115</b>	-	<b>262</b>
<b>Net result</b>	<b>6 993</b>	<b>6 946</b>	-	-	<b>(11 581)</b>	<b>262</b>

**Department of Treasury and Finance**  
**Schedule of Expenses and Income attributable to Administered Activities**  
*for the year ended 30 June 2018*

	Intergovernmental Agreement on Federal Financial Relations		Industry Financial Assistance Account (IFAA)		Local Government Disaster Fund	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses</b>						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	-	-	-	-	39	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	2 307 079	2 058 314	2 192	2 195	5 232	1 206
Depreciation and amortisation	-	-	-	-	-	-
Other expenses	-	-	(243)	(30)	-	-
Payments to SA Government	-	-	-	-	-	-
<b>Total administered expenses</b>	<b>2 307 079</b>	<b>2 058 314</b>	<b>1 949</b>	<b>2 165</b>	<b>5 271</b>	<b>1 206</b>
<b>Income</b>						
Taxation	-	-	-	-	-	-
Commonwealth revenues	2 322 004	2 048 590	-	-	-	-
Dividends	-	-	-	-	-	-
Interest revenues	-	-	589	404	389	424
Revenues from SA Government	-	-	-	-	-	-
Grants and contributions	-	-	2 011	15 237	-	-
Revenues from fees and charges	-	-	-	-	-	-
Other revenues	-	-	-	(488)	-	-
<b>Total administered income</b>	<b>2 322 004</b>	<b>2 048 590</b>	<b>2 600</b>	<b>15 153</b>	<b>389</b>	<b>424</b>
<b>Net result</b>	<b>14 925</b>	<b>(9 724)</b>	<b>651</b>	<b>12 988</b>	<b>(4 882)</b>	<b>(782)</b>

**Department of Treasury and Finance**  
**Schedule of Expenses and Income attributable to Administered Activities**  
*for the year ended 30 June 2018*

	Local Government		Registrar-General		Special Act Salaries	
	Taxation Equivalents		Statutory Act revenues		(Valuer-General)	
	Fund					
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses</b>						
Employee benefits expenses	-	-	-	-	181	-
Supplies and services	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	2 160	2 620	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-
Other expenses	-	-	28	-	-	-
Payments to SA Government	-	-	84 074	-	-	-
<b>Total administered expenses</b>	<b>2 160</b>	<b>2 620</b>	<b>84 102</b>	<b>-</b>	<b>181</b>	<b>-</b>
<b>Income</b>						
Taxation	1 384	1 958	-	-	-	-
Commonwealth revenues	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Interest revenues	5	9	-	-	-	-
Revenues from SA Government	-	-	16	-	212	-
Grants and contributions	-	-	-	-	-	-
Revenues from fees and charges	-	-	82 603	-	-	-
Other revenues	758	657	-	-	-	-
<b>Total administered income</b>	<b>2 147</b>	<b>2 624</b>	<b>82 619</b>	<b>-</b>	<b>212</b>	<b>-</b>
<b>Net result</b>	<b>(13)</b>	<b>4</b>	<b>(1 483)</b>	<b>-</b>	<b>31</b>	<b>-</b>

**Department of Treasury and Finance**  
**Schedule of Expenses and Income attributable to Administered Activities**  
*for the year ended 30 June 2018*

	Support Services to Parliamentarians		Treasury and Finance Administered Items Account		Treasurer's Interest in the National Wine Centre Account	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Expenses</b>						
Employee benefits expenses	17 812	17 483	426 000	457 900	-	-
Supplies and services	6 830	6 352	44 876	48 838	30	356
Borrowing costs	-	-	273 078	245 386	-	-
Grants, subsidies and transfers	-	-	722 163	502 974	-	-
Depreciation and amortisation	103	94	11	42	31	31
Other expenses	-	-	20 393	24 682	-	-
Payments to SA Government	-	-	173 838	169 387	-	-
<b>Total administered expenses</b>	<b>24 745</b>	<b>23 929</b>	<b>1 660 359</b>	<b>1 449 209</b>	<b>61</b>	<b>387</b>
<b>Income</b>						
Taxation	-	-	-	-	-	-
Commonwealth revenues	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Interest revenues	-	-	-	-	-	-
Revenues from SA Government	-	-	1 752 379	1 453 363	-	-
Grants and contributions	23 533	23 689	-	-	-	-
Revenues from fees and charges	-	1	-	-	-	-
Other revenues	4	56	60	65	25	25
<b>Total administered income</b>	<b>23 537</b>	<b>23 746</b>	<b>1 752 439</b>	<b>1 453 428</b>	<b>25</b>	<b>25</b>
<b>Net result</b>	<b>(1 208)</b>	<b>(183)</b>	<b>92 080</b>	<b>4 219</b>	<b>(36)</b>	<b>(362)</b>

**Department of Treasury and Finance**  
**Schedule of Expenses and Income attributable to Administered Activities**  
*for the year ended 30 June 2018*

	Treasury Working Account		Treasury Asset Management Account		Land Services Arrangement		Total	
	2 018 \$'000	2 017 \$'000	2 018 \$'000	2 017 \$'000	2 018 \$'000	2 017 \$'000	2 018 \$'000	2 017 \$'000
<b>Expenses</b>								
Employee benefits expenses	-	-	-	-	-	-	444 382	475 751
Supplies and services	-	-	6	8	-	-	51 781	55 554
Borrowing costs	-	-	-	-	-	-	273 078	245 386
Grants, subsidies and transfers	-	-	-	-	-	-	3 355 887	2 873 217
Depreciation and amortisation	-	-	-	-	-	-	145	167
Other expenses	4 631	264 645	-	-	-	-	50 217	438 858
Payments to SA Government	-	-	-	-	-	-	13 506 936	11 006 249
<b>Total administered expenses</b>	<b>4 631</b>	<b>264 645</b>	<b>6</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>17 682 426</b>	<b>15 095 182</b>
<b>Income</b>								
Taxation	-	-	-	-	-	-	4 093 870	4 083 455
Commonwealth revenues	-	-	-	-	-	-	9 118 438	8 312 215
Dividends	-	-	-	-	-	-	206 970	169 129
Interest revenues	-	-	36	37	-	-	105 032	80 181
Revenues from SA Government	-	-	-	-	-	-	1 795 772	1 490 069
Grants and contributions	-	-	-	-	-	-	84 389	98 562
Revenues from fees and charges	-	-	-	-	-	-	229 451	132 853
Other revenues	4 631	264 645	-	-	(1 577 844)	-	566 629	731 387
<b>Total administered income</b>	<b>4 631</b>	<b>264 645</b>	<b>36</b>	<b>37</b>	<b>(1 577 844)</b>	<b>-</b>	<b>16 200 551</b>	<b>15 097 851</b>
<b>Net result</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>29</b>	<b>(1 577 844)</b>	<b>-</b>	<b>(1 481 875)</b>	<b>2 669</b>

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

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year end 30 June 2018*

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**30 Basis of preparation and accounting policies**

The basis of preparation of the administered financial statement is the same as the basis outlined in Note 1. The department applies the same accounting policies to the administered financial statements as set out in the notes to the department's financial statements.

**31 Overview of Administered financial statements**

The Administered financial statements include the revenues, expenses, assets and liabilities which the department administers on behalf of the SA Government but does not control. All administered activities and the transactions for the special deposit accounts established under section 8 of the PFAA and deposit accounts established under section 21 of the PFAA that are administered by the department are listed below.

***Administered Items on behalf of the Consolidated Account***

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

***CIMR Transitional Arrangement Accounts***

The purpose of the accounts is to record all transitional activities associated with the Compulsory Third Party Insurance Market Reforms (CIMR), including the receipt of premiums from the advanced renewal of CTP Policies on behalf of the 4 new private insurers who entered the South Australian CTP Market from 1 July 2016; receipt of novated premiums from the Motor Accident Commission (MAC) and other transitional activities.

***Commonwealth Mirror Taxes on Commonwealth Places Revenue Account***

The purpose of the account is to receive amounts that are levied pursuant to the *Commonwealth Places (Mirror Taxes) Act 1998* of the Commonwealth and *Commonwealth Places (Mirror Taxes Administration) Act 1999* of the State.

***Community Development Fund***

The purpose of the fund is to administer annual payments under the *Gaming Machines Act 1992*. Payments are made in accordance with the directions of the Governor towards financial assistance for non-government welfare agencies, financial assistance for community development and the provision of government health, welfare or education services, as well as towards programs of benefit to the live music industry.

***Community Emergency Services Fund***

The purpose of the fund is to record all fixed property revenue from the Emergency Services Levy collected by RevenueSA and transferred to the Community Emergency Services Fund administered by the South Australian Fire and Emergency Services Commission.

***Country Equalisation Scheme Account***

The purpose of the account is 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.

***ETSA Sales / Lease Proceeds Account***

The purpose of the account is to receive proceeds of a sale/lease agreement, sale or lease under the *Electricity Corporations (Restructuring and Disposal) Act 1999* and other funds as approved by the Treasurer.

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year end 30 June 2018*

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**31 Overview of Administered financial statements (continued)**

***Hospitals Fund***

The purpose of the fund is to record and transfer monies received from SA Lotteries Commission operations and stamp duty on insurance policies relating to motor vehicles to the Consolidated Account to be used for the provision, maintenance, development and improvement of public hospitals.

***Housing Loans Redemption Fund***

The purpose of the fund is to provide low cost mortgage protection insurance to mortgage holders. It no longer accepts new customers of issue new policies with an amendment in 1992 to *Housing Loans Redemption Fund Act 1962*, as commercial insurers commenced offering similar products to mortgage holders.

***Intergovernmental Agreement on Federal Financial Relations***

The purpose of the account is to receive monies from the Commonwealth Government and disburse the monies to agencies pursuant to the Intergovernmental Agreement on Federal Financial Relations for the National Specific Purpose Program (SPP) purposes listed in Schedule F of that Agreement and for the National Partnership Payments (NPP) for the purposes listed in Schedule G of that Agreement.

***Industry Financial Assistance Account (IFAA)***

The account was established to assist with the accounting for the industry assistance contracts written in the name of the Treasurer. The South Australian Government Financing Authority (SAFA) is responsible for administering the IFAA on behalf of the Treasurer.

***Local Government Disaster Fund***

The purpose of the fund is to record the cost of providing assistance to local authorities which face unusually high expenditures as a result of natural disasters. Assistance may be of an investigative, preventative, remedial, insurance, compensatory or other nature and may include funding of insurance or other commercial schemes.

***Local Government Taxation Equivalents Fund***

The account was established to record receipts of tax equivalents from the Local Government Finance Authority (LGFA) and payments to the Local Government Association of South Australia as stipulated under the *Local Government Finance Authority Act 1983*.

***Market Projects Unit\****

The purpose of the account is to receive deposits from the sale of government assets.

***Registrar-General Statutory Act revenues***

This activity records revenues collected by the Office of the Registrar-General on behalf of Consolidated Account pursuant to *Real Property Act 1886*.

***Special Act Salaries for Valuer General***

This activity records salary paid to Valuer General pursuant to section 8 of the *Valuation of Land Act 1971*

***Support Services to Parliamentarians***

The purpose of the account is to record the financial transactions related to the administration of Support Services to Parliamentarians.

***SuperSA Select\****

The purpose of the account is to administer receipts and payments for the Commonwealth Low Income Superannuation Contribution.

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year end 30 June 2018*

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**31 Overview of Administered financial statements (continued)**

***Treasury and Finance Administered Items Account***

The purpose of the account is to receive administered items appropriation for the department pursuant to the annual Appropriation Act and to disburse the associated payments.

***Treasurer's Interest in the National Wine Centre Account***

The purpose of account is to record all of the financial transactions associated with the management of the *National Wine Centre (Restructuring and Leasing Arrangements) Act 2002* including injections of funds from the Consolidated Account.

***Treasury Working Account***

The purpose of the account is to record receipts and payments for small lotteries, receipts and payments arising from various superannuation arrangements, interest receipts and payments, to effect accounting adjustments and transfers and to hold amounts in suspense pending determination of appropriate treatment. This account is also used to process certain transactions of a whole of government nature or relating to the activities of the Treasurer.

***Treasury Asset Management Account***

The purpose of the account is to manage and administer the unclaimed customer deposits of the former State Bank of South Australia as well as other residual activities (dividends receipts).

\*Deposit account and special deposit accounts with no transactions in the Statement of Comprehensive Income are not included in the disaggregated disclosure schedule.

***Land Services Arrangement***

This activity is to record the unearned revenue from the proceeds of the LSSA arrangement recorded against the activity Administered Items on behalf of the Consolidated Account.

**31.1 Administrative restructure – Transferred In**

On 11 July 2017, the Premier proclaimed via *Public Sector (Reorganisation of Public Sector Operation) Notice 2017* transfer of the Office of the Valuer-General from the Department of Planning, Transport and Infrastructure (DPTI) to the Department of Treasury and Finance (DTF). The effective date of the transfer is 1 July 2017.

Total income and expenses attributable to the Office of the Valuer-General's Administered Items for 2017-18 are disclosed in the Schedule of Expenses and Income attributable to Administered Activities.

On transfer of the Office of the Valuer-General, the department recognised the following assets and liabilities:

	<b>Total</b>
	<b>\$'000</b>
<b>Liabilities</b>	
Payables	13
Employee benefits	121
<b>Total liabilities</b>	<u>134</u>
<b>Total net assets (liabilities) transferred</b>	<u><u>(134)</u></u>

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year end 30 June 2018*

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**31.1 Administrative restructure – Transferred In (continued)**

On 8 January 2018, the Premier proclaimed via *Public Sector (Reorganisation of Public Sector Operation) Notice 2018* the transfer of the Office of the Registrar-General (Retained Function) from the Department of Planning, Transport and Infrastructure (DPTI) to the department. The effective date of the transfer is 1 February 2018.

Total income and expenses attributable to the Office of the Registrar-General's Administered Items for 2017-18 were:

	<b>DPTI</b>	<b>DTF</b>	
	<b>1 Jul 2017 -</b>	<b>1 Feb 2018 -</b>	
	<b>31 Jan 2018</b>	<b>30 Jun 2018</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Income</b>			
Revenues from fees and charges	114 631	82 603	197 234
Revenues from SA Government	32	16	48
<b>Total income</b>	<b>114 663</b>	<b>82 619</b>	<b>197 282</b>
<b>Expenses</b>			
Payments to SA Government	113 160	84 074	197 234
Other expenses	27	28	55
<b>Total expenses</b>	<b>113 187</b>	<b>84 102</b>	<b>197 289</b>
<b>Net result</b>	<b>1 476</b>	<b>(1 483)</b>	<b>(7)</b>

On transfer of the Office of the Registrar-General (Retained Function), the department recognised the following assets and liabilities:

	<b>Total</b>
	<b>\$'000</b>
<b>Liabilities</b>	
Payables	16 019
<b>Total liabilities</b>	<b>16 019</b>
<b>Total net assets (liabilities) transferred</b>	<b>(16 019)</b>

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year end 30 June 2018*

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**32 Employee benefits expenses**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Superannuation contributions to various schemes*	426 000	457 900
Salaries and wages	14 152	13 949
Long service leave	726	226
Annual leave	791	991
Skills and experience retention leave	14	18
Employment on-costs - superannuation	1 399	1 377
Employment on-costs - other	843	813
Minister's salary, electorate and expense allowance	381	366
Other employee related expenses	76	111
<b>Total employee benefits expenses</b>	<b>444 382</b>	<b>475 751</b>

\*These payments were made to support funding of the defined benefit superannuation liability for the Police Superannuation Scheme and the South Australia Superannuation Fund as part of the government's commitment to have all superannuation liabilities fully funded by 2034.

**Remuneration of employees**

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

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
\$179 001 to \$189 000	-	1
\$349 001 to \$359 000	1	-
\$379 001 to \$389 000	1	-
\$449 001 to \$459 000	-	1
<b>Total number of employees</b>	<b>2</b>	<b>2</b>

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, payment in lieu of leave, superannuation contributions, fringe benefits, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$735 000 (2017: \$634 000).

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year end 30 June 2018*

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**33 Supplies and services**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
State's share of GST administration	44 010	48 113
Unclaimed monies	864	723
Accommodation and telecommunication	3 297	2 986
Information technology expenses	246	335
Minor works, maintenance and equipment	433	848
Legal costs	3	2
Consultants*	98	6
General administration and consumables	2 462	2 283
Other	368	258
<b>Total supplies and services</b>	<b>51 781</b>	<b>55 554</b>

\*The number and dollar amount of consultants paid/payable (included in Supplies and services expense) fell within the following band:

	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>Number</b>	<b>\$'000</b>	<b>Number</b>	<b>\$'000</b>
Below \$10,000	6	19	3	6
\$10 000 or above	3	80	-	-
<b>Total paid / payable to the consultants engaged</b>	<b>9</b>	<b>99</b>	<b>3</b>	<b>6</b>

**34 Borrowing costs**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest on borrowings	251 531	226 009
Interest paid on deposit accounts and other monies	21 547	19 377
<b>Total borrowing costs</b>	<b>273 078</b>	<b>245 386</b>

The department pays interest on borrowings on behalf of the Treasurer but the debt is not recorded in the Statement of Administered Financial Position. It is disclosed in Statement J of the Treasurer's Statements as well as the Consolidated financial report for government.

Borrowing costs include annual interest charges on the Treasurer's borrowings from SAFA and interest paid by the Treasurer on agency deposit and special deposit accounts.

Interest is paid from the Treasury and Finance Administered Items special deposit account using funds appropriated for that purpose. While the Department administers these payments on behalf of the Treasurer, the underlying loan arrangements are administered by SAFA and are therefore not included in the Statement of Administered Financial Position.

Further information on borrowings undertaken by the Treasurer for the SA Government and other government financial assets and liabilities can be found in the SAFA annual report and the Consolidated Financial Report for the Government of South Australia prepared under AASB 1049 Whole of Government and Government Sector Financial Reporting.

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year end 30 June 2018*

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**35 Grants, subsidies and transfers**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Recurrent grants, subsidies and transfers	2 616 675	2 232 880
Capital grants, subsidies and transfers	739 212	640 337
<b>Total grants, subsidies and transfers</b>	<b>3 355 887</b>	<b>2 873 217</b>

Grants, subsidies and transfers mainly represent the transfer of Commonwealth funding received pursuant to the IGAFRR to relevant government agencies. It also includes the payment of grants and other contributions approved by the Treasurer using appropriation funding provided to the Treasury and Finance administered items account. Grants, subsidies and transfers are recognised when paid.

**36 Depreciation and amortisation**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Buildings	42	73
Building fit-outs	103	94
<b>Total depreciation and amortisation</b>	<b>145</b>	<b>167</b>

**37 Other expenses**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Refunds and remissions	14 248	19 115
Payments to Commonwealth Government	25 408	28 075
Bad debts	-	1 203
Doubtful debts	-	(1 233)
Repayment of borrowings	4 370	3 860
Transitional CTP Premiums	-	121 486
DPTI - Highways Fund*	-	259 400
Other	6 191	6 952
<b>Total other expenses</b>	<b>50 217</b>	<b>438 858</b>

Other expenses include loans forgiven. Loans forgiven are the loans provided by the Treasurer to recipients on the basis that the Treasurer will forgive these loans if the recipient duly performs specified obligations defined under the loan agreement. The Treasurer forgives these loans on being satisfied that the recipient has duly performed these obligations.

\*Under the reforms to the Compulsory Third Party Insurance market, four private insurers were approved to write CTP premiums in South Australia from 1 July 2016. Each insurer has paid a fee (Private insurer approval fee) for an initial market share. The fees collected by DTF were paid to the DPTI- Highways Fund in the same reporting period.

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year end 30 June 2018*

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**38 Taxation**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Stamp Duties - conveyances on sale of property	817 085	859 915
Stamp Duties - general insurance	172 141	175 845
Stamp Duties - motor vehicles registrations	172 963	169 005
Stamp Duties - other	307 582	297 892
Commonwealth Places Mirror - Stamp Duties	250	768
Payroll Tax	1 462 118	1 380 410
Commonwealth Places Mirror - Payroll Tax	25 559	24 149
Land Tax	610 223	769 319
Commonwealth Places Mirror - Land Tax	1 510	1 247
Emergency Services Levy	214 022	208 293
Local Government rate equivalents	2 834	3 139
Income tax equivalents	183 248	104 191
Contributions from Lotteries Commission of South Australia	75 393	73 376
Betting Operations Tax	32 405	-
Hindmarsh Island Bridge Levy	5	40
Casino Duty	16 532	15 866
<b>Total taxation</b>	<b>4 093 870</b>	<b>4 083 455</b>

Taxation revenue includes payroll tax, property taxes (land tax, stamp duty and emergency services levy), income tax equivalents and contributions from the Lotteries Commission of South Australia. All taxes are collected on behalf of the State government and recognised on receipt. All taxation revenues are reported net of any taxation refunds.

Payroll tax is payable pursuant to the *Payroll Tax Act 2009*.

Stamp duty is a charge on certain documents and transactions. Stamp duty is charged at either a flat rate or an ad valorem rate (based on the value of the transaction) depending on the particular document or transaction. Stamp duties apply to a range of transactions including conveyances, mortgages, insurance and rental transactions. Stamp Duties are levied under the authority of the *Stamp Duties Act 1923*, which is supported by the *Stamp Duties Regulations 2002*.

Land tax is charged on land ownership and calculated according to the site value of the land. The land owner is exempt from land tax where the land constitutes the owner's principal place of residence (other exemptions also apply).

As a result of changes to the *Casino Act 1997* and Casino Agreements the Commissioner of State Taxation commenced administration and collection of the Casino Duty from 1 January 2014. This includes all duty from gaming tables and gaming machines within the Adelaide Casino.

The department also collects the fixed property component of emergency services levy payable under the *Emergency Services Funding Act 1998*.

Income tax equivalents are collected from applicable public authorities or business units in accordance with Treasurer's Instruction 22 'Tax Equivalent Payments'. Tax equivalent payments are calculated and paid on the basis of the Accounting Profits Method at the companies' income tax rate under the Commonwealth's *Income Tax Assessment Act 1997*.

Contributions from the Lotteries Commission of South Australia include distributions to the Hospitals Fund received in accordance with the *State Lotteries Act 1966*.

Betting operations tax is effective from 1 July 2017. It is a consumption tax of 15% on the Net Wagering Revenue (NWR) of betting companies offering services to South Australia.

**Department of Treasury and Finance**  
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**39 Commonwealth revenues**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Commonwealth general purpose grants</b>		
GST revenue grants	6 419 185	5 920 240
Commonwealth Places Mirror taxes	25 408	28 075
<b>Total Commonwealth general purpose grants</b>	<b>6 444 593</b>	<b>5 948 315</b>
<b>Commonwealth specific purpose grants</b>		
Council of Australian Governments Funding arrangements	351 841	315 310
Intergovernmental Agreement on Federal Financial Relations - Recurrent	1 622 109	1 541 068
Intergovernmental Agreement on Federal Financial Relations - Capital	699 895	507 522
<b>Total Commonwealth specific purpose grants</b>	<b>2 673 845</b>	<b>2 363 900</b>
<b>Total Commonwealth revenues</b>	<b>9 118 438</b>	<b>8 312 215</b>

Commonwealth revenue includes GST grants, Specific Purpose Payments and National Partnership Payments received from the Commonwealth pursuant to the Intergovernmental Agreement on Federal Financial Relations (IGAFFR). All Commonwealth revenue is recognised when received.

**40 Dividends**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Adelaide Venue Management	1 600	1 600
Generation Lessor Corporation	6 993	6 946
Generation Lessor Corporation - Alinta Energy	-	2 900
Homestart Finance	19 104	7 115
Renewal SA	9 150	2 059
Public Trustee Office	899	59
SA Water	139 412	121 829
South Australian Government Employee Residential Property	3 412	-
Forestry SA	-	3 571
South Australian Government Financing Authority	26 400	23 050
<b>Total dividends</b>	<b>206 970</b>	<b>169 129</b>

Dividends represent distributions from applicable for-profit government agencies and include returns of accumulated capital. Dividend amounts are approved by the Treasurer prior to reporting date and recognised on receipt. Dividends are passed on to the Consolidated Account.

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**41 Interest revenues**

	2018	2017
	\$'000	\$'000
Interest	105 032	80 181
<b>Total interest revenues</b>	<b>105 032</b>	<b>80 181</b>

Interest revenues principally relate to the income received/receivable on the Treasurer's deposit with the South Australian Government Financing Authority (SAFA). This interest is received/receivable on a quarterly basis at prevailing market rates.

**42 Revenues from / payments to SA Government**

	2018	2017
	\$'000	\$'000
<b>Revenues from SA Government</b>		
Appropriations from the Consolidated Account pursuant to the <i>Appropriation Act</i>	1 752 395	1 453 363
Appropriations under other Acts	43 377	36 706
<b>Total revenues from SA Government</b>	<b>1 795 772</b>	<b>1 490 069</b>
<b>Payments to SA Government</b>		
Transfer of revenue received on behalf of the Consolidated Account	13 091 283	10 692 747
Other payments to the Consolidated Account	241 815	144 115
Return of surplus cash pursuant to Cash Alignment Policy	173 838	169 387
<b>Total payments to SA Government</b>	<b>13 506 936</b>	<b>11 006 249</b>

**43 Grants and contributions**

	2018	2017
	\$'000	\$'000
Grants and contributions	84 389	98 562
<b>Total grants and contributions</b>	<b>84 389</b>	<b>98 562</b>

**Department of Treasury and Finance**  
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**44 Revenues from fees and charges**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Guarantee fees	146 396	132 400
Land services fees	82 603	-
Support Services to Parliamentarians	-	1
Other recoveries	452	452
<b>Total revenues from fees and charges</b>	<b>229 451</b>	<b>132 853</b>

Fees and charges

Fees and charges include guarantee fees which represent a price for the funding cost advantage the government guarantee gives to an agency and encompasses other advantages afforded by the government's financing frameworks and mechanisms. Guarantee fees are collected pursuant to Section 20 of the *Public Finance and Audit Act 1987*.

Land services fees are collected by the Office of the Registrar-General under *Real Property Act 1886*.

**45 Other revenues**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Repayment of advances	6 121	6 893
Return of cash to Consolidated Account - cash alignment policy	315 405	243 178
Return of capital	112 520	71 208
Return of deposit account balances	38 180	546
Proceeds from Land Services commercialisation*	27 156	-
Essential Services Commission of SA	13 356	12 917
Support Services to Parliamentarians	727	691
Recoveries DPTI - Indentured Ports	20 556	655
Transitional CTP Premiums collected	-	110 011
Private insurer approval fee**	-	259 400
Other income	32 608	25 888
<b>Total other revenues</b>	<b>566 629</b>	<b>731 387</b>

Other revenues mainly represent the receipt of cash from agencies which is passed on to the Consolidated Account in accordance with the government's relevant policy directive. Revenue received in this manner and subsequently transferred to the Consolidated Account includes repayment of capital and advances, return of cash pursuant to the government's cash alignment policy and return of deposit account balances.

\*Pursuant to a Transaction Implementation Deed, South Australian Government transferred the required titling, registry and valuation assets and entered into a number of transaction documents to facilitate the provision of titling and registry services with a private sector operator on 13 October 2017. A number of Land Title Office and State Valuation Office services have been transferred to the Operator for the term of the contract.

\$27 million has been recognised as revenue in 2017-18 from the commercialisation of the land services group. The \$27 million reflects the straight-line apportionment of the total proceeds across the period from 13 October 2017 to 30 June 2018. The remaining amount received from the commercialisation is recognised as unearned revenue and is discussed more fully in note 55.

\*\*Refer to Note 37.

**Department of Treasury and Finance**  
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**46 Cash and cash equivalents**

	2018	2017
	\$'000	\$'000
Deposits with the Treasurer	1 206 851	993 069
Promissory notes	21 167	21 819
DTF Loans Administration Account	17 102	12 064
<b>Total cash and cash equivalents</b>	<b>1 245 120</b>	<b>1 026 952</b>

**Promissory notes**

The Treasurer holds Promissory notes on behalf of the Local Government Disaster Fund where the cash balance of the fund is not immediately required to fund Local Government costs relating to disasters. It is invested with the LGFA of South Australia for periods of three months. Promissory notes earn interest at their respective promissory note rates.

**Interest rate risk**

Some deposit accounts 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.

**47 Receivables**

	2018	2017
	\$'000	\$'000
<b>Current</b>		
Receivables	1 380	535
Accrued revenues	7 170	7 376
GST input tax recoverable	581	442
<b>Total current receivables</b>	<b>9 131</b>	<b>8 353</b>
<b>Non-current</b>		
Receivables	2	6
<b>Total non-current receivables</b>	<b>2</b>	<b>6</b>
<b>Total receivables</b>	<b>9 133</b>	<b>8 359</b>

**Movement in the allowance for doubtful debts**

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

**Movement in the allowance for doubtful debts (impairment loss)**

	2018	2017
	\$'000	\$'000
Carrying amount at the beginning of the period	-	1 235
Increase/(decrease) in the allowance	-	(1 235)
<b>Carrying amount at the end of the period</b>	<b>-</b>	<b>-</b>

**Department of Treasury and Finance**  
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**47 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 recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand.

There is no concentration of credit risk.

**Ageing analysis of financial assets** - refer note 61.

**Financial risk management / financial instruments** - refer to note 61.

**48 Other financial assets**

	2018	2017
	\$'000	\$'000
<b>Current</b>		
Loans for financial assistance	6 314	7 560
<b>Total current other financial assets</b>	<u>6 314</u>	<u>7 560</u>
<b>Non-current</b>		
Loans for financial assistance	10 562	10 172
<b>Total non-current other financial assets</b>	<u>10 562</u>	<u>10 172</u>
<b>Total other financial assets</b>	<u><u>16 876</u></u>	<u><u>17 732</u></u>

**Ageing analysis of financial assets and liabilities** - refer to note 61.

**Financial risk management / financial instruments** - refer to note 61.

**Department of Treasury and Finance**  
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**49 Property, plant and equipment**

	2018	2017
	\$'000	\$'000
<b>Buildings</b>		
Buildings at fair value	1 384	1 384
Accumulated depreciation	(209)	(167)
<b>Total buildings</b>	<u>1 175</u>	<u>1 217</u>
<b>Building fitouts</b>		
Building fitouts at cost (deemed fair value)	2 047	2 047
Accumulated amortisation	(1 841)	(1 738)
<b>Total building fitouts</b>	<u>206</u>	<u>309</u>
<b>Land</b>		
Land at fair value	<u>203</u>	<u>203</u>
<b>Total land</b>	<u>203</u>	<u>203</u>
<b>Work in progress</b>		
Work in progress at cost	<u>154</u>	<u>11</u>
<b>Total work in progress</b>	<u>154</u>	<u>11</u>
<b>Total property, plant and equipment</b>	<u><u>1 738</u></u>	<u><u>1 740</u></u>

**Department of Treasury and Finance**  
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**49 Property, plant and equipment (continued)**

**Valuation of non-current assets**

A valuation of the land and buildings for the National Wine Centre was performed by Mr Fred Taormina, B.App.Sc. (Val.) A.A.P.I. of VALCORP as at 30 June 2013. The revaluation involved discounting to net present value of the National Wine Centre land and buildings at the termination of the 40 year lease arrangement with Adelaide University. A revaluation surplus of \$635 000 is held for the revalued land and building. The next revaluation is scheduled for 30 June 2019.

**Reconciliation of property, plant and equipment**

The following table shows the movement of property, plant and equipment during 2017-18:

	Land	Buildings	Building fitouts	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	203	1 217	309	11	1 740
Additions	-	-	-	143	143
Depreciation and amortisation	-	(42)	(103)	-	(145)
<b>Carrying amount at the end of the period</b>	<b>203</b>	<b>1 175</b>	<b>206</b>	<b>154</b>	<b>1 738</b>

The following table shows the movement of property, plant and equipment during 2016-17:

	Land	Buildings	Building fitouts	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	58	878	187	101	1 224
Additions	-	-	88	38	126
Capital transfers from WIP	-	-	128	(128)	
Asset reclassified from assets held for sale	145	412	-	-	557
Depreciation and amortisation	-	(73)	(94)	-	(167)
<b>Carrying amount at the end of the period</b>	<b>203</b>	<b>1 217</b>	<b>309</b>	<b>11</b>	<b>1 740</b>

**50 Intangible assets**

	2018	2017
	\$'000	\$'000
<b>Water licences</b>		
At cost	325	325
<b>Total water licences</b>	<b>325</b>	<b>325</b>
<b>Total intangible assets</b>	<b>325</b>	<b>325</b>

Water licences transferred to the Treasurer as part of the forward sale of the State's Green Triangle Forest Plantations in 2012. These water licences were retained by the Treasurer after finalising the lease arrangements with OneFortyOne Plantations Pty Ltd.

**Reconciliation of intangible assets**

There has been no movement in intangibles.

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**51 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 all non-financial assets measured at fair value into hierarchy level 3 as estimates of residual value and useful life used to calculate accumulated depreciation are not based on observable market data.

There were no transfers of assets into or out of the level 3 hierarchy in 2018. The department's policy is to recognise transfers into or out of fair value hierarchy levels as at the end of reporting period.

**Valuation techniques and inputs**

All property, plant and equipment is recognised at cost less accumulated depreciation.

In accordance with APF III *Asset Accounting Framework* (APF III), property, plant and equipment is only revalued when its fair value at acquisition date exceeds \$1 million and its estimated useful life is greater than 3 years.

There were no changes in valuation techniques during 2018.

Reconciliation of recurring fair value measurements - level 3 is disclosed in Note 49.

**52 Payables**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Creditors - electricity entities lease proceeds	-	6 455
Creditors - revenue received on behalf of the Consolidated Account	817 731	711 288
Creditors - other	9 174	8 280
Accrued expenses	52 936	14 356
Employment on-costs	574	369
Paid parental leave scheme payable	3	-
<b>Total current payables</b>	<b>880 418</b>	<b>740 748</b>
<b>Non-current</b>		
Creditors - electricity entities lease proceeds	28 274	28 812
Employment on-costs	96	127
Creditors - other	2 501	2 501
Super SA Select Loan	500	500
Land Services SA*	80 000	-
<b>Total non-current payables</b>	<b>111 371</b>	<b>31 940</b>
<b>Total payables</b>	<b>991 789</b>	<b>772 688</b>

\*As part of the overall proceeds received from the commercialisation of the land services group, the State received \$80 million for the exclusive right to negotiate (ERN) for any other registry managed by the State. The \$80 million is reflected as a payable as the State is liable to repay this amount if further decisions around other State registries are not taken or an option to extend the term of the land services commercialisation is not exercised by the State.

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**52 Payables (continued)**

As a result of an actuarial assessment performed by DTF, the proportion of long service leave taken as leave has changed from the 2017 rate (40%) to 41% and the average factor for the calculation of employer superannuation cost on-cost has also changed from the 2017 rate (10.1%) to 9.9%. These rates are used in the employment on-cost calculation.

**Interest rate and credit risk**

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

**Maturity analysis of payables** - refer to note 61.

**Categorisation of financial instruments and risk exposure** - refer to note 61.

**53 Employee benefits**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Accrued salaries and wages	305	320
Annual leave	684	912
Long service leave	340	218
Skills and experience retention leave	29	26
<b>Total current employee benefits</b>	<b>1 358</b>	<b>1 476</b>
<b>Non-current</b>		
Long service leave	963	1 378
<b>Total non-current employee benefits</b>	<b>963</b>	<b>1 378</b>
<b>Total employee benefits</b>	<b>2 321</b>	<b>2 854</b>

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability. The actuarial assessment performed by DTF has provided a basis 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 remained unchanged from 2017 (2.5%).

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

The net financial effect of the changes in the financial year is a increase in the long service leave liability of \$117 000 and employee benefits expense of \$117 000. 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 DTF 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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**54 Provisions**

	2018	2017
	\$'000	\$'000
<b>Current</b>		
Provision for workers' compensation	51	149
<b>Total current provisions</b>	<u>51</u>	<u>149</u>
<b>Non-current</b>		
Provision for workers' compensation	76	253
<b>Total non-current provisions</b>	<u>76</u>	<u>253</u>
<b>Total provisions</b>	<u><u>127</u></u>	<u><u>402</u></u>
<b>Reconciliation of provisions</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at the beginning of the period	402	503
Additional provisions recognised	8	(38)
Reductions arising from payments/other sacrifices of future economic benefits	(283)	(63)
<b>Carrying amount at the end of the period</b>	<u><u>127</u></u>	<u><u>402</u></u>

A liability has been recognised to reflect unsettled workers' compensation claims. The workers' compensation provision is based on an actuarial assessment performed by the Office for the Public Sector business unit of the Department of the Premier and Cabinet (DPC).

**55 Other liabilities**

	2018	2017
	\$'000	\$'000
<b>Current</b>		
Unearned revenue	38 150	25
<b>Total current other liabilities</b>	<u>38 150</u>	<u>25</u>
<b>Non-current</b>		
Unearned revenue	1 460 324	630
<b>Total non-current other liabilities</b>	<u>1 460 324</u>	<u>630</u>
<b>Total other liabilities</b>	<u><u>1 498 474</u></u>	<u><u>655</u></u>

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**55 Other liabilities (continued)**

Unearned revenue – Land Services SA

On the 10<sup>th</sup> August 2017 the State entered into a 40 year contract with Land Services SA, a private operator, for the delivery of land titling, registration and valuation services to the State and public effective from 13 October 2017. Land Services SA paid \$1.525 billion to the State for the exclusive right to deliver these services in return for contract fees over the term of the contract as well as the use of the required titling, registry and valuation assets of the State. The consideration was paid by the Department of Treasury and Finance into the Consolidated Account.

Under the contractual arrangements the future inflows and outflows of economic benefits to the State which includes the fees and charges collected on behalf of the State and effectively passed on as contract payments to Land Services SA are dependent on the volume of transactions and services provided to the public.

There is no current accounting standard or South Australian Government accounting policy applicable to this type of arrangement and transaction. In determining the accounting policy to be applied in this financial report, DTF concluded that applying the concepts in AASB 1059 Service Concession Arrangements: Grantors provides the most relevant and reliable information to users. AASB 1059 was issued by the Australian Accounting Standards Board in July 2017, but will not be a mandatory requirement until 30 June 2020 financial reports. However, its requirements are consistent with industry practice for revenue arising from this type of transaction.

Accordingly, DTF has recognised a liability reflective of the unearned revenue arising from consideration received. Revenue will be recognised on a straight line basis over the term of the arrangement.

In applying the principles of AASB 1059, DTF has also reclassified the SAILIS system and associated infrastructure as a service concession asset (refer note 17).

On transition to AASB 1059 in July 2020, a further asset – being the data in the land title registries will also need to be considered. These assets must be measured at current replacement cost under AASB 1059 – that is, a valuation determined with reference to market prices or income modelling is not permitted. There is no standard industry practice in accounting for the value of such intangible assets in this way. Equivalent interstate accounting policies and international public sector accounting standards do not require recognition of internally generated intangible assets as is required on transition to AASB 1059. Some data included in the titles registry originated in the 1800s and estimating a replacement cost may present significant measurement difficulties. The State is seeking further clarification around the application of AASB 1059 principles to this aspect of the transaction. The data in the land titles registries is owned by the State prior to, during, and after the term of the contract with the State retaining legal ownership of existing and new intellectual property.

DTF will continue to assess the impact of AASB 1059 on this transaction over the coming year.

Other unearned revenue

Other unearned revenue relates to pre-paid lease income. Specifically, the Treasurer entered into an agreement with the University of Adelaide to lease land and buildings previously owned by the National Wine Centre over a 40 year period, for an upfront consideration of \$1 000 000 which has been recorded as unearned revenue and is being apportioned over the life of the lease.

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**56 Unrecognised contractual commitments**

**Operating lease commitments**

*The department as lessee*

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

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

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

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year	1 709	2 253
Later than one year but not later than five years	1 796	1 761
<b>Total operating lease commitments</b>	<b>3 505</b>	<b>4 014</b>

**Other commitments**

The department's other commitments primarily relate to distribution of Commonwealth funds to agencies in accordance with Schedule G of the Intergovernmental Agreement on Federal Financial Relations and Industry Assistance grants.

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

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year	24 756	21 351
Later than one year but not later than five years	1 436	4 833
<b>Total other commitments</b>	<b>26 192</b>	<b>26 184</b>

**57 Contingent assets and liabilities**

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

Residual responsibilities for structural integrity of the National Wine Centre's buildings outside agreed maintenance regimes as required by the Memorandum of Lease - National Wine Centre. The lease expires in September 2043. The estimated maximum exposure of this liability is undefined.

On 26 November 2012, the State appointed Tatts Lotteries SA Pty Ltd (Tatts) as its exclusive Master Agent to operate SA Lotteries' brands and products for a term of 40 years, starting 11 December 2012. Under this arrangement the Lotteries Commission of South Australia is required to pay the Master Agent a master agency fee (payment obligation). The Treasurer has unconditionally and irrevocably guaranteed the performance by Lotteries Commission of South Australia of the payment obligation. The Treasurer has also indemnified the Master Agent against any cost, expense, loss or damage that the Master Agent may incur as a direct result of non-compliance by Lotteries Commission of South Australia with the payment obligation. The Treasurer's maximum aggregate liability to the Master Agent under this agreement is limited to an amount equal to the total quantum of Lotteries Commission of South Australia's liability to the Master Agent for the payment obligation.

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**57 Contingent assets and liabilities (continued)**

Under an agreement between Osborne Cogeneration Pty Ltd and SAFA for the Osborne Generation Plant, SAFA has guaranteed the performance of certain obligations by two Origin Energy subsidiaries. SAFA in turn, is indemnified by Origin Energy for the performance of its subsidiaries and by the Treasurer for the performance of Origin Energy under this arrangement. The maximum exposure of the guarantee is estimated at \$200 million until December 2018.

The Treasurer has agreed to indemnify the Export Finance and Insurance Corporation, the Commonwealth Government's export finance agency, for a guarantee of up to \$291 million (2017: \$218.6 million) to external lenders to the Port Pirie Smelter Transformation Project being undertaken by Nyrstar.

Liabilities incurred or assumed by the Local Government Finance Authority are guaranteed by the Treasurer. The Treasurer's exposure at 30 June 2018 was \$726.5 million (2017: \$645.6 million).

The Treasurer unconditionally and irrevocably guarantees to each beneficiary the due and punctual payment and performance by the Adelaide Venue Management Corporation of the Corporation's obligations to that beneficiary.

The Treasurer has indemnified the fund of the Local Government Association (LGA) Mutual Liability Scheme for any admitted claim in the nature of a general liability that the LGA in respect of the Mutual Liability Scheme becomes legally liable to pay. For liability risks not covered under the State Government's liability reinsurance program, the indemnity is capped at \$50 million for any one such admitted claim. Any losses that exceed the State Government's liability reinsurance program limits and the \$50 million limit for liability risks not covered by the reinsurance program will be subject to separate negotiations between the LGA and the State Government.

The Treasurer has indemnified SAFA against any profit or loss as a result of activities in the Insurance Fund 2 and Fund 3 portfolios. Given the nature of the activities in these funds, the Treasurer has approved that any operating profit before tax will be nil. This is achieved by negating the operating profit or loss with either a payable to or a receivable from the Treasurer. This policy resulted in a receivable to the Treasurer of \$3 million (2017: \$1.1 million).

The Unlocking Capital for Jobs Program involves the Government of South Australia providing a partial guarantee for loans made by participating banks to South Australian small and medium enterprises that have expansion or transformation plans and have satisfied the participating bank's normal lending criteria other than the provision of sufficient collateral as security for the loan. The Treasurer's exposure at 30 June 2018 was \$1.9 million (2017: \$1.9 million) out of the \$50 million program's limit.

The government of South Australia established the Future Jobs Fund to support the development of globally competitive industries and industrial capabilities that will create the jobs of the future. The Fund provides grants and loans to non-government entities to create ongoing jobs in industry sectors that include defence, renewable energy, mining, and health and biomedical research. The Fund is now closed to new applicants. Provision of loans and grants from the Fund is contingent upon applicants meeting their obligations and performance milestones. The amount of undrawn loans and grants from the Fund as at 30 June 2018 was \$74.64 million.

The government of South Australia has established an Economic Investment Fund to support new investment in South Australia that delivers significant strategic and economic benefits for the State through the attraction of projects in key target industries that demonstrate a transformational impact. Provision of loans from the Fund is contingent upon applicants meeting their obligations and performance milestones. The amount of undrawn loans from the Fund at 30 June 2018 was \$15.69 million.

At 30 June 2018, the Department had a number of legal cases before the South Australian Civil and Administrative Tribunal (SACAT) and the Supreme Court of South Australia in relation to the Real Property Act 1886 for the Registrar-General and the Valuation of Land Act 1971 for the Valuer-General. If either SACAT or the Supreme Court find in favour of the appellant then costs may be awarded. The extent of these contingent liabilities cannot be reliably measured at balance date.

Under Section 15 of the *Government Financing Authority Act 1982*, all financial obligations incurred or assumed by SAFA are guaranteed by the Treasurer on behalf of the state of South Australia.

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year end 30 June 2018*

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**58 Cash flow reconciliation**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of cash and cash equivalents at the end of the reporting period</b>		
Cash and cash equivalents disclosed in the Statement of Financial Position	1 245 120	1 026 952
Balance as per the Statement of Cash Flows	1 245 120	1 026 952
<b>Reconciliation of net cash provided by / (used in) operating activities to net result</b>		
Net cash provided by/(used in) operating activities	217 212	(313 575)
<b>Add / (less) non-cash items</b>		
Depreciation and amortisation	(145)	(167)
Bad debts expense	-	(1 203)
Doubtful debts expenses	-	1 233
Discounted cash flow valuations for financial assistance loans - other income	-	(488)
<b>Movement in assets and liabilities</b>		
Increase/(decrease) in receivables	774	108
(Increase)/decrease in payables	(202 839)	308 590
(Increase)/decrease in employee benefits	667	(155)
(Increase)/decrease in provisions	275	101
(Increase)/decrease in other liabilities	(1 497 819)	8 225
<b>Net result</b>	<b>(1 481 875)</b>	<b>2 669</b>

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year end 30 June 2018*

**59 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	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Expenses</b>							
Employee benefits expenses	32	9	-	444 373	475 751	444 382	475 751
Supplies and services	33	3 158	3 278	48 623	52 276	51 781	55 554
Borrowing costs	34	273 078	245 386	-	-	273 078	245 386
Grants, subsidies and transfers	35	3 241 165	2 821 609	114 722	51 608	3 355 887	2 873 217
Depreciation and amortisation	36	-	-	145	167	145	167
Other expenses	37	6 748	386 672	43 469	52 186	50 217	438 858
Payments to SA Government	42	13 506 936	11 006 249	-	-	13 506 936	11 006 249
<b>Total expenses</b>		<b>17 031 094</b>	<b>14 463 194</b>	<b>651 332</b>	<b>631 988</b>	<b>17 682 426</b>	<b>15 095 182</b>
<b>Income</b>							
Taxation	38	878 143	929 026	3 215 727	3 154 429	4 093 870	4 083 455
Commonwealth revenues	39	-	-	9 118 438	8 312 215	9 118 438	8 312 215
Dividends	40	206 970	169 129	-	-	206 970	169 129
Interest revenues	41	90 352	75 330	14 680	4 851	105 032	80 181
Revenues from SA Government	42	1 795 772	1 490 069	-	-	1 795 772	1 490 069
Grants and contributions	43	84 278	98 513	111	49	84 389	98 562
Revenue from fees and charges	44	205 718	132 400	23 733	453	229 451	132 853
Other revenues	45	517 287	453 856	49 342	277 531	566 629	731 387
<b>Total income</b>		<b>3 778 520</b>	<b>3 348 323</b>	<b>12 422 031</b>	<b>11 749 528</b>	<b>16 200 551</b>	<b>15 097 851</b>
<b>Financial assets</b>							
Cash and cash equivalents	46	1 245 120	1 026 952	-	-	1 245 120	1 026 952
Receivables	47	2 046	1 028	7 087	7 331	9 133	8 359
Other financial assets	48	-	-	16 876	17 732	16 876	17 732
<b>Total financial assets</b>		<b>1 247 166</b>	<b>1 027 980</b>	<b>23 963</b>	<b>25 063</b>	<b>1 271 129</b>	<b>1 053 043</b>
<b>Financial liabilities</b>							
Payables	52	874 024	759 778	117 765	12 910	991 789	772 688
<b>Total financial liabilities</b>		<b>874 024</b>	<b>759 778</b>	<b>117 765</b>	<b>12 910</b>	<b>991 789</b>	<b>772 688</b>

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year end 30 June 2018*

**60 Budgetary reporting and explanations of major variances between budget and actual amounts**

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.

		Original budget <sup>(1)</sup> 2018	Actual 2018	Variance
<b>Statement of Administered Comprehensive</b>				
<b>Income</b>	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Expenses</b>				
Employee benefits expenses	a	(256 405)	444 382	(700 787)
Supplies and services		69 660	51 781	17 879
Borrowing costs		633 295	273 078	360 217
Grants, subsidies and transfers	b	2 343 575	3 355 887	(1 012 312)
Depreciation and amortisation		-	145	(145)
Other expenses		30 494	50 217	(19 723)
Payments to SA Government	c	11 124 616	13 506 936	(2 382 320)
<b>Total expenses</b>		<b>13 945 235</b>	<b>17 682 426</b>	<b>(3 737 191)</b>
<b>Income</b>				
Taxation		3 830 363	4 093 870	263 507
Commonwealth revenues	d	6 610 840	9 118 438	2 507 598
Dividends		184 480	206 970	22 490
Interest revenues		122 647	105 032	(17 615)
Revenues from SA Government		1 788 931	1 795 772	6 841
Grants and contributions		-	84 389	84 389
Revenues from fees and charges		155 224	229 451	74 227
Other revenues	e	63 587	566 629	503 042
<b>Total income</b>		<b>12 756 072</b>	<b>16 200 551</b>	<b>3 444 479</b>
<b>Net result</b>		<b>(1 189 163)</b>	<b>(1 481 875)</b>	<b>(292 712)</b>
<b>Total comprehensive result</b>		<b>(1 189 163)</b>	<b>(1 481 875)</b>	<b>(292 712)</b>

<sup>(1)</sup> 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 (2017-18 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with the line items in the financial statements. However, the 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:

a Employee benefits

The unfavourable variance of \$701 million is primarily due to the original budget for employee benefits including the revaluation of unfunded superannuation liability (-\$256.9 million) with no actual revaluation recorded against employee benefits in the Statement of Administered Comprehensive Income. Employee benefits actual expenses also include the past service superannuation payments (\$426.0 million) while the associated budget is disclosed as part of the Treasury and Finance Administered Items Account Statement of Cashflows which does not form part of the Statement of Administered Comprehensive Income original budget amount.

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
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**60 Budgetary reporting and explanations of major variances between budget and actual amounts**  
**(continued)**

b Grants, subsidies and transfers

The unfavourable \$1.012 billion variance against original budget is primarily due to payments to agencies (\$2.307 billion) in relation to the Intergovernmental Agreement on Federal Financial Relations being recorded in the Statement of Administered Comprehensive Income while the associated budgets are disclosed as part of the Statement of Cash Flows for Other Accounts which does not form part of the Statement of Comprehensive Income original budget amount. This variance is offset by the grants, subsidies and transfers original budget including a budget amount for the repayment of advances (-\$315 million) while the actual transactions are treated as income in the Statement of Administered Comprehensive Income.

c Payments to SA Government

The unfavourable \$2.382 billion variance against original budget is primarily due to the payment to the consolidated account relating to the proceeds received of \$1.605 billion relating to the Land Services Commercialisation of which there was no original budget for this transaction allocated. In conjunction with this is the return of funds under the cash alignment policy (\$315.4 million), return of capital (\$112.5 million) and GST Grant Revenue (\$117.0 million) of which no original budget was allocated.

d Commonwealth revenues

The favourable \$2.508 billion variance against the original budget is primarily due to the actual funding from the Commonwealth for Intergovernmental Agreement on Federal Financial Relations (\$2.322 billion) being recorded in the Statement of Administered Comprehensive Income while the associated budget is disclosed as part of the Statement of Cash Flows for Other Accounts which does not form part of the Statement of Administered Comprehensive Income original budget amount.

e Other revenues

The favourable \$503 million variance against the original budget is primarily due to return of funds under the cash alignment policy (\$315.4 million) and return of capital (112.5 million) of which no original budget was allocated.

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year end 30 June 2018*

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**61 Financial risk management / financial instruments**

**61.1 Financial risk management**

The department's risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

**61.2 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 respective notes.

The department does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes.

The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair value due to the short term nature of these. Refer to notes 47 and 52.

**61.3 Credit risk**

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

The department has minimal concentration of credit risk. The department does not engage in hedging for its financial assets.

Allowances for impairment of financial assets is calculated on past experience and current and expected changes in client credit rating. Currently the department does not hold any collateral as security to any of its financial assets. Other than receivables, there is no evidence to indicate that the financial assets are impaired. Refer to note 47 for information on the allowance for impairment in relation to receivables.

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
*for the year end 30 June 2018*

**61 Financial risk management / financial instruments (continued)**

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

	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	
<b>2018</b>						
Receivables	1 382	1 382	-	-	-	-
Other financial assets	16 876	16 876	-	-	-	-
	<b>18 258</b>	<b>18 258</b>	-	-	-	-
<b>2017</b>						
Receivables	541	541	-	-	-	-
Other financial assets	17 732	17 732	-	-	-	-
	<b>18 273</b>	<b>18 273</b>	-	-	-	-

<sup>(1)</sup> Receivables amounts disclosed here exclude amounts relating to statutory receivables. They are carried at cost.

**61.4 Liquidity risk**

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

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

The carrying amount of financial liabilities recorded in below table represent the department's maximum exposure to liquidity risk.

**Department of Treasury and Finance**  
**Notes to and forming part of the Administered financial statements**  
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**61 Financial risk management / financial instruments (continued)**

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

Categorisation of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2018 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
<b>Financial assets</b>						
Cash and cash equivalents	46	1 245 120	1 245 120	1 245 120	-	-
Receivables <sup>(1)(2)</sup>	47	1 382	1 382	1 380	2	-
Other financial assets	48	16 876	16 876	6 419	10 457	-
<b>Total financial assets</b>		<b>1 263 378</b>	<b>1 263 378</b>	<b>1 252 919</b>	<b>10 459</b>	<b>-</b>
<b>Financial liabilities</b>						
Payables <sup>(1)</sup>	52	988 115	988 115	879 841	80 000	28 274
<b>Total financial liabilities</b>		<b>988 115</b>	<b>988 115</b>	<b>879 841</b>	<b>80 000</b>	<b>28 274</b>

Categorisation of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2017 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
<b>Financial assets</b>						
Cash and cash equivalents	46	1 026 952	1 026 952	1 026 952	-	-
Receivables <sup>(1)(2)</sup>	47	535	535	535	-	-
Other financial assets	48	17 732	17 732	7 560	10 172	-
<b>Total financial assets</b>		<b>1 045 219</b>	<b>1 045 219</b>	<b>1 035 047</b>	<b>10 172</b>	<b>-</b>
<b>Financial liabilities</b>						
Payables <sup>(1)</sup>	52	754 835	754 835	726 023	-	28 812
<b>Total financial liabilities</b>		<b>754 835</b>	<b>754 835</b>	<b>726 023</b>	<b>-</b>	<b>28 812</b>

<sup>(1)</sup> Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. All amounts recorded are carried at cost.

<sup>(2)</sup> Excludes prepayments which do not meet the definition of a financial asset as per AASB 132 *Financial Instruments: Presentation*.

**61.5 Market risk**

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

**62 Events after the end of the reporting period**

Note 27 refers to the transfer of certain business units between the department and other SA government agencies as a result of administrative restructure. The administered activities of these business units will also transfer.