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S O U T H   A U S T R A L I A

Report

of the

Auditor-General

Annual Report

for the

year ended 30 June 2009

Tabled in the House of Assembly and ordered to be published, 13 October 2009

Third Session, Fifty-First Parliament

Part B: Agency Audit Reports

Volume III

By Authority: T. Goodes, Government Printer, South Australia

2009

Report of the Auditor-General
Annual Report for the year ended 30 June 2009

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REFERENCES TO MATTERS OF SIGNIFICANCE

Issues of importance which are included in this Part of the Report include matters which arose during the course of audit which have been referred to senior agency management, and other matters which are of public interest.

Those matters which are regarded as being more significant are listed below, together with a reference to the appropriate page number. This list is not exhaustive, as many other issues are reported in Volumes I, II, III, IV and V of Part B of this Report.

Reference should also be made to Part A — Audit Overview and Part C — State Finances and Related Matters which also contain comments on specific matters of importance and interest.

LOCAL GOVERNMENT FINANCE AUTHORITY OF SOUTH AUSTRALIA

FUNCTIONAL RESPONSIBILITY

Establishment

The Local Government Finance Authority of South Australia (the Authority), a body corporate, was established under the *Local Government Finance Authority Act 1983* (the LGFA Act). It is managed and administered by a Board of Trustees.

Functions

The main functions of the Authority are to develop and implement borrowing and investment programs for the benefit of Councils and prescribed local government bodies. For more information about the Authority's functions refer to Note 1 of the financial statements.

Guarantee by the Treasurer

Liabilities incurred or assumed by the Authority in pursuance of the LGFA Act are guaranteed by the Treasurer under subsection 24(1) of the LGFA Act. As a result of this guarantee the Authority pays an annual guarantee fee to the Treasurer.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Subsection 31(1)(b) of the PFAA, provides for the Auditor-General to audit the accounts of a public authority. In addition, subsection 33(2) of the LGFA Act specifically provides for the Auditor-General to audit the accounts of the Authority in respect of each financial year.

Assessment of controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Authority in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

Scope of Audit

The audit program covered major financial systems to obtain sufficient evidence to form an opinion on the financial statements and internal controls.

During 2008-09, areas of review included:

- borrowing and investment programmes
- administration expenses.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

The following is an extract from the 2008-09 Independent Auditor's Report which details the qualification to the Authority's financial statements.

> ***Basis for Qualified Auditor's Opinion***
>
> *In 2008-09 the Local Government Finance Authority of South Australia (the Authority) recognised a grant payment of $250 000 as a distribution from Retained Profits in the Statement of Changes in Equity.*

Section 5 of the Local Government Finance Authority Act 1983 *specifies that Councils are members of the Authority. The payment was made to an external entity which was not a Council.*

In my opinion, the payment was not a distribution to owners in accordance with AASB 101 'Presentation of Financial Statements' but a grant expense that should be recognised in the Statement of Comprehensive Income.

As a result, the following items are misstated in the Statement of Comprehensive Income:

- *Expenses understated by $250 000*
- *Profit before Income Tax Equivalents overstated by $250 000*
- *Income Tax Equivalent Expense overstated by $75 000*
- *Profit after Income Tax Equivalents overstated by $175 000*
- *Total Comprehensive Result overstated by $175 000.*

Qualified Auditor's Opinion

In my opinion, except for the effects of the matter referred to in the preceding paragraphs, the financial statements present fairly, in all material respects, the financial position of the Local Government Finance Authority of South Australia as at 30 June 2009, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act 1987*, the* Local Government Finance Authority Act 1983 *and Australian Accounting Standards.*

Assessment of controls

In my opinion, the controls exercised by the Local Government Finance Authority of South Australia in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Local Government Finance Authority of South Australia have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Chief Executive Officer of the Authority. The response to the management letter was generally considered to be satisfactory. Certain matters raised with the Authority and the related responses are detailed below.

Borrowing and investment programmes

Subsection 21(1)(a) of the LGFA Act requires the Authority to develop and implement borrowing and investment programmes for the benefit of Councils and prescribed local government bodies.

It was noted that the borrowing and investment programmes of the Authority had not been documented and provided to the Board for approval. The Board has approved a risk policy but this only covered certain aspects of the borrowing and investment programmes.

In response, the Chief Executive Officer advised that the documentation and approval processes will be incorporated into the financial management and compliance program of the Authority.

Implementation of the revised TIs 2 and 28

The Authority had not established a formal financial management compliance program in accordance with TI 28.

In response, the Chief Executive Officer advised that the Authority has maintained a high standard of compliance with respect to all aspects of the Authority's financial management policies throughout the year. In particular the Authority established a risk policy manual over 10 years ago which incorporates an annual compliance review by an external Treasury expert and an annual review of amendments by the Department of Treasury and Finance. The Chief Executive Officer also advised that the Authority will expand its documentation to include the policies and procedures required under TI 28.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

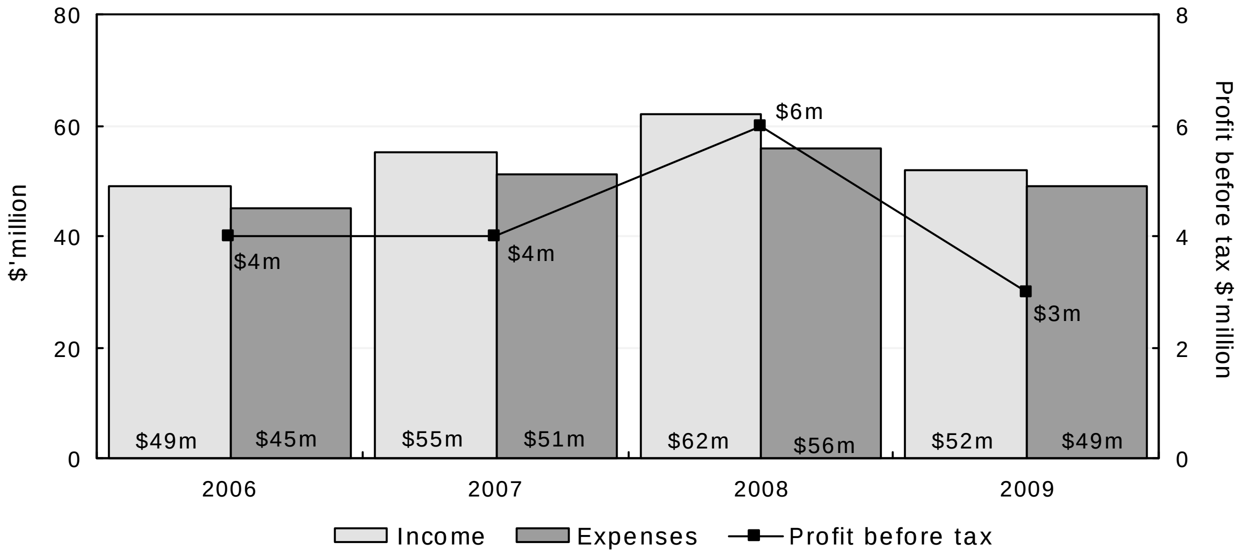
The analysis that follows is based upon the financial information recorded within the financial statements which are subject to a qualification.

Highlights of the financial statements

	2009 $'million	2008 $'million
INCOME		
Interest income	**52**	62
EXPENSES		
Interest expense	**45**	54
Impairment of available-for-sale assets	**2**	-
Guarantee fee and administration expenses	**2**	2
Total expenses	**49**	56
Total comprehensive result	**3**	3
NET CASH PROVIDED BY OPERATING ACTIVITIES	**1**	5
ASSETS		
Net loans and advances	**479**	434
Other assets	**26**	41
Total assets	**505**	475
LIABILITIES		
Deposits and borrowings	**443**	412
Other liabilities	**9**	11
Total liabilities	**452**	423
EQUITY	**53**	52

Statement of Comprehensive Income

The following chart shows the income, expenses and profit before income tax expense for the four years to 2009.



Income

As the Authority is a financial institution servicing Local Government, its main operating revenue is interest income with other income being insignificant. Interest income for both investments and loans and advances has shown a gradual upward trend until 2008-09 when a decline in general interest rates caused a fall in interest income. Total interest income fell by $10 million from the previous year.

Expenses

The Authority's main operating expense is interest expense with guarantee fees and administration expenses being less significant. Total interest expense fell by $9 million from the previous year reflecting a decline in interest rates.

Profit before tax

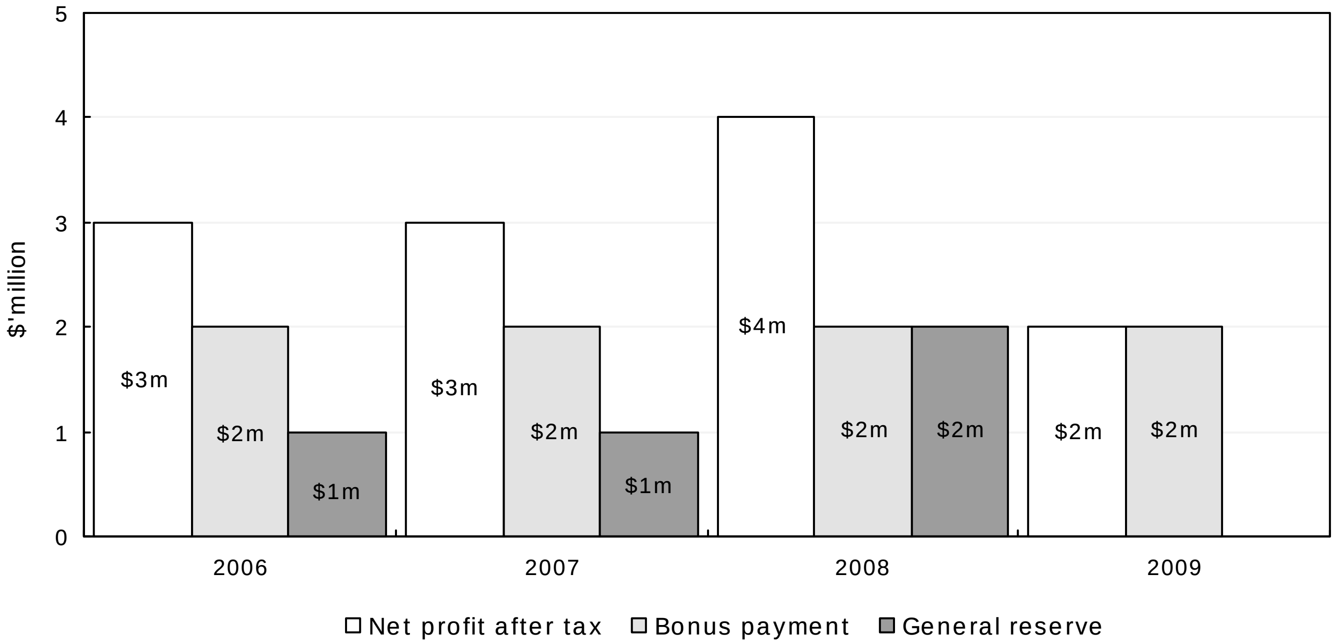
Profit before tax fell by $3 million in 2009 due to the impairment of available-for-sale assets of $2 million (refer Note 5) and a fall in interest income of $10 million while interest expense only fell by $9 million. The sensitivity of profit to interest rate movements is disclosed in Note 24.

Tax equivalent payments

The Authority is required to make payments equivalent to Company Income Tax under the Taxation Equivalent Payments System. The amounts are paid into an account established with the State Treasurer titled the 'Local Government Taxation Equivalents Fund'. The funds are available for Local Government development purposes as recommended by the Local Government Association of South Australia and agreed by the Minister for Local Government in accordance with section 31A of the LGFA Act. For this financial year, the amount payable for income tax equivalent was $1 million.

Net profit and distributions

In 2008-09 the Authority achieved a net profit after tax of $2 million ($4 million) which was available for appropriation. The net profit and principal distributions from the total profit available for appropriation for the past four years are presented in the following chart.



Under subsection 22(2) of the LGFA Act, the Authority has discretion to make distributions from the surplus for the year to Councils and local government bodies. These distributions are recorded as bonus payments in the financial statements. In 2008-09 $2 million ($2 million) was provided for bonus payments.

In 2008-09 the Authority made no transfer of funds to a general reserve. A transfer of $2 million occurred in 2007-08.

Statement of Financial Position

Assets and liabilities

The Statement of Financial Position shows net assets of $53 million ($52 million).

Certain specific movements in assets and liabilities were:

- an increase in the asset - cash and liquid assets of $13 million

- an increase in the asset - net loans and advances of $44 million offset by a decrease in the asset derivatives of $26 million. The increase of $44 million in net loans and advances included an upward fair value adjustment of $26 million for certain hedged assets which corresponded with a downward fair value adjustment of $26 million for derivatives assets (refer to Notes 11 and 12 for details of the fair value adjustments)

- an increase in the liability — deposits from Councils and local government bodies of $30 million.

Asset quality

The Authority predominantly lends to Councils and local government bodies on a secured basis. The security is by debentures providing a charge over the Council's general revenue. Notes 2(g) and 24(c) to the financial statements explain the details.

The Authority has not experienced defaults or losses associated with those loans. Consequently there is no provision for doubtful debts against the assets.

As disclosed in Note 24(b)(ii) the Authority holds investments issued by Australian banks known as Floating Rate Capital Notes. These investments are traded on the Australian Stock Exchange and for accounting purposes are classified as available-for-sale assets. The global contraction in credit markets experienced in 2007-08 and 2008-09 caused falls in the market price of these investments at 30 June 2008 and 30 June 2009. In accordance with AASB 139, the relevant accounting standard for financial assets, the investment is carried at fair value and the unrealised reduction in fair value of $937 000 ($716 000) is taken to equity. The Authority considered the investments were impaired in 2008-09 and recognised the accumulated unrealised reductions as an expense. See also the Statement of Changes in Equity and Notes 2(b), 5 and 9.

Liabilities of the Authority

During recent years, the Authority has placed more reliance on the funding of loans to Councils via deposits lodged by Councils.

Interest rate exposures are hedged through the use of interest rate swap agreements and futures contracts. Note 24(b)(i) to the financial statements refers to interest rate risk management of the Authority.

Statement of Comprehensive Income
for the year ended 30 June 2009

	Note	2009 $'000	2008 $'000
INCOME:			
Interest on investments	2(c),3	**3 562**	6 310
Interest on loans and advances	2(c)	**48 226**	55 291
Other income	4	**170**	72
Total income		**51 958**	61 673
EXPENSES:			
Interest on deposits from Councils and local government bodies	2(d)	**19 955**	28 075
Interest on borrowings	2(d),25	**25 199**	25 902
Impairment of available-for-sale assets	5,9	**1 637**	-
Fees for the guarantee of the Treasurer of SA on liabilities	25	**927**	944
Administration expenses	6	**1 581**	1 504
Total expenses		**49 299**	56 425
PROFIT BEFORE INCOME TAX EQUIVALENTS		**2 659**	5 248
Income tax equivalent expense	2(e),25	**797**	1 574
PROFIT AFTER INCOME TAX EQUIVALENTS		**1 862**	3 674
OTHER COMPREHENSIVE INCOME:			
Loss on financial assets taken to equity	5,9	**(937)**	(716)
Impairment losses transferred to profit for the period	5,9	**1 637**	-
TOTAL COMPREHENSIVE RESULT		**2 562**	2 958

Profit after income tax equivalents and comprehensive result are attributable to the owners

Statement of Financial Position
as at 30 June 2009

	Note	2009 $'000	2008 $'000
ASSETS:			
Cash and liquid assets	7	**21 227**	7 881
Accrued interest receivable	8	**1 701**	2 031
Investment securities	2(f),9	**2 383**	3 343
Other assets	10	**334**	912
Net loans and advances	2(g),11	**478 676**	434 196
Derivatives	2(h),12	**-**	26 413
Property, plant and equipment	2(i),13	**298**	301
Total assets		**504 619**	475 077
LIABILITIES:			
Deposits from Councils and local government bodies	2(j),14	**400 880**	370 434
Accrued interest payable	15,25	**3 144**	7 404
Borrowings	16,25	**41 811**	41 602
Derivatives	2(h),12	**3 318**	-
Provisions	2(k),17	**2 187**	2 963
Other liabilities	18	**336**	303
Total liabilities		**451 676**	422 706
NET ASSETS		**52 943**	52 371
EQUITY:			
General reserve		**52 400**	52 400
Investment reserve	24(b)(ii)	**-**	(700)
Retained profits		**543**	671
TOTAL EQUITY		**52 943**	52 371

Total equity is attributable to the owners

Contingent liabilities	23

Statement of Changes in Equity
for the year ended 30 June 2009

	General reserve $'000	Investment reserve $'000	Retained profits $'000	Total $'000
Balance at 1 July 2007	50 400	16	737	51 153
Profit after income tax equivalent for 2007-08	-	-	3 674	3 674
Loss on fair value of available-for-sale assets	-	(716)	-	(716)
Total comprehensive result for 2007-08	-	(716)	3 674	2 958
Transfer to bonus payment provision	-	-	(1 740)	(1 740)
Transfer to general reserve	2 000	-	(2 000)	-
Balance at 30 June 2008	52 400	(700)	671	52 371
Profit after income tax equivalents for 2008-09	-	-	1 862	1 862
Loss on fair value of available-for-sale assets	-	(937)	-	(937)
Reclassification of impairment of available for sale assets	-	1 637	-	1 637
Total comprehensive result for 2008-09	-	700	1 862	2 562
Grant to Local Government Association of South Australia*	-	-	(250)	(250)
Transfer to bonus payment provision	-	-	(1 740)	(1 740)
Balance at 30 June 2009	**52 400**	**-**	**543**	**52 943**

* The grant to Local Government Association of South Australia was an appropriation of profit for Local Government purposes as enabled by the *Local Government Finance Authority Act 1983* subsection 22(2)(c)

All changes in equity are attributable to the owners

Statement of Cash Flows
for the year ended 30 June 2009

	Note	2009 Inflows (Outflows) $'000	2008 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest and bill discounts received		**54 993**	60 835
Interest paid		**(49 570)**	(52 532)
Fees paid re guarantee provided by the Treasurer of SA		**(925)**	(940)
Cash payments to suppliers and employees		**(1 499)**	(1 365)
Fees received		**72**	71
Income tax paid		**(1 608)**	(1 465)
Net cash provided by operating activities	20	**1 463**	4 604
CASH FLOWS FROM INVESTING ACTIVITIES:			
Loans to Councils and local government bodies		**(17 986)**	6 775
Investment securities		**-**	1 100
Payments for property, plant and equipment		**(82)**	(195)
Proceeds from sale of property, plant and equipment		**25**	98
Net cash (used in) provided by investing activities		**(18 043)**	7 778
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of inscribed stock		**(890)**	(1 203)
Promissory notes		**1 100**	(3 200)
Deposits from Councils and local government bodies		**30 446**	12 311
Short-term money market facilities		**-**	(11 600)
Bonus payment to Councils and local government bodies		**(1 740)**	(1 600)
Grants to Local Government Association of South Australia		**(250)**	-
Other		**1 260**	49
Net cash provided by (used in) financing activities		**29 926**	(5 243)
NET INCREASE IN CASH HELD		**13 346**	7 139
CASH AT 1 JULY		**7 881**	742
CASH AT 30 JUNE	20	**21 227**	7 881

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Local Government Finance Authority of South Australia

The Local Government Finance Authority of South Australia (the Authority) was established pursuant to the *Local Government Finance Authority Act 1983.* The functions of the Authority are as follows:

- To develop and implement borrowing and investment programs for the benefit of Councils and prescribed local government bodies.
- To engage in such other financial activities as are determined by the Minister, after consultation with the Local Government Association, to be in the interests of Local Government.

2. Statement of accounting policies

(a) Basis of accounting

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with applicable AASs and the requirements of the TIs relating to financial reporting by statutory authorities which are issued pursuant to the PFAA.

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

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

(b) Classification of financial instruments

Management determines the classification of its investments at initial recognition and at each reporting date in accordance with AASB 139. The Authority classifies its investments into the following categories, which determines the applicable accounting treatment:

- Loans and receivables – measured at amortised cost. The Authority classifies loans and advances, accrued interest receivable, cash and liquid assets and other assets under this category.
- Held-to-maturity financial assets – measured at amortised cost. The Authority did not have any assets in this category at balance date.
- Available-for-sale financial assets – measured at fair value with fair value changes taken to equity. The Authority classifies certain investment securities (refer to Note 2(f)) under this category which are not held-for-trading but are highly liquid if required to be disposed of.
- Financial assets or financial liabilities at fair value through profit and loss - measured at fair value with fair value changes taken to the Statement of Comprehensive Income. The Authority classifies derivative instruments which are not defined as effective hedging instruments under this category (refer to Note 2(h)).
- Fair value hedge – measured at fair value using hedge accounting. The Authority classifies derivative instruments which are effective hedging instruments (refer to Note 2(h)) and the corresponding hedged items (refer to Note 2(g)(ii)) which are all long-term fixed rate debenture loans under this category.
- Financial liabilities at amortised cost – the Authority classifies all liabilities under this category, other than derivative instrument liabilities which are not defined as effective hedging instruments (refer to Note 2(h)).

(c) Interest income

Interest on investments

This item includes interest income from assets which are classified as available-for-sale financial assets and financial assets at fair value through profit and loss and deposits held with financial institutions during the year. The interest income is calculated on an accruals basis.

Interest on loans and advances

This item includes interest income from assets classified as loans and advances as well as interest income from derivatives that are classified under the fair value hedge category. The interest income is calculated on an accruals basis.

(d) Interest expense

Interest on deposits from Councils and local government bodies

This item includes interest paid to Councils and local government bodies and is calculated on an accruals basis.

Interest on borrowings

This item includes interest expense on other liabilities used in funding lending activity and interest expense on derivative instruments, and is calculated on an accruals basis.

(e) Income tax

The Authority is required to make payments equivalent to company income tax under the Taxation Equivalent Payment System. The equivalent company income tax liability is calculated/applied on an accounting profits basis.

(f) Investment securities

The Authority has investments which are categorised as available-for-sale financial assets which have therefore been recorded at fair value with the change in fair value being adjusted against equity on the Statement of Financial Position via the investment reserve. Where such investments are subsequently deemed to be impaired under the provisions of AASB 139 then the impaired amount is transferred from equity to the Statement of Comprehensive Income.

(g) Loans and advances

(i) Security

The majority of loan agreements are secured by debentures, providing a charge over Council general revenue. Loans to prescribed local government bodies (totalling $24.2 million as at 30 June 2009) are predominantly to Council subsidiaries and rely upon the constitutional obligations of Councils in the guarantee of the liabilities incurred or assumed by subsidiaries as per Schedule 2 of the *Local Government Act 1999.*

Due to the high level of security provided by a debenture over the general revenue of Councils, no specific or general provision for doubtful debts has been made.

The Authority has not incurred any bad debts since its inception in 1984.

(ii) *Hedge accounting*

Loans and advances which are not effectively hedged by a derivative financial instrument are recorded in the accounts on the basis of historical cost. Loans and advances which are effectively hedged by a derivative financial instrument are recorded using hedge accounting.

The Authority uses interest rate swaps to hedge the interest rate risk associated with long-term fixed rate debenture loans to Councils and prescribed bodies. Hedge accounting is used where it has been determined that the hedge is highly effective and has been documented according to AASB 139.

The hedges used by the Authority are classified as fair value hedges and the hedged items are all long-term fixed rate debenture loans. The hedged amount of the loan is recorded at fair value with the non-interest rate risk component or credit margin recorded on an accrual accounting basis.

(h) Derivative transactions

The Authority has entered into agreements with high credit status organisations to swap certain rights and obligations (refer to Note 24). Interest rate swaps are categorised as fair value hedges and futures contracts are categorised as financial assets or financial liabilities at fair value through profit and loss.

(i) Property, plant and equipment

Property, plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all property, plant and equipment is depreciated on a straight-line basis over their estimated useful lives from the time the asset is held ready for use. The useful life of each category is as follows:

	Years
Office equipment	3
Office furniture	5
Computer software	2.5
Motor vehicles	4.5 to 6.7

(j) Concentration of deposits

The Authority is an industry specific financial institution which operates under the *Local Government Finance Authority Act 1983*. The Authority is restricted by legislation to accepting deposits from Councils and local government bodies operating in South Australia.

(k) Employee benefits

A provision is made in respect of the Authority's liability for annual leave, long service leave and related on-costs as at balance date. Long service leave is accrued for all employees from the date of commencement of service.

No provision is made in the accounts for sick leave entitlements.

(l) Accounting judgements, estimates and assumptions

Significant accounting judgements

In the process of applying the Authority's accounting policies, management has made judgements in the classification of financial instruments which has had a significant effect on the amounts recognised in the financial statements. In particular, the classification of derivatives and long-term fixed rate debenture loans as fair value hedges has enabled management to utilise the hedge accounting provisions of AASB 139.

Significant accounting estimates and assumptions

The fair values of available-for-sale financial assets, hedged long-term fixed rate debenture loans and derivatives are based on observable market rates as at balance date and therefore no significant estimates or assumptions are used in their calculation.

(m) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where adjusted to reflect the early adoption of AASB 101 and specific revised accounting standards and APSs.

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

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

(n) Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars ($000).

3. Net gain (loss) on disposal of financial assets

	2009	2008
Available-for-sale assets:	**$'000**	$'000
Proceeds from disposal	-	1 137
Net book value of assets disposed	-	(1 105)
Net gain on disposal of available-for-sale assets	-	32

		2009	2008
4.	**Other income**	**$'000**	$'000
	Fee income	**170**	72

5.	**Impairment of available-for-sale assets**		
	Impairment loss	**1 637**	-

The unrealised impairment loss relates to the market value of perpetual floating rate capital notes which fluctuates with the quoted price on the Australian Stock Exchange. Whilst the market value will fluctuate over time the return on the initial investment of $4 million remains constant at 75-100 basis points over the 90 day BBSW interest rate on the face value of the notes.

		2009	2008
6.	**Administration expenses comprise**	**$'000**	$'000
	Salaries and on-costs	**847**	794
	Depreciation	**80**	99
	Auditor's fees	**55**	55
	Consultancy fees	**27**	14
	Other expenses	**572**	542
		1 581	1 504
	The amount received, or due and receivable in respect of this financial year by the auditors in connection with auditing the accounts	**55**	55
7.	**Cash and liquid assets**		
	Cash at bank	**1 757**	491
	Deposits at call	**19 470**	7 390
		21 227	7 881
8.	**Accrued interest receivable***		
	Interest receivable - loans to Councils and local government bodies	**1 675**	1 811
	Interest receivable - investment securities	**26**	220
		1 701	2 031

* The accrued interest receivable on investment securities, net loans and advances and derivatives which are required to be recorded at fair value have been transferred to the respective line item.

9.	**Investment securities - at fair value**		
	Deposits and securities issued by banks	**4 000**	4 000
	Accrued interest receivable	**20**	43
	Fair value loss	**(1 637)**	(700)
		2 383	3 343
10.	**Other assets**		
	Sundry debtors and prepayments	**334**	912
11.	**Net loans and advances**		
	Advances	**67 681**	31 113
	Term loans	**398 124**	416 706
	Loans and advances - at cost	**465 805**	447 819
	Fair value adjustment (hedge accounting)	**12 871**	(13 623)
	Net loans and advances	**478 676**	434 196
	Commitments - loans and advances:		
	Unused cash advance facilities	**182 636**	164 106
	Term loans approved not advanced	**840**	550
		183 476	164 656
12.	**Derivatives**		
	Swap principal receivable	**8 024**	8 563
	Interest receivable - interest rate swaps	**1 554**	4 252
	Interest payable - interest rate swaps	**(3 989)**	(4 136)
	Fair value adjustment	**(8 907)**	17 717
	Interest rate swaps*	**(3 318)**	26 396
	Futures contracts	**-**	17
		(3 318)	26 413

* Interest rate swaps are shown as the net of the fixed rate leg and the floating rate leg.

13. Property, plant and equipment

	2009	2008
Plant, equipment and motor vehicles:	**$'000**	$'000
At cost	**987**	984
Accumulated depreciation	**(689)**	(683)
Total property, plant and equipment	**298**	301

14. Deposits from Councils and local government bodies

Deposits from Councils and local government bodies	**400 880**	370 434

15. Accrued interest payable

Interest payable on:		
Deposits from Councils and local government bodies	**2 967**	6 981
Borrowings*	**177**	423
	3 144	7 404

* The accrued interest payable on interest rate swaps which are required to be recorded at fair value has been transferred to the derivatives line item.

16. Borrowings

Promissory notes	**41 500**	40 400
Inscribed stock	**311**	1 202
	41 811	41 602

The liabilities of the Authority in respect of all borrowings of the Authority (including its liabilities in respect to monies accepted on deposit from Councils and local government bodies) are guaranteed by the Treasurer of South Australia pursuant to section 24 of the *Local Government Finance Authority Act 1983*.

17. Provisions

	2009	2008
	$'000	$'000
Employee benefits	**348**	314
FBT	**16**	15
Bonus payment to Councils and local government bodies	**1 740**	1 740
Provision for income tax	**83**	894
	2 187	2 963

Movements of major provisions during the year

(i) Bonus payment to Councils and local government bodies		
Opening balance 1 July	**1 740**	1 600
Increase in provision	**1 740**	1 740
Amounts paid	**(1 740)**	(1 600)
Closing balance 30 June	**1 740**	1 740
(ii) Provision for income tax		
Opening balance 1 July	**894**	785
Increase in provision	**797**	1 574
Amounts paid	**(1 608)**	(1 465)
Closing balance 30 June	**83**	894

18. Other liabilities

Sundry creditors	**206**	183
GST payable	**10**	-
Payments due to South Australian Government Financing Authority	**120**	120
	336	303

19. Superannuation commitments

The Authority contributes to the Local Government superannuation fund, Local Super, in accordance with the rules of that Fund. The Fund provides benefits in the form of lump sum payments for retirement, death, total and permanent disability, and temporary disability.

20. Notes to the Statement of Cash Flows

(a) Reconciliation of cash

Cash at 30 June as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Note	2009	2008
		$'000	$'000
Cash and liquid assets	7	**21 227**	7 881

(b) Cash flows presented on a net basis

Cash flows arising from the following activities are presented on a net basis in the Statement of Cash Flows:

(i) Client deposits and withdrawals
(ii) Sales and purchases of money market securities
(iii) Draw down and repayment of loans and investments
(iv) Fees paid and received.

(c) Reconciliation of net cash provided by operating activities to profit after income tax equivalents

	2009	2008
	$'000	$'000
Profit after income tax equivalents	**1 862**	3 674
(Decrease) Increase in interest payable	**(4 407)**	1 454
Decrease (Increase) in interest receivable	**3 216**	(759)
Increase in sundry creditors	**9**	17
(Decrease) Increase in provisions	**(776)**	132
Increase in sundry debtors	**(144)**	(1)
Depreciation	**80**	98
Revaluation gain	**(18)**	(17)
Impairment Loss	**1 637**	-
Loss on disposal of fixed assets	**4**	6
Net cash provided by operating activities	**1 463**	4 604

21. Remuneration of Board members

The Local Government Finance Authority of South Australia operates independently under its own legislation and has no other controlled entities.

The name of each person holding the position of Board member during the year is as follows:

Mr Paul Cohen
Mr Anthony Pederick, OAM
Ms Wendy Campana
Councillor John Frogley
Ms Elizabeth Moran
Mr David Posaner
Councillor John Sanderson
Mr Bert Taylor, AM

Ms Elizabeth Moran was appointed to the Board as the appointee of the Minister for State/Local Government Relations commencing from 1 July 2008. Mr Bert Taylor, AM retired from the Board as at 31 December 2008 and his replacement, Councillor John Frogley, was elected by member Councils to commence from 1 January 2009.

Board members are entitled to receive an allowance. Payment of allowances in respect of members appointed by the Minister, Treasurer or Executive Director of the Local Government Association of South Australia are made in accordance with section 13 of the *Local Government Finance Authority Act 1983*. The appointee of the Minister and the appointee of the Treasurer presently do not seek fees. The amount payable in respect of the Executive Director of the Local Government Association of South Australia is paid to the Local Government Association of South Australia. The total amount paid or payable to Board members for the financial year ended 30 June 2009 was $39 167 which includes salary, superannuation, salary sacrificed items and associated FBT.

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

The number of members whose remuneration received or receivable falls within the following bands:	2009	2008
	Number	Number
$0 - $10 000	**4**	4
$10 000 - $20 000	**1**	1

22. Remuneration of executives

	2009	2008
Remuneration received, or due and receivable by executive officers, whose remuneration is $100 000 or more:	**$'000**	$'000
Total remuneration paid to executive officers whose remuneration is $100 000 or more	**617**	588

The number of executive officers whose remuneration was within the bands:	2009	2008
	Number	Number
$310 000 - $320 000	**1**	-
$290 000 - $300 000	**-**	1
$150 000 - $160 000	**1**	-
$140 000 - $150 000	**1**	2

The remuneration comprises salary, employer's superannuation costs including superannuation guarantee charge, motor vehicle package and associated FBT, car parking and associated FBT and living away from home allowance.

23. Contingent liabilities

The Authority incurs contingent liabilities as part of its normal operations in providing borrowing and investment services to local government in South Australia as are contemplated by its enabling legislation.

(a) Financial guarantee

The Authority has issued a financial guarantee on behalf of the Workers Compensation Scheme of the Local Government Association of South Australia in favour of WorkCover Corporation of South Australia. The guarantee is fully secured against depositor funds held, the value of which will not be less than the value of any liability that might be incurred. As at 30 June 2009 the amount guaranteed was $16.5 million.

(b) Performance bond/guarantee

(i) Northern Adelaide Waste Management Authority

The Authority has issued a performance bond/guarantee on behalf of the prescribed local government body, Northern Adelaide Waste Management Authority, a regional subsidiary of the City of Playford, Corporation of the Town of Gawler and City of Salisbury in favour of the Environment Protection Authority. As at 30 June 2009 the amount guaranteed was $350 000.

(ii) Western Region Waste Management Authority

The Authority has issued a performance bond/guarantee on behalf of the prescribed local government body, Western Region Waste Management Authority, a regional subsidiary of the City of Charles Sturt, City of Holdfast Bay, City of Port Adelaide Enfield and City of West Torrens in favour of the Environment Protection Authority and Land Management Corporation. As at 30 June 2009 the amount guaranteed was $12 million.

Note: Pursuant to Schedule 2 of the *Local Government Act 1999*, liabilities incurred or assumed by a regional subsidiary are guaranteed by the constituent Councils.

24. Financial risk management

(a) Risk management policies and procedures

The Treasurer issued a revised consent dated 3 October 2007, for the Authority to enter into a range of financial instruments as part of its normal operations of providing borrowing and investment services to Local Government in South Australia and for managing the associated risks.

All financial instrument transactions and internal control activities are conducted within a Board approved Risk Policy document. A Treasury Management System is in place which provides comprehensive accounting and reporting of financial instrument transactions which in turn allows for compliance with the Risk Policy to be monitored closely.

The risk management process is subject to regular and close senior management scrutiny, including regular Board and other management reporting. An Asset and Liability Committee has been appointed to direct and monitor risk management operations in accordance with the Risk Policy and is accountable to the Board.

(b) Market risk

Market risk for the Authority is primarily through interest rate risk and other price risk. There is no exposure to foreign currency risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority's exposure to interest rate risk arises where mismatches occur between the maturities of financial assets and financial liabilities. In order to mitigate this risk the Authority has entered into interest rate swap contracts and interest rate futures contracts to hedge actual financial transactions.

(i) Fair value sensitivity analysis for fixed rate instruments

The Authority had a number of fair value hedges in place at the reporting date. As the hedging instrument and hedged items have matching fixed rate positions which directly offset each other there would be no material effect on profit or loss if interest rates change.

(ii) Sensitivity analysis for variable rate instruments

It is estimated that a change of 50 basis points applied to the risk exposures in existence at the reporting date would have increased (decreased) profit for the reporting period by the amounts shown below. For the purpose of this analysis variable rate instruments include all variable rate interest bearing financial instruments which are due to be repriced within 90 days of the reporting date.

	2009			2008		
	Principal Balance	**+0.5%**	**-0.5%**	Principal Balance	+0.5%	-0.5%
Variable rate financial assets:	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000
Deposits at call	**19 470**	**97**	**(97)**	7 390	37	(37)
Investment securities	**4 000**	**20**	**(20)**	4 000	20	(20)
Advances	**67 681**	**338**	**(338)**	31 113	156	(156)
Variable rate financial liabilities:						
Council deposits	**376 558**	**(1 883)**	**1 883**	338 980	(1 695)	1 695
Promissory notes	**41 500**	**(208)**	**208**	40 400	(202)	202
Variable rate derivatives:						
Interest rate swaps (notional principal)	**355 880**	**1 779**	**(1 779)**	362 355	1 812	(1 812)
Futures (notional principal/bond formula)	**-**	**-**	**-**	8 000	285	(285)
Profit (loss) interest rate sensitivity		**143**	**(143)**		413	(413)

(ii) Other price risk

The Authority holds investments issued by Australian banks known as floating rate capital notes which are traded on the Australian Stock Exchange and are therefore classified as available-for-sale assets. These investments are subject to price variations caused by factors other than interest rate fluctuations. The subprime loan crisis in the United States and the subsequent global contraction in credit markets have impacted on the market price of these investments.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Authority's exposure to credit risk arises from the potential default by counterparties with whom financial assets are held.

Included in the Authority's Risk Policy document is a Credit Risk Limits Policy which stipulates counterparty credit limits as follows:

(i) Investments and derivatives

Individual counterparties are assessed based on Standard & Poor's Credit Ratings and a limit applied based on that rating. Specific approvals are given for counterparties that are outside of this criteria. Regular reporting of investment and derivative credit exposures are provided to the Board and management.

(ii) Loans and advances

Credit limits are applied to individual Councils based on debt servicing levels not exceeding Board approved percentages. Debt servicing levels are analysed on receipt of each loan application and the Board approved percentages are reviewed annually. Credit risk is considered minimal as the majority of loan agreements are secured by debentures providing a charge over the Council's general revenue. The Authority has not incurred any bad debts since its inception in 1984.

A concentration of credit risk occurs in relation to loans and advances as under the *Local Government Finance Authority Act 1983*, loans and advances made are restricted to Councils and local government bodies (refer to Note 2(g)).

Non-derivative financial assets are shown below at face value or amortised cost and derivative financial assets are shown at their fair value plus the credit conversion factors in line with the APRA Guidelines. The Authority uses Standard & Poor's credit ratings to assess the credit quality of the counterparties it invests with. Loans to Councils and local government bodies are shown as No Rating (NR) in the following analysis as they are not required to be rated in this manner.

2009	**A1+**	**A+**	**A**	**BBB+**	**NR**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and liquid assets	**21 227**	**-**	**-**	**-**	**-**	**21 227**
Investment securities	**-**	**-**	**2 000**	**2 000**	**-**	**4 000**
Net loans and advances	**-**	**-**	**-**	**-**	**465 805**	**465 805**
Derivatives	**-**	**-**	**4 517**	**-**	**156**	**4 673**
	21 227	**-**	**6 517**	**2 000**	**465 961**	**495 705**
2008						
Cash and liquid assets	7 881	-	-	-	-	7 881
Investment securities	-	2 000	-	2 000	-	4 000
Net loans and advances	-	-	-	-	447 819	447 819
Derivatives	-	-	31 400	-	894	32 294
	7 881	2 000	31 400	2 000	448 713	491 994

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Authority's exposure to liquidity risk arises where a mismatch of cash flows between short-term financial liabilities and long-term financial assets exists.

The Authority has a State Government Guarantee covering all liabilities which enables it to borrow funds as required from the financial markets at favourable rates. In order to cover seasonal shortfalls in funding the Authority has access to short-term borrowing arrangements with the South Australian Government Financing Authority. The Authority also has the ability to issue promissory notes directly to the financial markets utilising its AAA credit rating.

A Liquidity Policy is included in the Authority's Risk Policy document which provides for regular management reporting in order to closely monitor the liquidity position. The Risk Policy requires that sufficient funds are available at all times to meet any reasonable calls on its liabilities.

(d) Liquidity risk (continued)

The following are the remaining contractual maturities of financial liabilities, including estimated interest payments:

2009	**Carrying amount $'000**	**Contracted cash flows $'000**	**0-3 months $'000**	**3-12 months $'000**	**1-5 years $'000**	**More than 5 years $'000**
Non-derivative financial liabilities:						
Deposits from Councils and local government bodies	**403 847**	**(403 847)**	**(379 524)**	**(13 579)**	**(10 744)**	**-**
Borrowings	**41 988**	**(42 153)**	**(41 833)**	**(320)**	**-**	**-**
Other liabilities	**336**	**(358)**	**(216)**	**(9)**	**(133)**	**-**
Derivative financial liabilities:						
Interest rate swaps - outflow	**360 727**	**(466 506)**	**(11 950)**	**(51 635)**	**(201 658)**	**(201 263)**
Interest rate swaps - inflow	**(357 408)**	**415 316**	**13 494**	**39 856**	**173 760**	**188 206**
2008						
Non-derivative financial liabilities:						
Deposits from Councils and local government bodies	377 415	(377 415)	(345 961)	(12 965)	(18 489)	-
Borrowings	42 027	(42 465)	(41 270)	(895)	(300)	-
Other liabilities	303	(334)	(183)	(9)	(142)	-
Derivative financial liabilities:						
Interest rate swaps - outflow	340 168	(480 839)	(11 464)	(50 913)	(206 984)	(211 478)
Interest rate swaps - inflow	(366 564)	521 972	17 955	50 560	224 259	229 198

25. Transactions with South Australian Government

The following transactions were undertaken during the financial year between the Authority and the SA Government:	Note	**2009 $'000**	2008 $'000
Promissory notes	16	**41 500**	40 400
Inscribed stock	16	**311**	1 202
Interest payable - promissory notes		**159**	410
Interest payable - short-term money market facility		**15**	-
Interest payable - inscribed stock		**3**	12
Interest paid - promissory notes		**2 088**	2 846
Interest paid - short-term money market facility		**412**	-
Interest paid - inscribed stock		**88**	175
Fees for the guarantee of the Treasurer of SA on liabilities		**927**	944
Income tax equivalent expense		**797**	1 574

26. Investment in associate

LGCS Unit Trust No. 1 is incorporated in Australia and the principal activities of the business are the provision of shared services to local government. The audited financial statements of LGCS Unit Trust No. 1 have provided the following summarised information:

	2009 $'000	2008 $'000
Revenues from ordinary activities	**811**	949
Net profit	**10**	103
Total assets	**450**	743
Total liabilities	**852**	1 154
Net assets	**(402)**	(411)
Total equity	**(402)**	(411)

As at 30 June 2009 the Authority held a 50 percent ownership of the LGCS Unit Trust No. 1 in the form of 50 000 fully paid one dollar units. As the Authority does not control the Unit Trust but exercises significant influence, the Trust is accounted for using the equity method under AASB 128. As at 30 June 2009 the Authority had equity accounted for $50 000 of the half share of the accumulated losses of LGCS Unit Trust No. 1, leaving a residual loss of $150 892 which has not been recognised from the 30 June 2009 accumulated losses.

27. Net fair value of financial instruments

The book value of financial assets and financial liabilities shown in the table below includes principal, accrued interest and, where applicable, a fair value adjustment. The distribution of accrued interest to asset and liability categories which are recorded at amortised cost in the accounts will cause the amounts shown as book values to differ from those shown on the Statement of Financial Position.

From 1 July 2005 all derivative financial instruments and available-for-sale financial assets (investment securities) have been recorded at fair value, including accrued interest, in the accounts. A portion of net loans and advances has been recorded at fair value using hedge accounting with the remainder recorded at amortised cost.

The following methods and assumptions are used to determine the fair values of financial assets and liabilities:

Cash and liquid assets

As the assets are at call the carrying amount equates to fair value.

Other assets
The carrying amount of sundry debtors and prepayments is estimated to approximate fair value.

Investment securities
The fair value of floating rate capital notes is based on current market rates as quoted on the Australian Stock Exchange.

Net loans and advances
The fair value is estimated based on a discounted cash flow analysis utilising a zero coupon curve which is representative of the market rates used for unwinding such instruments.

Deposits from Councils and prescribed local government bodies
The fair value is estimated using discounted cash flow analysis based on current market rates for deposits having substantially the same terms and conditions.

Provisions
The carrying amount of provisions is estimated to approximate fair value.

Other liabilities
The carrying amount of sundry creditors is estimated to approximate fair value. The fair value of payments due to the South Australian Government Financing Authority is estimated based on a discounted cash flow analysis utilising a zero coupon curve which is representative of the market rates used for unwinding such instruments.

Borrowings
The fair value of promissory notes is estimated using discounted cash flow analysis based on current market rates for promissory notes having substantially the same terms and conditions. The fair value of inscribed stock is estimated based on a discounted cash flow analysis utilising a zero coupon curve which is representative of the market rates used for unwinding such instruments.

Interest rate swaps
The fair value is estimated based on a discounted cash flow analysis utilising a zero coupon curve which is representative of the market rates used for unwinding such instruments.

Futures contracts
The fair value is based on current market rates as quoted on the Sydney Futures Exchange.

		2009		2008	
	Note	**Book Value**	**Fair Value**	Book Value	Fair Value
Financial assets	2(b)	**$'000**	**$'000**	$'000	$'000
Loans and receivables:					
Cash and liquid assets		**21 227**	**21 227**	7 881	7 881
Other assets		**334**	**334**	911	911
Investment securities		**26**	**26**	220	220
Net loans and advances		**119 624**	**130 467**	95 836	100 555
Available-for-sale financial assets:					
Investment securities		**2 383**	**2 383**	3 343	3 343
Fair value hedge:					
Net loans and advances		**360 727**	**360 727**	340 168	340 168
Financial liabilities	2(b)				
Financial liabilities at amortised cost:					
Deposits from Councils and prescribed bodies		**403 848**	**404 370**	377 415	375 608
Provisions		**2 187**	**2 187**	2 963	2 963
Other liabilities		**336**	**345**	303	302
Borrowings		**41 988**	**41 977**	42 025	42 015
Derivative financial instruments	2(b)				
Fair value hedge:					
Interest rate swaps		**(3 318)**	**(3 318)**	26 396	26 396
Financial assets at fair value:					
Futures contracts		**-**	**-**	17	17

LOTTERIES COMMISSION OF SOUTH AUSTRALIA

FUNCTIONAL RESPONSIBILITY

Establishment

The Lotteries Commission of South Australia (the Commission) is a statutory authority established pursuant to the *State Lotteries Act 1966* (the Act) with its principal function being to promote and conduct lotteries for South Australia.

Functions

The functions of the Commission are to administer and promote the following lottery games:

- Monday/Wednesday Lotto
- Oz Lotto
- Powerball
- Saturday Lotto
- Super 66
- The Pools
- Keno
- Instant Scratchies
- Special Appeal Lotteries
- Special Lotteries
- Sports Lotteries.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Subsection 31(1)(b) of the PFAA and subsection 18A(2) of the *State Lotteries Act 1966* provide for the Auditor-General to audit the accounts of the Commission for each financial year.

Assessment of controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Commission in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of audit

The audit program covered major financial systems and was directed to obtain sufficient evidence to form an opinion on the financial statements and internal controls.

During 2008-09, specific areas of audit attention included:

- revenue including gaming revenue and other revenue
- prize payments
- expenditure
- payroll
- fixed assets
- financial assets
- financial accounting
- corporate governance arrangements.

An understanding of internal audit activities has been obtained to identify and assess the risks of material misstatement of the financial report and to design and perform audit procedures. Use has been made of the work performed by internal audit in the following areas:

- Gaming system operations including management and control of system security and winning ticket validation.

- Governance arrangements including the integrity of the budget and risk management processes.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Lotteries Commission of South Australia as at 30 June 2009, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Lotteries Commission of South Australia in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Lotteries Commission of South Australia have been conducted properly and in accordance with law.

Communication of audit matters

A management letter conveying audit findings was forwarded to the Chief Executive. Audit findings were satisfactory and reflect the operation of a sound control environment by the Commission. Some minor recommendations for control improvement were communicated in the management letter, including improved record keeping and timely review of Easiplay masterfile changes, compliance with the Commission's annual stocktake procedures and evidence of independent review of security access.

The Commission responded positively to the recommendations.

Implementation of the revised TIs 2 and 28

The audit of the Commission for 2008-09 included review of its response to the revised TIs 2 and 28. The review noted that the Commission has developed and implemented a compliance program which provides for Commission managers to review financial management arrangements in their area of responsibility and provide documented assurance with respect to the adequacy of the arrangements.

This review is supplemented by the Commission's established practice of requiring executives and managers to complete bi-annual Commission questionnaires and ongoing monitoring of key financial and operational risks and reporting to the Commission on the outcome of these matters.

Also, as identified earlier, the Commission has an internal audit activity.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements

	2009	2008
	$'million	$'million
INCOME		
Sales	**394**	367
Cost of sales	**(345)**	(321)
Other revenue	**7**	8
Total income	**56**	54
EXPENSES		
Supplies and services	**15**	15
Employee benefits expenses	**8**	7
Other expenses	**3**	5
Total expenses	**26**	27
Profit before income tax equivalent	**30**	27
Income tax equivalent expense	**9**	8
Profit after income tax equivalent and comprehensive result	**21**	19

	2009	2008
	$'million	$'million
NET CASH PROVIDED BY OPERATING ACTIVITIES	**21**	4
Distribution to the Hospitals Fund and Recreation and Sport Fund	**90**	91
ASSETS		
Current assets	**133**	55
Non-current assets	**6**	7
Total assets	**139**	62
LIABILITIES		
Current liabilities	**105**	31
Non-current liabilities	**9**	8
Total liabilities	**114**	39
EQUITY	**25**	23

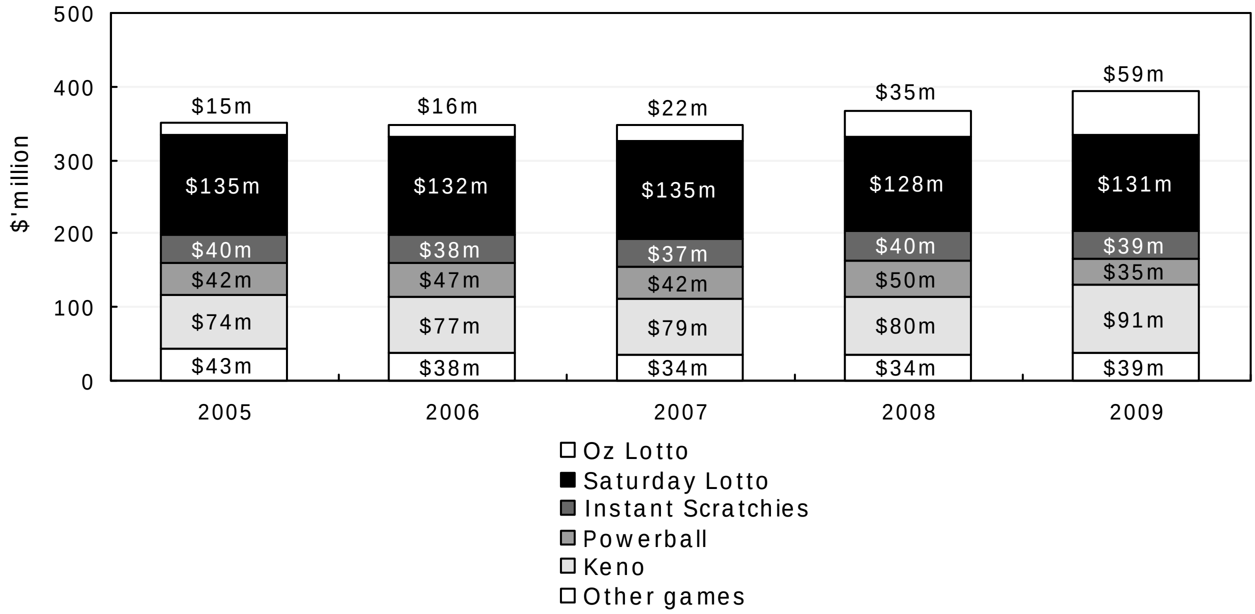
Statement of comprehensive income

Total income for the year was $57 million, an increase of $3 million from the previous year, due to an increase in sales revenue above the increase in the cost of the sales.

The increase in sales revenue is predominantly due to a number of high jackpots during the year for Oz Lotto and growth in Keno resulting in increased sales revenue of $24 million and $11 million respectively. Sales revenue for Powerball decreased by $15 million.

Saturday Lotto sales were $131 million, Keno sales were $91 million and Oz Lotto sales were $59 million, representing 33 percent, 23 percent and 15 percent of total sales respectively.

A structural analysis of sales revenue generated by the Commission's lottery products in the five years to 2009 is presented in the following chart.



Expenses

Total expenses decreased by $1 million to $26 million. This decrease reflects:

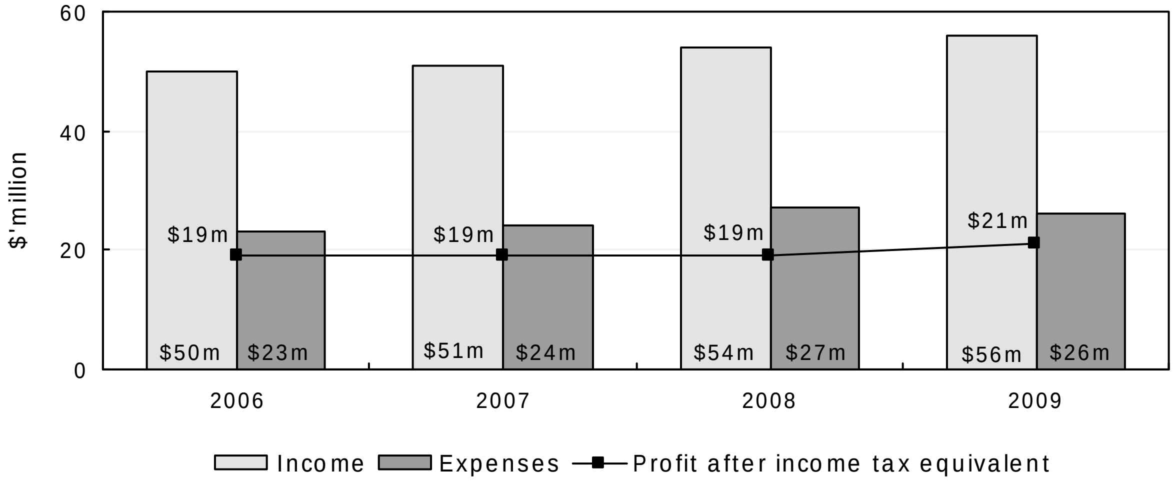
- an increase in employee benefits expenses of $1.2 million due to Enterprise Bargaining wage increases and the effect of the movement in the net assets of the Commission's superannuation scheme (refer Note 10)

- a decrease in depreciation and amortisation expense of $800 000
- the recognition of a $1.5 million net loss on disposal of redundant non-current assets in 2008.

Profit after income tax equivalent

Profit after income tax equivalent increased by $2.6 million to $21 million.

The following chart shows the income, expenses and profit after income tax equivalent for the four years to 2009.

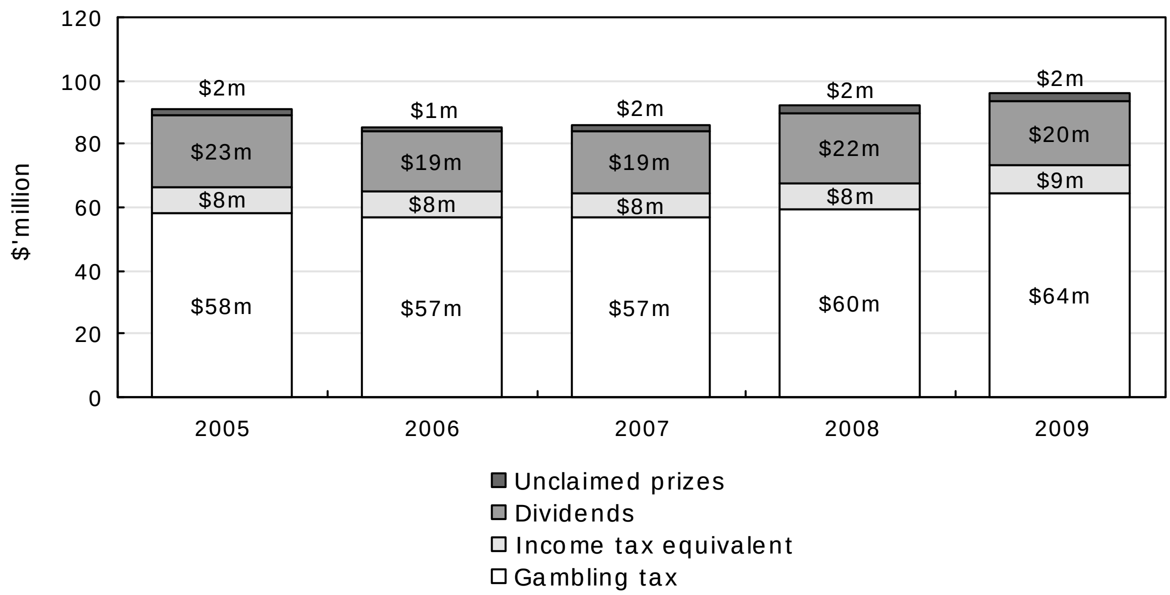


Distributions to government

The Commission makes payments to the Government in accordance with the requirements of the *State Lotteries Act 1966* and the TIs which are detailed in Notes 2(k) and 26 to the financial statements. Essentially these payments comprise a gambling tax, an income tax equivalent payment, a dividend and a percentage of unclaimed prizes.

In 2008-09 the distribution provided for government amounted to $95 million, an increase of $3.5 million over the previous year. This reflects an increase in amounts provided for gambling tax of $4.7 million and a decrease in the dividend and income tax equivalent of $1.1 million.

The following chart analyses the distributions provided to government for the five years to 2009.



Statement of Financial Position

Assets

Total assets increased by $77 million to $139 million. This increase reflects:

- an increase in cash and cash equivalents of $20 million due to an increase in funds held to settle prize payments, an increase in the provision for distributions to the Government and increases in reserves

- an increase in receivables of $59 million which is mainly attributable to a receivable due from the interstate bloc members with respect to a South Australian Division 1 winner of a $53 million Oz Lotto prize won on 30 June 2009. The prize had not been paid to the winner and settlement not received from interstate Bloc members as at 30 June 2009.

Liabilities

Total liabilities increased by $75 million principally due to:

- an increase in prizes payable of $65 million of which $53 million relates to the prize payable to the South Australian Division 1 Oz Lotto winner as detailed above

- an increase in undistributed funds at 30 June of $5 million. Refer Note 26.

Statement of Cash Flows

The following table summarises the net cash flows for the five years to 2009.

	2009	2008	2007	2006	2005
	$'million	$'million	$'million	$'million	$'million
Net cash flows					
Operating	**21**	4	-	6	1
Investing	**(1)**	(1)	(1)	(1)	3
Financing	**-**	(1)	(2)	(1)	(1)
Change in cash	**20**	2	(3)	4	3
Cash at 30 June	**71**	51	49	52	48

The cash balance at 30 June represents funds held to meet the Commission's liability for unpaid prizes ($76 million, net of settlements receivable from interstate Bloc members ($55 million)), unclaimed prizes reserve ($8 million), the prize reserve fund ($9 million) and distributions due to the Government ($13 million).

Statement of Comprehensive Income
for the year ended 30 June 2009

	Note	**2009**	2008
		$'000	$'000
INCOME:			
Sales revenue	6	**393 705**	366 583
Cost of sales	7	**344 770**	321 003
Gross margin		**48 935**	45 580
Interest revenue		**2 902**	3 628
Other revenues	8	**4 706**	4 517
Net gain on disposal of non-current assets	9	**2**	-
Total income		**56 545**	53 725
EXPENSES:			
Employee benefits expenses	10	**8 313**	7 080
Supplies and services	11	**15 049**	14 876
Depreciation and amortisation expense	12	**2 559**	3 346
Net loss on disposal of non-current assets	9	**-**	1 542
Borrowing costs		**-**	11
Total expenses		**25 921**	26 855
PROFIT BEFORE INCOME TAX EQUIVALENT		**30 624**	26 870
Income tax equivalent expense		**9 187**	8 061
PROFIT AFTER INCOME TAX EQUIVALENT		**21 437**	18 809
TOTAL COMPREHENSIVE RESULT		**21 437**	18 809

The profit after income tax equivalent and comprehensive result area attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2009

	Note	2009 $'000	2008 $'000
CURRENT ASSETS:			
Cash and cash equivalents	14	**70 814**	51 360
Receivables	15	**61 845**	2 600
Inventories		**482**	504
Total current assets		**133 141**	54 464
NON-CURRENT ASSETS:			
Property, plant and equipment	16	**5 828**	6 767
Intangible assets	17	**44**	105
Other non-current assets	18	**-**	542
Total non-current assets		**5 872**	7 414
Total assets		**139 013**	61 878
CURRENT LIABILITIES:			
Payables	19	**93 799**	22 468
Employee benefits	20	**820**	731
Other current liabilities	21	**10 103**	8 230
Total current liabilities		**104 722**	31 429
NON-CURRENT LIABILITIES:			
Payables	19	**100**	52
Employee benefits	20	**1 173**	685
Other non-current liabilities	21	**8 020**	6 705
Total non-current liabilities		**9 293**	7 442
Total liabilities		**114 015**	38 871
NET ASSETS		**24 998**	23 007
EQUITY:			
Funds retained for capital purposes		**636**	636
Reserves		**24 362**	22 371
Retained earnings		**-**	-
TOTAL EQUITY		**24 998**	23 007

The total equity is attributable to the SA Government as owner

	Note
Unrecognised contractual commitments	23
Contingent assets and liabilities	24

Statement of Changes in Equity
for the year ended 30 June 2009

	Funds retained for capital purposes $'000	Asset revaluation reserve $'000	Building maint-enance reserve $'000	Capital asset reserve (Note 22) $'000	Keno Prize reserve $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2007	636	8 253	94	16 722	196	-	25 901
Total comprehensive result for 2007-08	-	-	-	-	-	18 809	18 809
Transfers:							
From retained earnings	-	-	-	2 000	1 274	(3 274)	-
To retained earnings	-	(2 779)	-	(1 929)	(1 460)	6 168	-
Dividend contribution to SA Government	-	-	-	-	-	(21 703)	(21 703)
Balance at 30 June 2008	636	5 474	94	16 793	10	-	23 007
Total comprehensive result for 2008-09	-	-	-	-	-	21 437	21 437
Transfers:							
From retained earnings	-	-	-	2 000	3 290	(5 290)	-
To retained earnings	-	-	(29)	(1 456)	(1 814)	3 299	-
Dividend contribution to SA Government	-	-	-	-	-	(19 446)	(19 446)
BALANCE AT 30 JUNE 2009	636	5 474	65	17 337	1 486	-	24 998

All changes in equity are attributable to SA Government as owner

Statement of Cash Flows
for the year ended 30 June 2009

	Note	**2009 Inflows (Outflows) $'000**	2008 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH INFLOWS:			
Receipts from customers		**361 388**	340 286
Interest received		**3 090**	3 555
GST recovered from the ATO		**4 358**	4 170
Cash generated from operations		**368 836**	348 011
CASH OUTFLOWS:			
Prizes paid		**(220 119)**	(217 631)
Payments to suppliers and employees		**(23 950)**	(22 015)
GST paid to ATO		**(13 881)**	(13 704)
Interest paid		**-**	(22)
Distribution to the Hospitals Fund and Recreation and Sport Fund:			
Gambling tax	26	**(60 573)**	(59 816)
Dividends	26	**(18 808)**	(20 298)
Unclaimed prizes	26	**(2 296)**	(1 925)
Distribution to the Hospitals Fund for income tax equivalent	26	**(8 178)**	(8 930)
Cash used in operations		**(347 805)**	(344 341)
Net cash provided by operating activities	25	**21 031**	3 670
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from sale of property, plant and equipment		**6**	-
CASH OUTFLOWS:			
Purchase of property, plant and equipment		**(1 583)**	(710)
Purchase of intangible assets		**-**	(20)
Net cash used in investing activities		**(1 577)**	(730)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Repayment of borrowings		**-**	(560)
Net cash used in financing activities		**-**	(560)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**19 454**	2 380
CASH AND CASH EQUIVALENTS AT 1 JULY		**51 360**	48 980
CASH AND CASH EQUIVALENTS AT 30 JUNE	25	**70 814**	51 360

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Establishment and function of the Lotteries Commission of South Australia

The Lotteries Commission of South Australia (SA Lotteries), established under the *State Lotteries Act 1966*, commenced operations on 15 May 1967 with the primary function of promoting and conducting lotteries in South Australia.

2. Summary of significant accounting policies

(a) Statement of compliance

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and TIs and APSs promulgated under the provisions of the PFAA.

SA Lotteries has early-adopted AASB 101 (September 2007 version and AASBs 2007-8 and 2007-10), which includes the preparation of a single Statement of Comprehensive Income (refer Note 3).

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying SA Lotteries' accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable Notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures that have been included in 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 (the term ‘consultant’ is defined in APF II, APS 4.6).

  (c) Employee TVSP information.

  (d) Employees whose normal remuneration is $100 000 or more (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees.

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

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

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

The accounting policies set out below have been applied consistently in preparing the financial statements for the year ended 30 June 2009 and the comparative information presented.

(c) Reporting entity

The financial statements cover SA Lotteries as an individual reporting entity. SA Lotteries was established by the *State Lotteries Act 1966*. The reporting entity comprises the Lotteries Commission of South Australia only.

(d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where adjusted to reflect the early adoption of AASB 101 and specific revised AASs and APSs.

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

(e) Rounding

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

(f) Taxation

Tax Equivalent Regime

In accordance with TI 22, SA Lotteries is required to pay to the State Government an income tax equivalent. The income tax liability is based on the State Taxation Equivalent Regime, which applies the accounting profits method. This requires that the corporate income tax rate be applied to the net profit. The current income tax equivalent liability (included in undistributed funds liability) relates to the income tax equivalent expense outstanding for the current period.

SA Lotteries is liable for payroll tax, FBT, GST, emergency services levy, land tax equivalent and Local Government rate equivalent.

GST

SA Lotteries, as a gambling operator, is required to pay GST of one eleventh of net gambling revenue (NGR), defined as gross sales less total monetary prizes, direct to the ATO. The GST on NGR is treated as a cost of sales.

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 ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

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

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

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

(g) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to SA Lotteries will occur and can be reliably measured. Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific AAS, or where offsetting reflects the substance of the transaction or other event.

Note 29 discloses income where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

Revenues are measured at fair value of consideration received or receivable. Revenue is recognised for major activities as follows:

- Sales revenue for Saturday Lotto, Monday/Wednesday Lotto, Oz Lotto, Powerball, Keno, Super 66, The Pools and Lucky SA Lottery is recognised as at the date of the draw or competition. For these games, sales revenue as at 30 June for draws or competitions subsequent to that date is treated as sales in advance. Sales revenue for Instant Scratchies is recognised daily.

- Interest revenue is recognised on a time proportionate basis as it accrues, taking into account the effective yield on the financial asset.

- Revenues from services, fees and charges are derived from the provision of goods and services predominantly to agents. This revenue is recognised upon delivery of the goods or services to the recipients.

(h) Expenses

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

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

Note 29 discloses expenses where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

Employee benefits expenses
Employee benefits expenses include all costs related to employment, including salaries and leave entitlements. These are recognised when incurred. Recognition of superannuation expenses is described in Note 2(o).

Supplies and services
Supplies and services generally represent the day-to-day running costs, including maintenance and occupancy costs, incurred in the normal operations of SA Lotteries. These items are recognised as an expense in the reporting period in which they are incurred.

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

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

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, which is a change in accounting estimate.

Depreciation and amortisation of non-current assets (continued)
The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Land is not depreciated.

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

Class of assets	*Estimated useful life*
	Years
Buildings	20
Plant and equipment	3-10
On-line Lotteries system	2-5
Leasehold improvements	10
Intangibles (software)	3

Borrowing costs
All borrowing costs are recognised as an expense.

(i) Current and non-current classification

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

(j) Assets

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

Note 29 discloses financial assets where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Cash and cash equivalents
Cash and cash equivalents in the Statement of Financial Position and the Statement of Cash Flows includes cash on hand, deposits held at call and other short-term, highly liquid investments that are readily converted to cash, and are used in the cash management function on a day-to-day basis.

Short-term deposits are held with the South Australian Government Financing Authority (SAFA) in At Call Deposit and Cash Management Fund accounts. Interest is earned at a minimum of SAFA's overnight at call deposit rate. The deposits principally reflect funds available for unclaimed prizes and for distribution to the Hospitals Fund and the Recreation and Sport Fund.

Cash is measured at nominal value.

Receivables
Receivables include amounts receivable from agents and other parties, prize settlements receivable from Blocs, and prepayments. Receivables (other than prepayments) arise in the normal course of selling goods and services to agents and other parties and through prize settlement arrangements with other Bloc members.

Agent debtors and sundry receivables
Agent debtors and sundry receivables are generally receivable within 7 days and 14 days respectively and are carried at amounts due.

Collectability of agent debtors and sundry receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that SA Lotteries will not be able to collect the debt.

Prize settlements receivable from Blocs
Saturday Lotto, Monday/Wednesday Lotto, Oz Lotto, Powerball, Super 66 and The Pools are games supported by inter-jurisdictional prize pooling arrangements. State lottery operators participating in individual games form Blocs for the relevant games. Amounts receivable from Blocs represent monies due from other jurisdictions for prizes won in South Australia. Settlement of amounts receivable from Bloc members are normally due 14 days after the date of the draw.

Inventories
Inventories are held for distribution and include Instant Scratchies tickets, on-line coupons, ticket rolls, and ribbons.

Inventories are measured at the lower of actual cost or their net realisable value.

Non-current asset acquisition and recognition
Non-current assets are initially recorded at cost, plus any incidental cost involved with the acquisition. Noncurrent assets are subsequently measured at fair value less accumulated depreciation/amortisation.

All non-current assets with a value of $2000 or more are capitalised.

Componentisation of the On-line Lotteries system (a complex asset) has been performed as the asset's fair value at the time of acquisition was greater than $1 million.

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

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

SA Lotteries has taken the exemption available under APF III, APS 3.8 to take asset revaluation adjustments to the asset revaluation reserve on a class basis rather than an individual asset basis.

Impairment
All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. If there was an indication of impairment, the recoverable amount would be estimated. An amount by which the asset's carrying amount exceeds the recoverable amount would be recorded as an impairment loss. For revalued assets, an impairment loss would be offset against the asset revaluation reserve.

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

The useful lives of intangible assets are assessed as either finite or indefinite. SA Lotteries only has intangible assets with finite lives.

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

Note 29 discloses financial liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Payables
Payables include creditors, accrued expenses, prizes payable, undistributed funds (owing to SA Government), and employment on-costs.

Creditors and accrued expenses
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 SA Lotteries.

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

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

Prizes payable
Prizes payable represent amounts due to be paid to customers for prizes won in South Australia and settlements due to lottery operators in other States participating in inter-jurisdictional prize pooling arrangements. State lottery operators have formed Blocs to conduct the games of Saturday Lotto, Monday/Wednesday Lotto, Oz Lotto, Powerball, Super 66 and The Pools.

Amounts payable for prizes won in South Australia are generally available for settlement the day following the draw, or in the case of Instant Scratchies and minor Keno prizes, on the date of sale or draw. Division 1 and 2 prizes for Lotto type games are normally settled 14 days after the date of draw in accordance with the Lotteries Rules. Amounts payable to Blocs represent monies due to other lottery operators for prizes won in interstate jurisdictions. Settlement of amounts payable to Bloc members are normally due 14 days after the date of the draw.

Employment on-costs
Employment on-costs include superannuation contributions, payroll tax and workers compensation with respect to outstanding liabilities for salaries, long service leave and annual leave. Employment on-costs are settled when the respective employee benefit that they relate to is discharged.

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

Salaries, annual leave and sick leave
The liability for salaries is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date.

The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. No salaries or annual leave are expected to be payable later than 12 months.

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

Long service leave
The liability for long service leave is recognised after an employee has completed 6.5 years of service. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short-hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with SA Lotteries' experience of employee retention and leave taken.

The portion of the long service leave liability classified as current represents the amount that may be expected to be paid as leave taken or paid on termination of employment during SA Lotteries' normal operating cycle.

Unclaimed Prizes reserve
Other than a prize in a Special Appeal Lottery (Note 2(l)), any prize in a lottery that has not been collected or taken delivery of within 12 months of the date of the draw or relevant day is forfeited to SA Lotteries and transferred to the Unclaimed Prizes reserve. Subsection 16C(4) of the *State Lotteries Act 1966* requires SA Lotteries to pay:

- 50 percent of the amount derived from unclaimed prizes in The Pools (and other sports lotteries or special lotteries) to the Recreation and Sport Fund

- 50 percent of the amount derived from unclaimed prizes in other lotteries to the Hospitals Fund.

The balance in the reserve is applied by SA Lotteries from time to time for the purposes of providing additional or increased prizes in a subsequent lottery or lotteries, providing prizes in promotional lotteries or making ex-gratia payments.

The *State Lotteries Act 1966* provides for an ex-gratia payment to a person who satisfies SA Lotteries that they are a winner of a prize in a lottery conducted by SA Lotteries, despite the fact that a prize has been forfeited to SA Lotteries, the winning ticket has been lost or destroyed or a notice of a claim for the prize has not been complied with.

Ex-gratia payments are charged to the Unclaimed Prizes reserve. The next payment to either the Hospitals Fund or Recreation and Sport Fund, as appropriate, is then reduced by an amount equivalent to 50 percent of the ex-gratia payment, depending on the game played.

Distribution of funds to government
In accordance with subsection 16(3) of the *State Lotteries Act 1966* , SA Lotteries is required to pay to the Hospitals Fund the balance of surplus funds remaining after:

- payment of gambling tax and GST on NGR
- making allowances for operating and capital expenses
- applying the net proceeds and gambling tax of The Pools to the Recreation and Sport Fund
- in respect of Special Appeal Lotteries (Note 2(l)), applying the net proceeds and unclaimed prizes less the GST on NGR to the beneficiary(s) of those lotteries
- retaining funds for certain designated purposes.

Distribution of funds to government (continued)
As detailed in Note 2(f), SA Lotteries is required to make tax equivalent payments as a result of the application of the tax equivalent regime. In recognition of the provisions of the *State Lotteries Act 1966*, and in accordance with TI 22, the transfer of funds to the Hospitals Fund is reflected in the financial statements in the form of:

(i) a gambling tax of 41 percent on NGR in respect of all lotteries conducted by SA Lotteries except sports lotteries and special lotteries

(ii) an income tax equivalent payment (calculated on the accounting profits method), recorded as an expense item in the Statement of Comprehensive Income

(iii) a dividend, represented by net profit after income tax equivalent payment, and increased/decreased by funds retained for certain designated purposes

(iv) unclaimed prizes.

The composition of all amounts due and payable to Government on account of the Hospitals Fund and Recreation and Sport Fund is detailed in Note 26.

(l) Special appeal lotteries

With effect from 30 April 2007, the *State Lotteries Act 1966*, was amended to facilitate the conduct of Special Appeal Lotteries for approved state-based causes and disasters. The beneficiary(s), as approved by the Minister, receive the net proceeds less GST on NGR plus unclaimed prizes in respect of the Special Appeal Lotteries.

No Special Appeal Lotteries were conducted during the financial year.

(m) Foreign currency

Exchange differences arising up to the date of purchase are included in the measurement of the purchase and are reported in the Statement of Comprehensive Income.

(n) Operating leases

SA Lotteries has an accommodation lease agreement for its Head Office premises at 24-25 Greenhill Road, Wayville and an operating lease agreement for a remote computer site at Kidman Park. In respect of these operating leases, the lessor effectively retains substantially the entire risks and benefits incidental to ownership of the leased assets.

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

(o) Superannuation

SA Lotteries has an established superannuation plan for its employees, being the Lotteries Commission of South Australia Superannuation Plan (the Plan), which is a sub-plan of the Mercer Super Trust. The Plan provides lump sum benefits on retirement, death, disablement and withdrawal. Some categories of members receive only defined contribution, accumulation style benefits. The defined benefit section of the Plan is closed to new members. All new members receive accumulation only benefits. The defined contribution (accumulation style) section receives fixed contributions from SA Lotteries and SA Lotteries' obligation is limited to these contributions. The withdrawal benefit for defined benefit members may be taken immediately or deferred until preservation age.

The liability for the defined benefit section of the Plan has been determined via an actuarial valuation by Stuart Mules, FIAA (Mercer Investment Nominees Limited) using the projected unit credit method. The report was dated 9 July 2009.

Actuarial gains and losses are recognised in full, directly in profit and loss in the period in which they occur, and are presented in the Statement of Comprehensive Income.

The superannuation expense of the defined benefit plan is recognised as and when the contributions become payable and consist of current service cost, interest cost, actuarial gains and losses, and past service cost.

The defined benefit superannuation plan asset/liability recognised in the Statement of Financial Position represents the surplus/deficit of the fair value of the defined benefit superannuation plan assets over the present value of the defined benefit obligation to members. The expected payment to settle the obligation has been determined using national government bond market yields with terms and conditions that match, as closely as possible, to estimated cash outflows.

SA Lotteries also contributes to other externally managed superannuation plans. These contributions are expensed when they fall due and SA Lotteries' obligation is limited to these contributions.

(p) Funds retained for capital purposes

SA Lotteries has retained funds which represent the historical cost of the investment in land and buildings at 24-26 Payneham Road, Stepney.

(q) Reserves

Asset revaluation reserve

This reserve was established to record increments and decrements in relation to the revaluation of land and buildings and the On-line Lotteries system.

Building maintenance reserve

This reserve was established to meet future major building maintenance costs.

Capital asset reserve

This reserve was established to contribute to the financing of the cost of replacement of the On-line Lotteries system hardware and software, and the purchase of other non-current assets.

Keno Prize reserve

This reserve was established to meet Keno Spot 10 prizes. The reserve has been funded from retained earnings as a proportion of all Keno Spot 10 gross sales through SA Lotteries' agents and ACTTAB Limited. To the extent possible, the value of the Keno Spot 10 prize won is transferred from the reserve to retained earnings and paid to the Hospitals Fund.

(r) Unrecognised contractual commitments

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

(s) Insurance

SA Lotteries has arranged, through SAICORP, a division of SAFA, to insure all major risks of the organisation. The excess payable under this arrangement varies depending on each class of insurance held.

3. New and revised accounting standards and policies

SA Lotteries has early-adopted AASB 101 (September 2007 version and AASBs 2007-8 and 2007-10), which includes the preparation of a single Statement of Comprehensive Income.

Except for early adoption of AASB 101, the AASs and Interpretations that have recently been issued or amended, but are not yet effective, have not been adopted for the reporting period ending 30 June 2009. SA Lotteries 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 SA Lotteries.

4. Related party

SA Lotteries is controlled by the SA Government. Transactions and balances between SA Lotteries and related parties (ie other SA Government controlled entities) are disclosed in Note 29.

5. Segment reporting information

SA Lotteries' business operations are conducted in the one main business and geographical segment. Lottery games are promoted and conducted within the economic environment of South Australia.

SA Lotteries has not established any partnership, body corporate or trust to carry out any function of its business operations.

6. Sales revenue

	2009	2008
	$'000	$'000
Saturday Lotto	**131 280**	128 336
Monday/Wednesday Lotto	**36 718**	31 782
Oz Lotto	**58 789**	34 709
Powerball	**35 414**	49 972
Keno	**90 753**	79 506
Instant Scratchies	**38 886**	39 929
Super 66	**1 171**	1 108
The Pools	**694**	581
Lucky SA Lottery	**-**	660
Total sales revenue	**393 705**	366 583

Sales revenue includes agents' commission.

7. Cost of sales

	2009	2008
Prizes	**236 931**	221 283
Gambling tax on net gambling revenue	**64 277**	59 573
Agents' commission	**29 310**	26 938
GST on net gambling revenue paid to ATO	**14 252**	13 209
Total cost of sales	**344 770**	321 003

8. Other revenues

	Note	2009 $'000	2008 $'000
Agents' fees and charges		**3 748**	3 621
Easiplay Club service fees		**351**	355
Sundry		**607**	541
Total other revenues		**4 706**	4 517

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

Proceeds from disposal		**6**	-
Net book value of assets disposed		**(4)**	(1 542)
Net gain (loss) on disposal of non-current assets		**2**	(1 542)

10. Employee benefits expenses

Salaries (including annual leave)		**5 938**	5 476
Long service leave		**155**	119
Employment on-costs - superannuation contributions	28 (j)	**737**	397
Decrease in carrying value of defined benefit superannuation plan net asset/liability	28 (e)	**868**	540
Employment on-costs - other		**466**	429
Commission members' fees		**149**	119
Total employee benefits expenses		**8 313**	7 080

Remuneration of employees

The table covers all employees who received remuneration of $100 000 or more during the year. Remuneration reflects all costs of employment including salaries, superannuation contributions, FBT, any other salary sacrifice benefits, and payment of leave entitlements on ceasing employment. Employer contributions for employees who are members of the defined benefit section of the SA Lotteries Superannuation Plan were reduced from 1 July 2007 and subsequently increased from 5 January 2009 in accordance with actuarial advice and Commission endorsement.

The number of employees whose remuneration received or receivable falls within the following bands:	2009 Number	2008 Number
$100 000 - $109 999	**3**	2
$120 000 - $129 999	**-**	1
$130 000 - $139 999	**-**	1
$140 000 - $149 999	**2**	1
$160 000 - $169 999	**1**	-
$170 000 - $179 999	**1**	1
$260 000 - $269 999	**-**	1
$280 000 - $289 999	**1**	-
Total number of employees	**8**	7

	2009 $'000	2008 $'000
Total remuneration received or receivable by employees whose remuneration was $100 000 or more	**1 232**	1 049

Commission members

The following persons held the position of Member of the Lotteries Commission of South Australia for the full financial year unless otherwise stated:

Mr H J Ohff, FIEAust, CPEng, BA(Hons) (Presiding Member)
Ms S J Mackenzie, BComm (Accounting), LLB(Hons) - term expired 19 April 2009, reappointed 23 April 2009
Mr W R Jackson, BEc, FASA
Mr S K Shirley, BEc, FCA, CPA
Ms A E Lindsay, BA(Hons), LLB(Hons)

Commission members' remuneration

The total remuneration received and receivable by Commission members includes fees, superannuation contributions, FBT and professional indemnity insurance paid on behalf of Commission members.

The number of Commission members whose remuneration received or receivable falls within the following bands:	2009 Number	2008 Number
$20 000 - $29 999	**1**	4
$30 000 - $39 999	**3**	1
$40 000 - $49 999	**1**	-

	2009 $'000	2008 $'000
The total remuneration received or receivable by Commission members	**175**	145

Commission members' remuneration (continued)

No Commission member has entered into a contract with SA Lotteries since the end of the previous financial year and there were no material contracts with Commission members' interests at the end of the financial year.

Key management personnel compensation

The key management personnel are the Commission members and the senior management team (including the Chief Executive) who have responsibility for the strategic direction and management of SA Lotteries.

The compensation of key management personnel included in employee benefits expense is as follows:	**2009**	2008
	$'000	$'000
Short-term employee benefits	**936**	860
Post-employment benefits*	**298**	212
Long-term employee benefits	**14**	13
Total key management personnel compensation	**1 248**	1 085

* Post-employment benefits include an allocation of the change in the defined benefit superannuation plan asset to key management personnel based on the share of the defined benefit obligation.

TVSPs

No employees were paid TVSPs during the reporting period.

11. Supplies and services

	Note	**2009**	2008
		$'000	$'000
Marketing and promotions		**6 468**	6 400
Computer operations		**2 800**	2 997
Tickets, coupons, terminal rolls and ribbons		**1 506**	1 465
Operating leases		**653**	632
Other occupancy costs		**613**	578
Temporary staff and contractors		**400**	459
Agent distribution costs		**245**	234
Consultancies		**295**	248
Motor vehicle fleet costs		**212**	194
Insurance		**123**	121
External audit fees	13	**108**	135
Training costs		**114**	117
Gambling tax - other		**67**	46
Bad debts		**-**	14
Other		**1 445**	1 236
Total supplies and services		**15 049**	14 876

Consultancies

The number and dollar amount of consultancies paid/payable (included in supplies and services) that fell within the following bands:	**2009** Number	**2009** $'000	2008 Number	2008 $'000
Below $10 000	**-**	**-**	2	9
$10 000 - $50 000	**3**	**56**	1	20
Above $50 000	**1**	**239**	2	219
Total paid/payable to consultants engaged	**4**	**295**	5	248

12. Depreciation and amortisation expense

	2009	2008
Depreciation:	**$'000**	$'000
Buildings	**38**	38
Plant and equipment	**176**	288
On-line Lotteries system	**2 035**	2 719
Total depreciation	**2 249**	3 045
Amortisation:		
Leasehold improvements	**249**	243
Software	**61**	58
Total amortisation	**310**	301
Total depreciation and amortisation	**2 559**	3 346

13. Auditor's remuneration

Audit services

Audit fees payable for the financial year	**134**	142
Over accrual	**(26)**	(7)
External audit fees expense	**108**	135

The Auditor-General is the auditor of SA Lotteries.

Other services

No other services were provided by the Auditor-General.

14. Cash and cash equivalents

	2009 $'000	2008 $'000
Bank balances and cash on hand	**(395)**	(315)
Short-term deposits	**71 209**	51 675
Total cash and cash equivalents	**70 814**	51 360

Bank balances comprise unpresented cheques net of outstanding deposits and cash on hand.

Short-term deposits are with SAFA.

Interest rate risk
Cash on hand is non-interest bearing. Bank balances and short-term deposits earn a floating interest rate based on daily bank deposit rates. The weighted average interest rate earned was 5.11 percent (7 percent).

Net fair values
The carrying amount of cash and cash equivalents represents fair value.

15. Receivables

	2009 $'000	2008 $'000
Agent debtors	**6 298**	1 933
Prize settlements receivable from Blocs	**54 917**	78
Sundry receivables	**280**	508
Prepayments	**350**	81
Total receivables	**61 845**	2 600

Interest rate risk
All receivables are non-interest bearing.

Credit risk
Credit risk represents the loss that would be recognised if parties owing monies to SA Lotteries at balance date fail to honour their obligations. SA Lotteries minimises its credit risk in relation to agents by undertaking its sales transactions with a large number of agents and requiring those agents to remit outstandings on a twice weekly basis. It is not anticipated that counterparties will fail to discharge their obligations. In addition, there is no concentration of credit risk.

Net fair values
The carrying amount of receivables approximates net fair value due to being receivable on demand.

16. Property, plant and equipment

	2009 $'000	2008 $'000
Land and buildings:		
Land at fair value	**700**	700
Buildings at fair value	**650**	650
Accumulated depreciation	**(76)**	(38)
Total land and buildings	**1 274**	1 312
Plant and equipment:		
Plant and equipment at cost (deemed fair value)	**2 248**	2 097
Accumulated depreciation	**(1 880)**	(1 733)
Total plant and equipment	**368**	364
On-line Lotteries system:		
On-line Lotteries system at cost (deemed fair value)	**3 885**	2 506
Accumulated depreciation	**(1 973)**	(1 277)
On-line lotteries system at fair value	**8 619**	8 619
Accumulated depreciation	**(7 781)**	(6 442)
Total On-line Lotteries system	**2 750**	3 406
Leasehold improvements:		
Leasehold improvements at cost (deemed fair value)	**2 470**	2 470
Accumulated amortisation	**(1 034)**	(785)
Total leasehold improvements	**1 436**	1 685
Total property, plant and equipment	**5 828**	6 767

Reconciliation of property, plant and equipment
The following table shows the movement of property, plant and equipment during 2008-09 and 2007-08.

2009	Carrying amount at 1 July $'000	Additions $'000	Disposals $'000	Depreciation and amortisation $'000	Carrying amount at 30 June $'000
Land	700	-	-	-	700
Buildings	612	-	-	(38)	574
Plant and equipment	364	184	(4)	(176)	368
On-line Lotteries system	3 406	1 379	-	(2 035)	2 750
Leasehold improvements	1 685	-	-	(249)	1 436
TOTAL	**6 767**	**1 563**	**(4)**	**(2 498)**	**5 828**

Reconciliation of property, plant and equipment (continued)

2008	Carrying amount at 1 July $'000	Additions $'000	Disposals $'000	Depreciation and amortisation $'000	Carrying amount at 30 June $'000
Land	700	-	-	-	700
Buildings	650	-	-	(38)	612
Plant and equipment	560	92	-	(288)	364
Online lotteries system	7 515	152	(1 542)	(2 719)	3 406
Leasehold improvements	1 896	32	-	(243)	1 685
TOTAL	11 321	276	(1 542)	(3 288)	6 767

Valuation of property, plant and equipment

- The valuation of the 24-26 Payneham Road, Stepney property was performed by Simon Hickin AAPI, Certified Practicing Valuer, an independent valuer from Jones Lang LaSalle, as at 30 June 2007. The valuer arrived at fair value based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use and was determined on an in-use value, assuming a fully tenanted (subject to a notional five plus five year lease back) basis.

- The valuation of the On-line Lotteries system was performed by Andrew Lucas, MBA, BAppSc(Val), AAPI, ASA, Certified Practicing Valuer, an independent valuer from Valcorp Australia Pty Ltd, as at 30 June 2005. The valuer arrived at fair value based on market value of items in this group of assets.

The carrying amount of property, plant and equipment that would have been recognised if these assets were stated at cost is:	Note	**2009 $'000**	2008 $'000
Land and buildings		**357**	368
Plant and equipment		**368**	364
On-line Lotteries system		**2 453**	2 619
Leasehold improvements		**1 436**	1 685
Total carrying amount of property, plant and equipment that would have been recognised if these assets were stated at cost		**4 614**	5 036

Impairment

There were no indications of impairment of property, plant and equipment assets at 30 June 2009.

17. Intangible assets

Software:	Note	2009	2008
Software at cost		**182**	182
Accumulated amortisation		**(138)**	(77)
Total intangible assets		**44**	105

Reconciliation of intangible assets

The following table shows the movement of intangible assets during 2008-09 and 2007-08:		2009	2008
Carrying amount at 1 July		**105**	143
Additions		**-**	20
Amortisation		**(61)**	(58)
Carrying amount at 30 June		**44**	105

18. Other non-current assets

	Note	2009	2008
Defined benefit superannuation plan asset	28(d)	**-**	542
Total other non-current assets		**-**	542

19. Payables

	Note	2009	2008
Current:			
Creditors and accrued expenses		**2 877**	2 663
Prizes payable		**76 325**	11 185
GST payable		**1 339**	652
Undistributed funds	26	**13 155**	7 881
Employment on-costs		**103**	87
Total current payables		**93 799**	22 468
Non-current:			
Employment on-costs		**100**	52
Total non-current payables		**100**	52
Total payables		**93 899**	22 520

Based on an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave estimated to be taken as leave (rather than leave paid out on cessation of employment) has changed from 35 percent in 2008 to 45 percent in 2009. The rate is used in the employment on-cost calculation. The net financial effect of the change in the current financial year is an increase in the employment on-costs liability and employee benefits expenses of $14 000.

Interest rate risk

All payables are non-interest bearing.

Net fair values

The carrying amount of payables represents fair values due to the amounts being payable on demand.

20. Employee benefits

	Note	2009 $'000	2008 $'000
Current:			
Annual leave		**556**	447
Long service leave		**74**	155
Accrued salaries		**190**	129
Total current employee benefits		**820**	731
Non-current:			
Long service leave		**847**	685
Defined benefit superannuation plan liability	28(d)	**326**	-
Total non-current employee benefits		**1 173**	685
Total employee benefits		**1 993**	1 416

	Note	2009	2008
The total current and non-current employee expenses (ie aggregate employee benefit (above) plus related employment on-costs) is:	19	**2 196**	1 555

Based on an actuarial assessment conducted by the Department of Treasury and Finance the benchmark for measurement of the long service leave liability has not changed from the 2008 benchmark of 6.5 years.

21. Other liabilities

	2009 $'000	2008 $'000
Current:		
Prize Reserve Fund[(a)]	**8 700**	6 759
Unearned revenue - sales in advance	**1 403**	1 471
Total current other liabilities	**10 103**	8 230
Non-current:		
Unclaimed prizes reserve[(b)]	**8 020**	6 705
Total non-current other liabilities	**8 020**	6 705
Total other liabilities	**18 123**	14 935

(a) Prize Reserve Fund:

Balance at 1 July	**6 759**	6 813
Allocated to prize reserve fund	**10 511**	10 263
Applied to additional or increased prizes	**(8 570)**	(10 317)
Balance at 30 June	**8 700**	6 759

The Prize Reserve Fund allocation comprises the following percentages of net sales (gross sales revenue less agents' commission) for the following games:

	Percent
Lotto	5.0
Oz Lotto, Powerball and Super 66	3.5
The Pools	2.0

These funds are available for distribution at any time as additional or increased prizes in subsequent lottery draws in the respective games or as prizes in respect of missed prize entries for previous lottery draws.

(b) Unclaimed Prizes Reserve:

	2009 $'000	2008 $'000
Balance at 1 July	**6 705**	5 829
Unclaimed monies forfeited	**4 305**	4 541
	11 010	10 370
Monies provided for distribution to the Hospitals Fund	**(2 151)**	(2 270)
Monies provided for distribution to the Recreation and Sport Fund	**(1)**	(1)
Applied to additional or increased prizes in subsequent lottery draws, prizes in promotional lotteries or ex-gratia payments	**(838)**	(1 394)
Balance at 30 June	**8 020**	6 705

22. Capital asset reserve

Capital asset reserve comprises:		
Capital fund account	**12 607**	12 170
Capital fund assets (at written down value)	**4 730**	4 623
	17 337	16 793
Capital Fund account:		
Balance at 1 July	**12 170**	10 466
Transfer from retained earnings	**2000**	2 000
Assets financed	**(1 563)**	(296)
Balance at 30 June	**12 607**	12 170

22. Capital asset reserve (continued)

	2009	2008
Capital Fund assets:	**$'000**	$'000
Written down value at 1 July	**4 623**	6 256
Assets financed	**1 563**	296
Depreciation	**(1 452)**	(1 927)
Written down value of assets disposed of	**(4)**	(2)
Written down value at 30 June	**4 730**	4 623

23. Unrecognised contractual commitments

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	**10 809**	-
Later than one year but not longer than five years	**2 557**	-
Total operating lease commitments	**13 366**	-

SA Lotteries' capital commitments are for the replacement On-line Lotteries system hardware and software and replacement of the state-wide telecommunications infrastructure.

Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	**669**	712
Later than one year but not longer than five years	**2 238**	2 502
Later than five years	**-**	558
Total operating lease commitments	**2 907**	3 772
Representing:		
Non-cancellable operating leases	**2 907**	3 772

The 10 year accommodation operating lease at 24-25 Greenhill Road (Head Office) is non-cancellable with rent payable monthly in advance. Contingent rental provisions within the lease agreement require lease payments to be increased by 3 percent per annum with a rent review after five years. The current five-year rent review has not been finalised. The option for renewal of a further term of five years is available prior to the expiration of the current term.

The operating lease for the remote computer site at Kidman Park is non-cancellable with rental payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments to be increased by 5 percent per annum.

Other commitments	**2009**	2008
Other expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:	**$'000**	$'000
Within one year	**3 911**	2 640
Later than one year but not longer than five years	**8 348**	2 383
Later than five years	**1 725**	-
Total other commitments	**13 984**	5 023

SA Lotteries' other commitments are for existing and new agreements relating to On-line Lotteries system software, hardware, communications and associated services and other fixed services.

24. Contingent assets and liabilities

SA Lotteries is not aware of any contingent assets.

A claim for damages was received by SA Lotteries on 15 July 2008 for alleged loss of potential winnings. At this time it is not possible to estimate the dollar effect of this claim or whether the claim will be successful.

Other than this claim, SA Lotteries is not aware of any contingent liabilities.

SA Lotteries has made no guarantees.

25. Cash flow reconciliation

	2009	2008
Reconciliation of cash and cash equivalents:	**$'000**	$'000
Statement of Financial Position	**70 814**	51 360
Statement of Cash Flows	**70 814**	51 360

25. Cash flow reconciliation (continued)

	2009	2008
Reconciliation of net profit after income tax equivalent to net cash provided by operating activities:	**$'000**	$'000
Profit after income tax equivalent	**21 437**	18 809
Dividend contribution provided	**(19 446)**	(21 703)
Unclaimed prizes distribution provided	**(2 152)**	(2 271)
Non-cash items:		
Depreciation and amortisation expense	**2 559**	3 346
Net (gain) loss on disposal of non-current assets	**(2)**	1 542
Decrease in carrying value of defined benefit superannuation plan net asset/liability	**868**	540
Changes in assets/liabilities:		
(Increase) Decrease in receivables	**(59 245)**	25 971
Decrease (Increase) in inventories	**22**	(31)
Increase (Decrease) in payables (including undistributed funds)	**71 399**	(25 771)
Increase in employee benefits	**251**	16
Increase in other liabilities	**5 340**	3 222
Net cash provided by operating activities	**21 031**	3 670

26. Distribution of funds to SA Government

	Note	Balance 01.07.08 $'000	Distribution Provided $'000	Distribution (Paid) $'000	**Balance 30.06.09 $'000**
Gambling tax	7, 11	4 795	64 344	(60 573)	**8 566**
Dividend and income tax equivalent		2 603	28 633	(26 986)	**4 250**
Unclaimed prizes		483	2 152	(2 296)	**339**
Totals 2008-09		**7 881**	**95 129**	**(89 855)**	**13 155**
Totals 2007-08		7 196	91 654	(90 969)	7 881
Comprising:					
Distribution to Hospitals Fund:					
Gambling tax		4 784	64 191	(60 422)	**8 553**
Dividend and income tax equivalent		2 595	28 531	(26 885)	**4 241**
Unclaimed prizes		483	2 151	(2 295)	**339**
Totals		7 862	94 873	(89 602)	**13 133**
Distribution to Recreation and Sport Fund:					
Gambling tax		11	153	(151)	**13**
Dividend		8	102	(101)	**9**
Unclaimed prizes		-	1	(1)	**-**
Totals		19	256	(253)	**22**

27. Financial risk management

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

Risk management is carried out by all areas of the organisation and risk management policies and practices are in accordance with the Australian Risk Management Standards and internal written policies approved by the Commission.

SA Lotteries has non-interest bearing assets (cash on hand, receivables and inventories) and liabilities (payables and other liabilities) and interest bearing assets (bank balances and short-term deposits). The maturity of financial assets and liabilities is disclosed separately in the relevant notes: current items mature in less than 12 months; non-current items mature between one and five years.

SA Lotteries' exposure to foreign exchange risk and cash flow interest risk is minimal. SA Lotteries is exposed to price risk for changes in interest rates that relate to investments at fair value.

SA Lotteries' exposure to credit risk is minimal. SA Lotteries has policies and procedures in place to ensure that transactions occur with agents with appropriate credit history. SA Lotteries has no significant concentration of credit risk.

Liquidity risk arises where an organisation is unable to meet its financial obligations as and when they fall due. SA Lotteries has consistent and stable cash flows from operations, which means its exposure to liquidity risk is minimal. The continued existence of SA Lotteries in its present form, and with its present segment/service, is dependent on State Government policy to maintain SA Lotteries' asset base. SA Lotteries' exposure to liquidity risk is insignificant based on past experience and current expectations regarding risk.

28. Superannuation

(a) *Expense (Income) recognised in the Statement of Comprehensive Income*

	Note	2009 $'000	2008 $'000
Amounts recognised as expense (income) in respect of the defined benefit superannuation plan as follows:			
Current service cost		**285**	290
Interest cost		**310**	339
Expected return on plan assets		**(372)**	(467)
Actuarial loss (gain)		**979**	492
Superannuation expense		**1 202**	654
The expense (income) is recognised in the following item in the Statement of Comprehensive Income:			
Employee benefits expenses	28(e)	**1 202**	654

(b) *Reconciliation of the present value of the defined benefit obligation*

		2009	2008
Present value of defined benefit obligation at 1 July		**5 385**	6 323
Current service cost		**285**	290
Interest cost		**310**	339
Contributions by plan participants		**249**	237
Actuarial gains		**(241)**	(618)
Benefits paid		**(196)**	(1 125)
Taxes, premiums and expenses paid		**(106)**	(61)
Transfers in		**31**	-
Present value of defined benefit obligation at 30 June		**5 717**	5 385

(c) *Reconciliation of the fair value of defined benefit plan assets*

		2009	2008
Fair value of plan assets at 1 July		**5 927**	7 405
Expected return on plan assets		**372**	467
Actuarial losses		**(1 220)**	(1 110)
Employer contributions		**334**	114
Contributions by plan participants		**249**	237
Benefits paid		**(196)**	(1 125)
Taxes, premiums and expenses paid		**(106)**	(61)
Transfers in		**31**	-
Fair value of plan assets at 30 June		**5 391**	5 927

The fair value of plan assets includes no investments over which SA Lotteries retains ownership control relating to:

- any of SA Lotteries' own financial instruments
- any property occupied by, or other assets used by, SA Lotteries.

(d) *Reconciliation of the asset recognised in the Statement of Financial Position*

	Note	2009 $'000	2008 $'000
Defined benefit obligation		**5 717**	5 385
Fair value of plan assets		**5 391**	5 927
(Deficit) Surplus		**(326)**	542
Net superannuation (liability) asset		**(326)**	542

The amount included in the Statement of Financial Position arising from SA Lotteries' net superannuation asset/liability in respect of its defined benefit plan is as follows:

	Note	2009	2008
Other non-current assets:	18		
Defined benefit superannuation plan asset		**-**	542
Employee benefits (non-current):	20		
Defined benefit superannuation plan liability		**326**	-

(e) *Movement in asset recognised in the Statement of Financial Position*

		2009	2008
Net superannuation asset at 1 July		**542**	1 082
Expense recognised in Statement of Comprehensive Income		**(1 202)**	(654)
Employer contributions		**334**	114
Net movement		**(868)**	(540)
Net superannuation (liability) asset at 30 June		**(326)**	542

(f) Plan assets

The percentage invested in each asset class at the reporting date:	Percentage invested* **2009 Percent**	2008 Percent	Plan assets **2009 $'000**	2008 $'000
Australian Equity	**32**	31	**1 725**	1 837
Overseas Equity	**27**	25	**1 456**	1 482
Fixed interest and bonds	**10**	10	**539**	593
Property	**12**	12	**647**	711
Alternative assets**	**8**	10	**431**	593
Cash	**11**	12	**593**	711
Total plan assets	**100**	100	**5 391**	5 927

* Asset allocation as at 30 June 2009 was not available. The asset allocation at 31 May 2009 has been used as an approximation of the allocation as at the Statement of Financial Position date.

** Alternative assets generally comprise those investments which do not fit within the traditional broad asset classes (such as shares, property, fixed interest and cash).

(g) Expected rate of return on plan assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets in each class and allowing for the correlations of the investment returns between asset classes. The returns used for each asset class are net of investment tax, investment fees, and asset-based administration fees.

The expected rate of return for each asset class at 30 June is as follows:	Expected rate of return **2009 Percent**	2008 Percent
Australian Equity	**7.5**	7.7
Overseas Equity	**6.7**	7.2
Fixed interest and bonds	**4.7**	4.4
Property	**6.1**	6.5
Alternative assets	**5.7**	3.9
Cash	**3.8**	3.9
Weighted average expected return	**6.75**	6.5

(h) Actual return on plan assets

	2009 $'000	2008 $'000
Actual return on plan assets	**(848)**	(643)

(i) Principal actuarial assumptions

The principal actuarial assumptions at the reporting date (expressed as weighted averages):	**2009 Percent p.a.**	2008 Percent p.a.
Discount rate (active members)	**5**	5.9
Expected rate of return on plan assets (active members)	**6.75**	6.5
Expected salary increase rate	**2.5 for 3 years 3.5 thereafter**	3.5

(j) Contributions

Contributions paid/payable by SA Lotteries to superannuation plans:	**2009 $'000**	2008 $'000
Defined benefit members	**317**	92
Defined contribution (accumulation) members	**414**	301
Private funds	**6**	4
Total contributions	**737**	397

(k) Expected employer contributions

The estimated employer contributions expected to be paid to the plan during the year beginning after the reporting date	**291**	86

The estimated employer contributions are based on a contribution rate of 13 percent of defined benefit members' salaries (see Note 28(m)(ii)).

(l) Historical information

	2009 $'000	2008 $'000	2007 $'000	2006 $'000	2005 $'000
Present value of defined benefit obligation	**5 717**	5 385	6 323	5 852	6 994
Fair value of plan assets	**5 391**	5 927	7 405	6 640	7 065
(Deficit) Surplus in plan	**(326)**	542	1 082	788	71
Experience adjustments (loss) gain - plan assets	**(1 220)**	(1 110)	655	566	434
Experience adjustments gain (loss) - plan liabilities	**379**	540	(561)	(170)	20

(m) Funding arrangements for employer contributions

(i) Surplus (Deficit)

The following is a summary of the most recent financial position of the Lotteries Commission of South Australia Superannuation Plan calculated in accordance with AAS 25.

Defined benefit members:	As at 30.06.06
Accrued benefits	6 055
Net market value of plan assets	6 658
Net surplus	603
Accumulation members:	
Assets and benefits	1 529

(The plan is subject to a triennial review and is externally managed. The last full actuarial investigation was conducted as at 30 June 2006 by Stuart Mules, FIAA, of Mercer Human Resource Consulting. The report was dated 18 June 2007.)

(ii) Current contribution rates

As at 30 June 2009, the current contribution rates, in accordance with actuarial advice and Commission endorsement, are:

- 13 percent defined benefit members' salaries effective from 5 January 2009
- at the Superannuation Guarantee rate for accumulation members.

(iii) Funding method

The method used to determine the employer contribution recommendations at the last actuarial review was the 'target' funding method. The method adopted affects the timing of the cost to SA Lotteries.

Under the 'target' funding method, the employer contribution rate is determined with the aim of maintaining the assets at or close to the value of Accrued Benefits and above the total of the Vested Benefits (leaving service benefits) by a margin sufficient to give security against adverse circumstances.

(iv) Economic assumptions

The long-term economic assumptions adopted for the last triennial actuarial review of the Plan as at 30 June 2006 were:

	Weighted average assumptions
Expected rate of return on assets (discount rate)	13.3 percent in the 2006-07 year 6.5 percent per annum thereafter
Expected salary increase rate	3.5 percent per annum

(n) Nature of asset/liability

SA Lotteries has recognised a liability in the Statement of Financial Position in respect of its defined benefit superannuation arrangements. If a surplus exists in the Plan, SA Lotteries is able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Plan's actuary.

SA Lotteries (the employer) may at any time by notice to the Trustee terminate its contributions. In this case the employer has a liability to pay the monthly contributions due prior to the effective date of the notice, but subject to any statutory obligations, there is no requirement for the employer to pay any further contributions, irrespective of the financial condition of the Plan.

The Plan does not impose a legal liability on SA Lotteries to cover any deficit that exists in the Plan if it is wound up. The Master Deed of the Mercer Super Trust and the Participation Agreement of the Plan state that if the Plan winds up, the remaining assets must be paid to members, dependants, former members, deceased members' dependants or legal personal representative in proportions the Trustee in its discretion determines are appropriate.

29. Transactions with SA Government

As required by APF II, APS 4.1 the following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

		SA Government		Non-SA Government		Total	
		2009	2008	**2009**	2008	**2009**	2008
INCOME:	Note	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Sales revenue	6	**-**	-	**393 705**	366 583	**393 705**	366 583
Cost of sales:	7						
Prizes		**-**	-	**(236 931)**	(221 283)	**(236 931)**	(221 283)
Gambling tax on NGR		**(64 277)**	(59 573)	**-**	-	**(64 277)**	(59 573)
Agents' commission		**-**	-	**(29 310)**	(26 938)	**(29 310)**	(26 938)
GST on NGR paid to ATO		**-**	-	**(14 252)**	(13 209)	**(14 252)**	(13 209)
Total cost of sales		**(64 277)**	(59 573)	**(280 493)**	(261 430)	**(344 770)**	(321 003)
Interest revenue		**2 902**	3 628	**-**	-	**2 902**	3 628
Other revenues	8	**22**	29	**4 684**	4 488	**4 706**	4 517
Net gain on disposal of non-current assets	9	**-**	-	**2**	-	**2**	-
Total income		**(61 353)**	(55 916)	**117 898**	109 641	**56 545**	53 725

29. Transactions with SA Government (continued)

		SA Government		Non-SA Government		Total	
		2009	2008	**2009**	2008	**2009**	2008
EXPENSES:	Note	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefits expenses	10	**400**	369	**7 913**	6 711	**8 313**	7 080
Supplies and services:	11						
Marketing and promotions		**59**	84	**6 409**	6 316	**6 468**	6 400
Computer operations		**-**	-	**2 800**	2 997	**2 800**	2 997
Tickets, coupons, terminal rolls and ribbons		**-**	-	**1 506**	1 465	**1 506**	1 465
Operating leases		**-**	-	**653**	632	**653**	632
Other occupancy costs		**15**	12	**598**	566	**613**	578
Temporary staff and contractors		**-**	-	**400**	459	**400**	459
Agent distribution costs		**-**	-	**245**	234	**245**	234
Consultancies		**-**	-	**295**	248	**295**	248
Motor vehicle fleet costs		**211**	194	**1**	-	**212**	194
Insurance		**123**	121	**-**	-	**123**	121
External audit fees		**108**	135	**-**	-	**108**	135
Training costs		**-**	-	**114**	117	**114**	117
Gambling tax - other		**67**	46	**-**	-	**67**	46
Bad debts		**-**	-	**-**	14	**-**	14
Other		**57**	86	**1 388**	1 150	**1 445**	1 236
Total supplies and services		**640**	678	**14 409**	14 198	**15 049**	14 876
Net loss on disposal of non-current assets	9	**-**	-	**-**	1 542	**-**	1 542
Borrowing costs		**-**	11	**-**	-	**-**	11
Total expenses (excluding depreciation and amortisation)		**1 040**	1 058	**22 322**	22 451	**23 362**	23 509
FINANCIAL ASSETS:							
Receivables:	15						
Agent debtors		**-**	-	**6 298**	1 933	**6 298**	1 933
Prize settlements receivable from Blocs		**-**	-	**54 917**	78	**54 917**	78
Sundry receivables		**161**	351	**119**	157	**280**	508
Prepayments		**-**	-	**350**	81	**350**	81
Total receivables		**161**	351	**61 684**	2 249	**61 845**	2 600
FINANCIAL LIABILITIES:							
Payables:	19						
Current:							
Creditors and accrued expenses		**187**	184	**2 690**	2 479	**2 877**	2 663
Prizes payable		**-**	-	**76 325**	11 185	**76 325**	11 185
GST payable		**-**	-	**1 339**	652	**1 339**	652
Undistributed funds		**13 155**	7 881	**-**	-	**13 155**	7 881
Employment on-costs		**42**	47	**61**	40	**103**	87
Total current payables		**13 384**	8 112	**80 415**	14 356	**93 799**	22 468
Non-current:							
Employment on-costs		**50**	38	**50**	14	**100**	52
Total non-current payables		**50**	38	**50**	14	**100**	52
Total payables		**13 434**	8 150	**80 465**	14 370	**93 899**	22 520

MOTOR ACCIDENT COMMISSION

FUNCTIONAL RESPONSIBILITY

Establishment

The Motor Accident Commission (the Commission) is a statutory authority established pursuant to the *Motor Accident Commission Act 1992* (MAC Act).

Functions

The main function of the Commission is to provide compulsory third party (CTP) insurance to motor vehicle users in South Australia.

The principal objectives of the Commission in providing CTP insurance are to:

- achieve and maintain a sufficient level of solvency in the Compulsory Third Party Fund (the CTP Fund)

- minimise premium charges having regard to the Commission's objective of achieving and maintaining a sufficient level of solvency in the CTP Fund

- deal with claims for compensation in accordance with law as expeditiously as possible.

Pursuant to section 18 of the MAC Act, the Minister must prepare, in consultation with the Commission, a Charter, which may limit the functions or powers of the Commission.

The Commission's Charter specifies that the Commission is empowered to undertake the following classes of insurance:

- CTP insurance (in accordance with the *Motor Vehicles Act 1959*)
- Mortgage insurance, credit enhancements, and guarantees insurance
- Financial risk insurance.

The latter two classes of insurance are in 'run-off' mode.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Subsection 28(3) of the MAC Act and subsection 31(1)(b) of the PFAA provide for the Auditor-General to audit the accounts and financial statements of the Commission in respect of each financial year.

Assessment of controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Commission in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial statements and internal controls.

During 2008-09, specific areas of audit attention included:

- investment assets
- investment income
- claims payable
- premiums
- management agreements (CTP)
- provision for outstanding claims
- accounts payable
- receivables.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Motor Accident Commission as at 30 June 2009, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

Audit formed the opinion that the controls exercised by the Motor Accident Commission in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Motor Accident Commission have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive Officer of the Commission. Responses to the management letters were satisfactory. Major matters raised with the Commission and the related responses are detailed below.

The audit considered the Commission's implementation of the revised TIs 2 and 28. No matters were raised in writing with the Commission.

Commission on premiums collected

Audit noted that insufficient information was provided to the Commission by the Department for Transport, Energy and Infrastructure (DTEI) to enable the amount of commission paid on premiums collected by DTEI to be verified.

In response the Commission advised that it would commence negotiations with DTEI to change the nature of the commission payment made to a flat fee.

Liability for outstanding claims

The liability for outstanding claims is determined by the Fund Actuary. The audit process, involving the use of independent actuarial expertise, reviewed the reasonableness of the approach undertaken by the Fund Actuary in determining the outstanding claims provision. As a result of the review, Audit raised with the Commission a number of matters for consideration in future actuarial reviews. These matters included developing separate actuarial models for each of the five heads of damage and considering the impact of superimposed inflation on each of the heads of damage, particularly in light of rising costs for medical and hospital costs and provision of care to injured people. These matters are not expected to have a significant impact on the outstanding claims provision.

In response the Commission indicated that the Fund Actuary would consider these matters for future actuarial processes.

Implementation of the revised TIs 2 and 28

The Commission has in place risk management, financial management and delegation systems and processes as well as a financial management compliance program which includes regular corporate reporting and risk review and reporting to the Board and Audit Committees. Audit considers that the programs in place meet the requirements of TIs 2 and 28.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the Commission's financial statements

	2009	2008
	$'million	$'million
UNDERWRITING RESULT		
Net premium revenue	**430**	397
Net claims	**(528)**	(425)
Underwriting expenses	**(101)**	(96)
Underwriting loss	**(199)**	(124)
INVESTMENT RESULT		
Net investment revenue	**(7)**	142
Investment market value movements	**(2)**	(164)
Revenue from investment activities	**(9)**	(22)
Total comprehensive result	**(208)**	(146)
NET CASH INFLOWS (OUTFLOWS) FROM OPERATING ACTIVITIES	**28**	(39)
ASSETS		
Current assets	**131**	80
Non-current assets	**1 974**	2 013
Total assets	**2 105**	2 093
LIABILITIES		
Current liabilities	**587**	535
Non-current liabilities	**1 448**	1 279
Total liabilities	**2 035**	1 814
EQUITY	**70**	279

The Commission's financial performance is significantly influenced by two inter-related aspects of its business as outlined below:

- Underwriting result — underwriting operations are influenced by premium income, the number of claims and the estimated costs of settling those claims. The underwriting result is determined as premium revenue less claims expense (after the cost and recoveries associated with reinsuring a portion of the insurance portfolio's risk with third parties) and other underwriting costs.

- Investment result — investment operations is an integral part of any insurance business as the estimated return on invested funds is a significant component of the pricing strategy employed by the business.

  AASB 1023 requires that 'market value accounting' be adopted in the accounting for and valuation of investments. This means that the investment result includes not only interest and related income received, but also changes in the market values of investments held at balance date. Changes in the market values of investments can be subject to wide fluctuations and it is important to emphasise that investment market value movements recognised in the Commission's financial statements are unrealised. That is, until such time as the investments are sold, no gain or loss is actually received or incurred by the Commission.

Statement of Comprehensive Income

Underwriting result

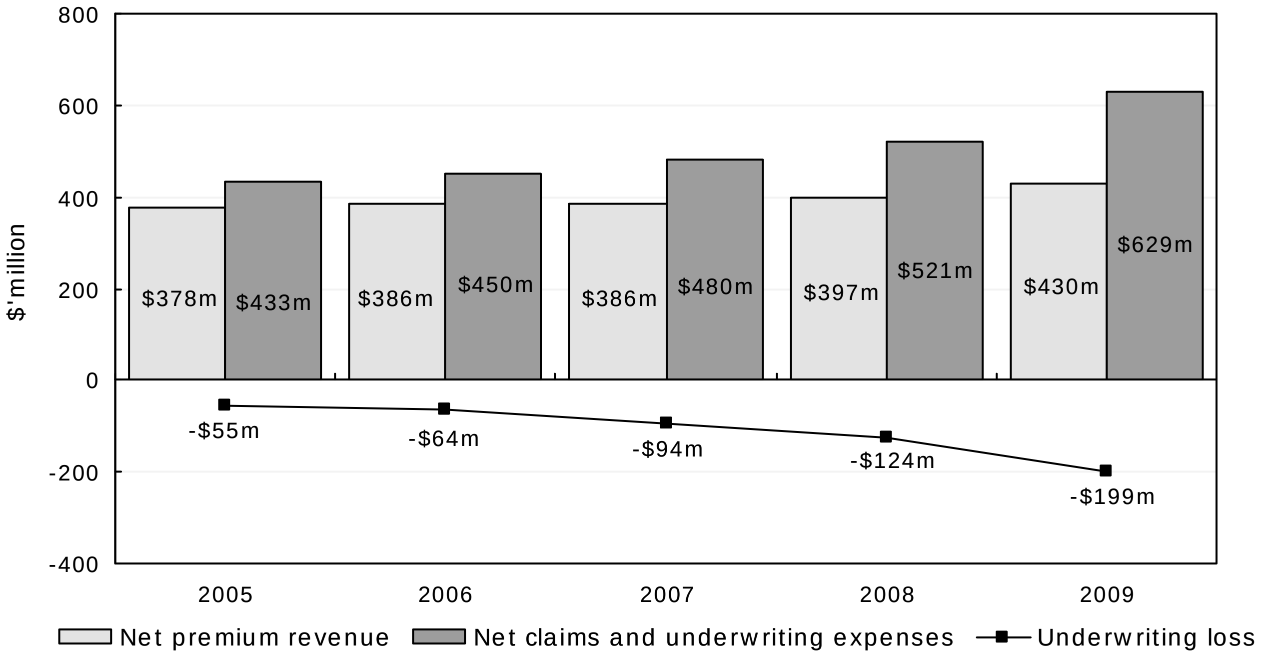
The underwriting loss increased by $75 million in 2009 to a loss of $199 million mainly as a result of an increase in claims expense of $102 million.

Claims expense is a combination of actual claim payments and the movement in outstanding claims provision. The claims expense for 2009 was $530 million ($428 million) and comprised gross claim payments of $338 million ($330 million) coupled with the increase in the outstanding claims provision of $192 million ($98 million) which is explained further under the heading 'Outstanding claims'.

Other underwriting expenses also increased by $2 million primarily as a result of increased levies and charges, up $3.6 million, and increased collection charges, up $1.1 million, offset by reduced management expenses, down $2.7 million. Levies and charges are paid to the Department of Treasury and Finance and collection charges are paid to DTEI.

Net premium revenue increased by $33 million to $430 million. This reflects the approved average increase in premiums of 6.3 percent for the 2008-09 financial year. Net premium revenue has increased steadily over the past five years, except for 2007 when it remained the same as 2006 due to a decrease in premiums charged in that year. Details of premium increases over the five years to 2009 is provided under the heading 'Solvency level'.

An analysis of the underwriting result for the Commission for the five years to 2009 is presented in the following chart.



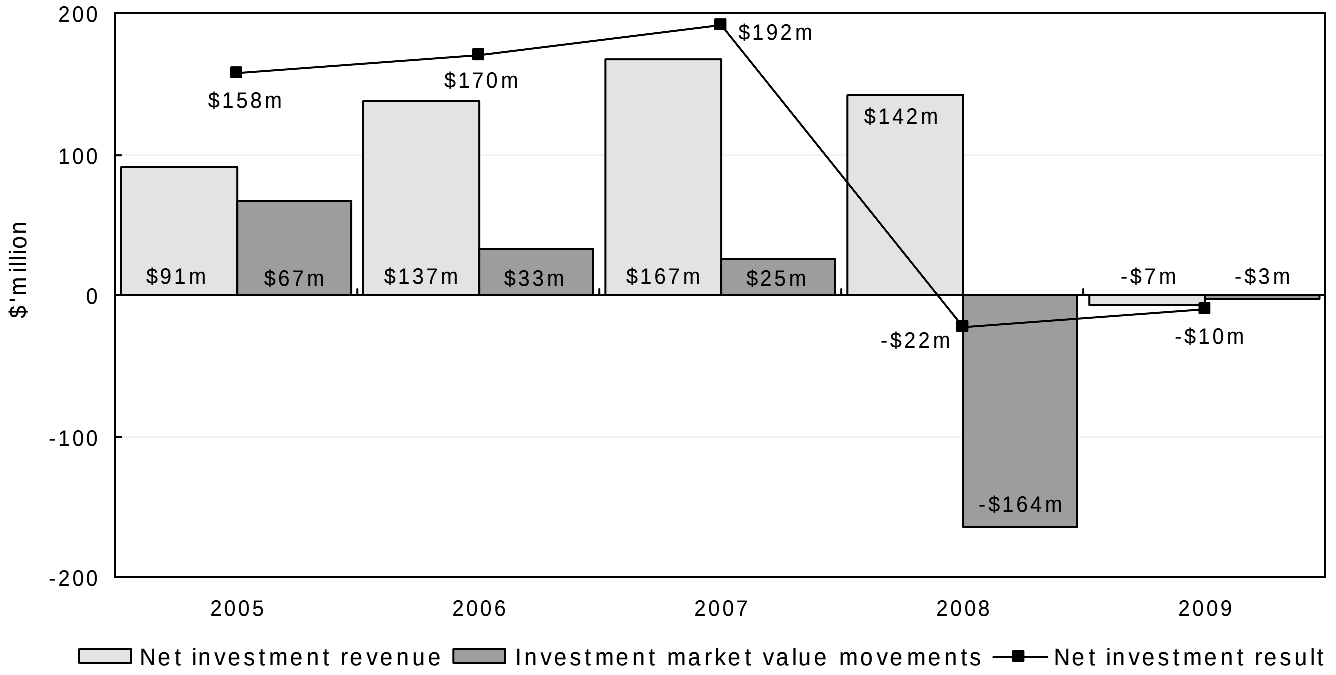
While the underwriting loss is increasing each year the Commission's level of solvency was, until 2007-08, also increasing annually as discussed under the heading 'Solvency level'.

Investment result

The net investment result is a combination of net investment revenue and investment market value movements. The net investment result this financial year was a loss of $10 million compared with a loss of $22 million in 2007-08. This reflected the poor results experienced by investment markets over the past two years. Net investment revenue was a loss of $7 million compared to a positive result of $142 million in 2007-08. The investment market value movement was a decrease of $3 million compared to a decrease of $164 million the previous year.

The large fluctuations in the result of net investment revenue and investment market value movement between 2007-08 and 2008-09 reflect the changing mix of investments held by the Commission. For the majority of 2007-08, the Commission held investments directly before shifting a large portion of its investment portfolio to be managed by Funds SA, the state government investment body. As a result of these changed arrangements the Commission now holds investments in unit trusts within Funds SA where the majority of income is derived through movement in the value of unit holdings rather than through direct receipt of interest and dividend income. This means that although the overall investment outcomes are comparable, the components making up those outcomes have changed.

An analysis of the investment result for the Commission for the five years to 2009 is shown in the following chart.

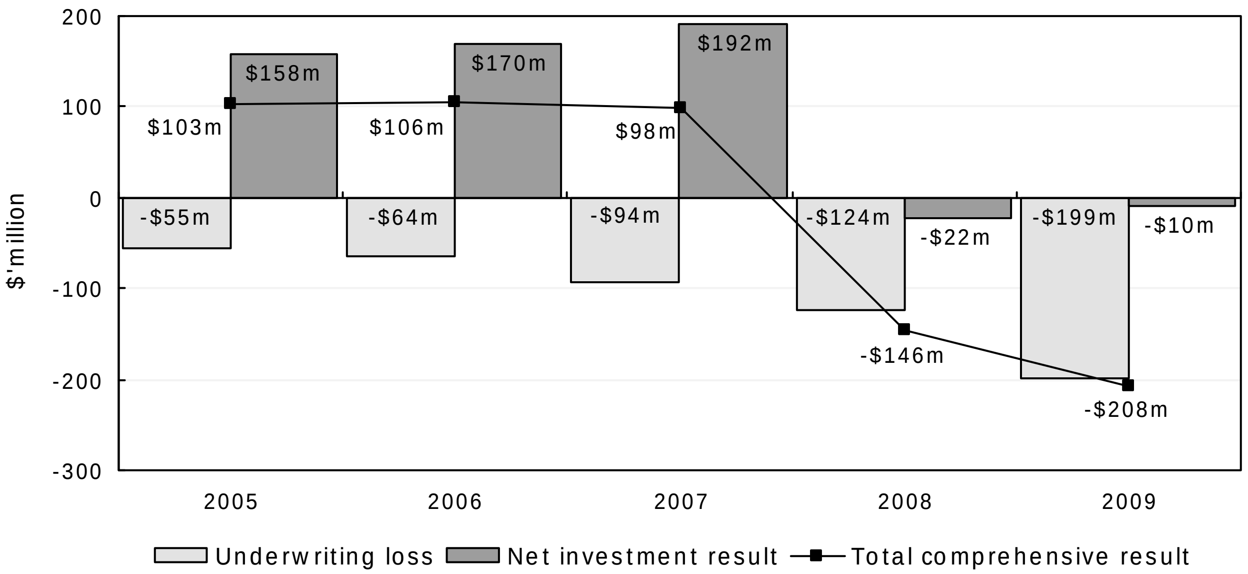


It can be seen from the graph that the positive net investment results for the period 2005 to 2007 far out weighed the losses incurred in 2008 and 2009.

In 2009 the Commission achieved a return on its investment portfolio of negative 0.5 percent (negative 0.8 percent) which compares with its internal benchmark of negative 1.2 percent (positive 0.4 percent). Benchmark data is provided by the Commission and is unaudited.

Total comprehensive result

The Commission's total comprehensive result was a loss of $208 million compared to a loss of $146 million in 2008. This result highlights the importance of strong investment markets and the investment result to the overall operating result. In the period 2005 to 2007, increasing underwriting losses were well covered by increasing net investment returns. In 2008 and 2009 the underwriting loss again increased but this was compounded by the net investment losses arising from falls in investment markets. The importance of strong investment returns to the operating result of the Commission can be seen from the following chart.



Statement of Financial Position

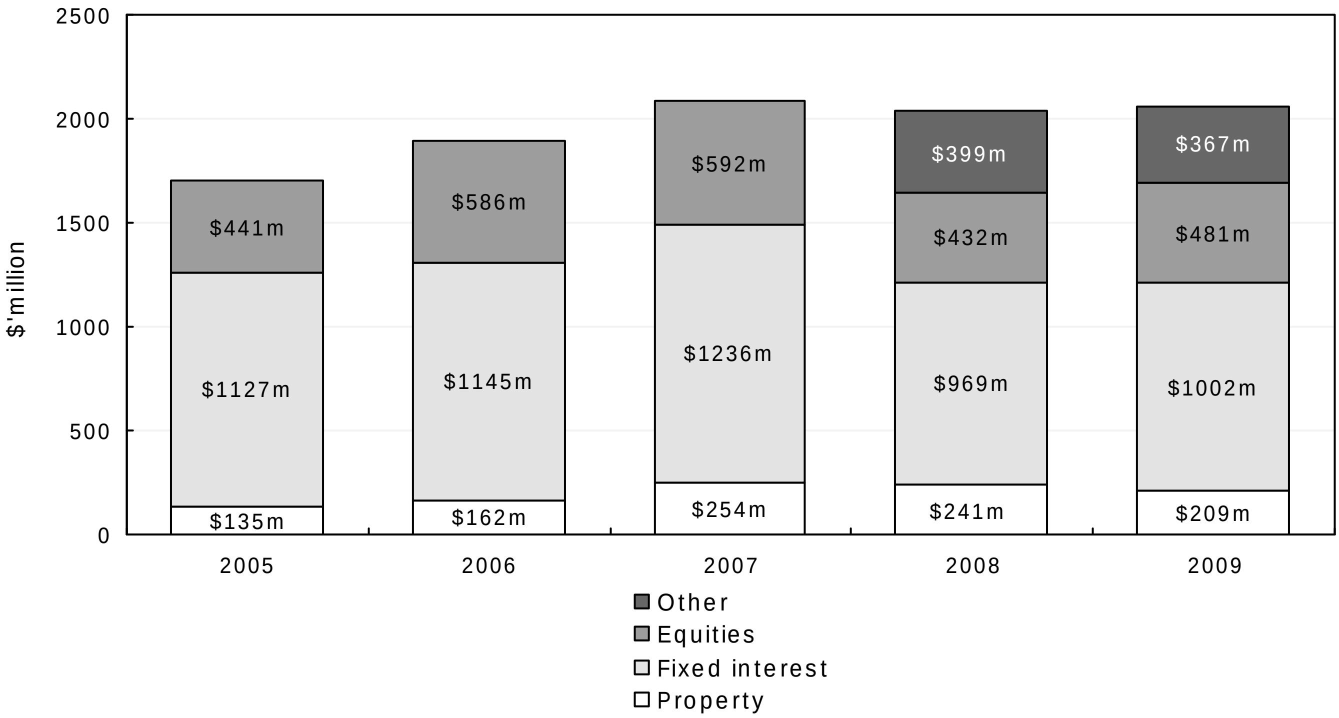
Investments

The total value of investment assets increased by $356 million over the five years to 2009 with investments totalling $2 billion as at 30 June 2009. During 2008 the Commission, as part of a government policy to establish central funds investment management, transferred the majority of its investment portfolio to be managed by Funds SA. As a result the Commission no longer directly holds investment in certain investments such as equities but rather has interests in Funds SA's pooled investment portfolios. The Commission is responsible for setting the investment objectives and strategic asset allocation for the various investment sectors. Funds SA is responsible for managing the investment portfolio in accordance with the agreed asset allocations and reporting investment performance to the Commission on a monthly basis.

As at 30 June 2009 fixed interest investments accounted for 49 percent (47 percent), equity 23 percent (21 percent), property (including property trusts) 10 percent (12 percent) and other investments, which included diversified strategies income investment and inflation linked securities, 18 percent (20 percent) of the investment portfolio.

In any investment activity the investor must achieve the balance of risk and reward that best suits their needs. The high percentage of fixed interest investments indicates that the Commission has taken a defensive position in its investment allocations. The objective of such a position is to endeavour to maintain the capital base and to lessen the impact of investments which are subject to more volatile market movements such as equities while at the same time achieving a suitable rate of return.

For the five years to 2009 a structural analysis of investment assets is shown in the following chart.



Outstanding claims

The primary liability of the Commission is for outstanding claims. The liability covers claims reported but not yet paid, incurred but not yet reported, the anticipated direct and indirect costs of settling those claims and estimated reinsurance and other insurance costs.

Calculation of the liability is an estimation process and a range of factors, including economic assumptions, affect the calculation. There is therefore a need for professional actuaries to undertake the calculation and for reporting purposes detailed disclosure of a range of the assumptions made in the calculation to be included in the Notes to the financial statements.

The liability calculation is reviewed by independent actuaries for the Commission. Detail of the calculation is provided in Notes 2(e) and 16 to the financial statements.

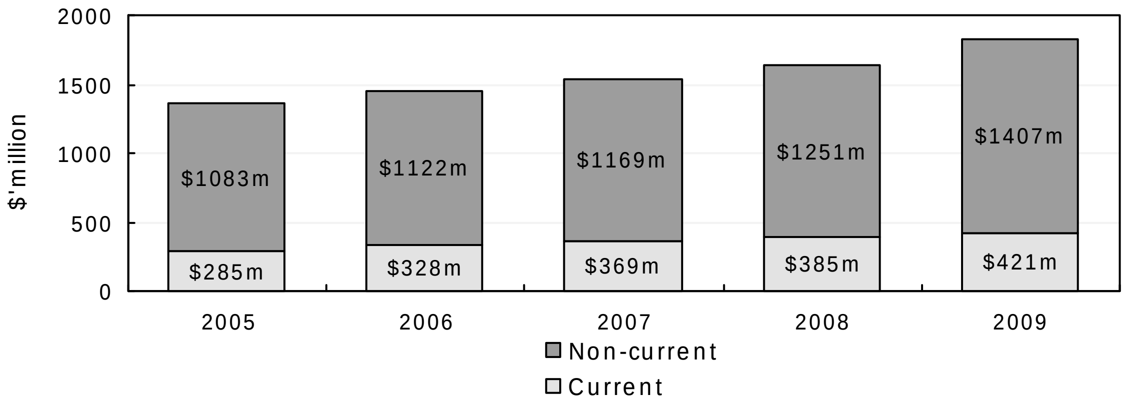
The provision for outstanding claims has increased by $460 million over the last five years. In 2009 the provision increased by $192 million to $1.8 billion. The movement in the provision is a combination of the estimated cost of settling claims incurred in 2008-09, any changes in the estimated cost of settling claims incurred in previous years, together with any payments made to settle claims. Factors considered by the Actuary which impact the estimate of amounts required to settle claims include the:

- number of claims incurred
- length of time taken to settle the claim
- average amount of claim payments
- inflation and discount rates used.

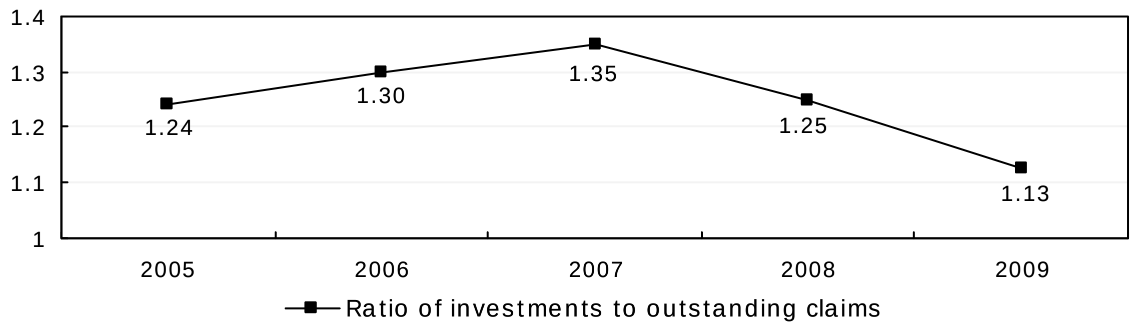
Also impacting on the calculation of the outstanding claims liability is the solvency requirements promulgated by the Treasurer pursuant to the MAC Act which requires a risk margin to be included in the provision to achieve an 80 percent probability that the provision is adequate. This requirement exceeds the Australian Prudential Regulation Authority (APRA) nominated target of 75 percent probability of sufficiency, as set out in Prudential Standard GPS 310. Refer to further commentary provided in the next section 'Solvency level'.

The 2008-09 provision includes $250 million ($223 million) for the risk margin and an increase of $40 million ($1 million) related to decreases in the inflation and discount rates used.

The following chart sets out details of the outstanding claims liability for the five years to 2009.



The ratio of investments to outstanding claims liability is shown in the following chart. The ratio shows that the value of the Commission's assets is sufficient to cover the value of its outstanding claims. The ratio decreased in 2009 which reflects the decreasing value of investment assets against the increasing value of outstanding claims.



Solvency level

Subsection 14(3) of the MAC Act requires the Commission to seek to achieve and maintain a sufficient level of solvency for the CTP Fund in accordance with a formula determined by the Treasurer.

The primary aim of establishing a benchmark level of solvency is to ensure that the CTP Fund can reasonably be expected to meet all of its liabilities as they fall due and essentially reflects the target level of reserves deemed by the Treasurer to be appropriate for the CTP Fund to provide comfort that the scheme will endure future market turbulence with minimal risk of falling into a negative net assets position.

The formula specifies that the CTP Fund will have a sufficient level of solvency if its assets exceed the sum of:

- the Fund's liabilities

- 10 percent of the outstanding claims liabilities provision
- 10 percent of the premium liabilities provision
- 10 percent of the investments in equities and property.

The Treasurer also requires that the provisions for outstanding claims liabilities and premium liabilities include a prudential margin which will be calculated by reference to an 80 percent probability that the provisions will be adequate as reported in actuarial reports to the Commission and also that the calculation of these provisions comply with the requirements of:

- AASB 1023
- Professional Standard 300 'Valuations of General Insurance Claims' issued by the Institute of Actuaries of Australia
- APRA Prudential Standard GPS 310 in respect of the outstanding claims liabilities and premium liabilities (with the exception that the risk margins adopted are to be at the 80 percent probability of sufficiency compared with the 75 percent probability APRA requires).

As at 30 June 2009 the target level of assets, as determined by application of the formula, was $2.3 billion. The assets of the CTP Fund as at that date were $2.1 billion or 91.3 percent of the target level of solvency, a deficiency of $200 million against the target. This compares to 101.5 percent, a surplus of $32 million the previous year.

The following chart shows the level of solvency achieved over the past five years. The chart highlights that in the three years prior to 2008 there was a gradual upward trend in the level of solvency. That trend coincided with the improvement in investment market returns in those years and also the change in premiums being at the level recommended by the independent Third Party Premium Committee (TPPC). In 2008 and 2009, the premium increase approved by the Treasurer was lower than that recommended by the TPPC and this coincided with the poor investment market performance in both years. Refer to the table below for more details on recent premium increases.

While not meeting the solvency target in 2009, the Commission had net assets at 30 June 2009 of $70 million despite two years of poor investment markets. Other key characteristics of the Commission that assist to ensure that the CTP Fund can reasonably be expected to meet all of its liabilities as they fall due include the:

- annual income stream and cash flow from the receipt of statutory premium income
- liquidity of investments allowing redemption of a high proportion of investments as required
- prudential margins built into the outstanding claims estimate.

Nonetheless, the current situation demands that the Commission plan action needed to meet the solvency target. As set out in Note 26, in early 2009 the Commission approved a strategic plan with a range of initiatives aimed to return the Commission to the solvency target as quickly as possible.

Third party insurance premiums

The recent history regarding the implementation of premium changes recommended by the TPPC is outlined below:

	2009	2008	2007	2006	2005
	Percent	Percent	Percent	Percent	Percent
TPPC:					
Recommended rise (effective for the year ending 30 June)	**10.9**	6	(0.9)	(2.7)	5.5
Actual rise	**6.3**	2.4	(0.9)	(2.7)	5.5
Difference	**4.6**	3.6	-	-	-

As can be seen from the foregoing table, since 2005 the premiums recommended by the TPPC were approved by the Treasurer until 2008 and 2009 when a lesser rise was approved.

Subsection 25(3a) of the MAC Act requires that subject to any direction of the Treasurer to the contrary, the Commission must not, while there is less than sufficient level of solvency in the CTP Fund, fix its third party insurance premiums at amounts less than those determined by the TPPC. Application of this subsection since its promulgation in 2002 has contributed to the solvency level being achieved in the period 2005 to 2008. In 2005-06 and 2006-07 a decrease in premiums charged was approved while in 2007-08 and 2008-09 an increase less than that recommended by the TPPC was implemented.

The risk of decreasing premiums or implementing a less than recommended increase is that it places additional reliance on achieving good investment returns. If this is not achieved or indeed when there is a significant downturn in investment performance, as was the case over the last two years, there may be little margin in the solvency position to absorb the impact of the downturn. As indicated in the analysis as at the end of 2008 there was little margin for negative investment performance without risking not meeting the solvency requirements. This has proven to be the case with another poor year of investment returns resulting in the solvency requirement not being achieved.

Under the provisions of the MAC Act, two of the principal objectives of the Commission in providing CTP insurance are to achieve and maintain a sufficient level of solvency in the CTP Fund; and to minimise premium charges having regard to the Commission's objective of achieving and maintaining a sufficient level of solvency in the CTP Fund. The TPPC considers these two objectives when making its premium recommendation which is determined based on the circumstances prevailing at the time in relation to expected premium income, projected claim costs and investment returns. For the year commencing 1 July 2009 the TPPC recommended an average increase in premiums of 17.6 percent. The Treasurer directed that all premium increases be capped at 8.5 percent resulting in an average premium increase of 7 percent. This reduces potential annual premium income by an estimated $46 million.

Statement of Cash Flows

The following table summarises the net cash flows for the five years to 2009.

	2009	2008	2007	2006	2005
	$'000	$'000	$'000	$'000	$'000
Net cash flows					
Operating	**27 683**	(39 414)	(11 212)	(24 783)	9 624
Investing	**(104)**	(12)	-	(37)	51
Change in cash	**27 579**	(39 426)	(11 212)	(24 820)	9 675
Cash at 30 June	**38 006**	10 427	49 853	61 065	85 885

The analysis of cash flows shows that the Commission's cash position has increased in 2009 as a result of cash provided by operating activities.

Net cash inflows from operating activities increased by $67 million from the previous year and was impacted by an increase in the net cash generated in the course of operations (up $32 million to a net cash inflow of $27 million) and a decrease in the net cash used in the purchase of investments (down $100 million to $6 million).

Other net cash inflows were $6 million (down $65 million) which related mainly to cash received for interest and dividends from investments.

The decrease in the cash flows in relation to the purchase of investments and other net cash flows relate to the change in the management of investment activities where the majority of investments are held in unit trusts within Funds SA and not directly by the Commission. The change in net cash generated in the course of operations in 2009 has resulted from an increase in payments of $17 million due mainly to an increase in claim payments made during the year offset by an increase in cash inflows of $49 million primarily as a result of increased premium receipts.

Statement of Comprehensive Income
for the year ended 30 June 2009

		CTP		MAC	
		2009	2008	**2009**	2008
	Note	**$'000**	$'000	**$'000**	$'000
Premium revenue	5	**434 467**	400 972	**434 467**	400 972
Outwards reinsurance expense		**(4 424)**	(3 811)	**(4 424)**	(3 811)
NET PREMIUM		**430 043**	397 161	**430 043**	397 161
Claims expense	6	**(529 636)**	(427 803)	**(529 636)**	(427 802)
Reinsurance and other recoveries	5	**1 755**	2 923	**1 757**	2 926
NET CLAIMS	20	**(527 881)**	(424 880)	**(527 879)**	(424 876)
Unexpired risk expense	9	**(12 700)**	(9 980)	**(12 700)**	(9 980)
Other underwriting expenses	7	**(88 164)**	(84 791)	**(88 051)**	(86 006)
UNDERWRITING LOSS		**(198 702)**	(122 490)	**(198 587)**	(123 701)
Investment revenue	5	**(2 991)**	144 073	**(2 948)**	144 154
Other revenue	5	**-**	17	**33**	16
Investment management fee		**(4 153)**	(2 219)	**(4 153)**	(2 219)
NET INVESTMENT REVENUE		**(7 144)**	141 871	**(7 068)**	141 951
NET RESULT BEFORE MARKET VALUE MOVEMENTS		**(205 846)**	19 381	**(205 655)**	18 250
Investment market value movements (AASB 1023)	5	**(2 622)**	(163 970)	**(2 622)**	(163 970)
TOTAL COMPREHENSIVE RESULT		**(208 468)**	(144 589)	**(208 277)**	(145 720)

Total comprehensive result is attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2009

		CTP		MAC	
		2009	2008	**2009**	2008
	Note	**$'000**	$'000	**$'000**	$'000
CURRENT ASSETS:					
Cash		**3 480**	8 801	**4 006**	9 549
Receivables	8	**6 166**	6 924	**6 246**	6 936
Reinsurance and other recoveries receivable	10	**2 396**	2 744	**2 396**	2 744
Other financial assets	11	**100 934**	44 926	**100 934**	44 986
Prepayments		**17 056**	15 660	**17 056**	15 660
Total current assets		**130 032**	79 055	**130 638**	79 875
NON-CURRENT ASSETS:					
Reinsurance and other recoveries receivable	10	**14 335**	16 453	**14 335**	16 453
Other financial assets	11	**1 786 216**	1 789 652	**1 786 216**	1 789 652
Investment property	12	**172 900**	206 790	**172 900**	206 790
Property, plant and equipment	13	**-**	-	**103**	31
Total non-current assets		**1 973 451**	2 012 895	**1 973 554**	2 012 926
Total assets		**2 103 483**	2 091 950	**2 104 192**	2 092 801
CURRENT LIABILITIES:					
Payables	14	**6 169**	6 756	**5 833**	6 606
Unearned premium	15	**156 177**	140 851	**156 177**	140 851
Outstanding claims	16	**421 128**	385 470	**421 130**	385 472
Unexpired risk liability	9	**2 925**	2 037	**2 925**	2 037
Provisions	18	**-**	-	**197**	280
Total current liabilities		**586 399**	535 114	**586 262**	535 246
NON-CURRENT LIABILITIES:					
Unearned premium	15	**1 839**	1 452	**1 839**	1 452
Outstanding claims	16	**1 406 960**	1 250 443	**1 407 032**	1 250 503
Unexpired risk liability	9	**38 867**	27 055	**38 867**	27 055
Provisions	18	**-**	-	**66**	142
Total non-current liabilities		**1 447 666**	1 278 950	**1 447 804**	1 279 152
Total liabilities		**2 034 065**	1 814 064	**2 034 066**	1 814 398
NET ASSETS		**69 418**	277 886	**70 126**	278 403
EQUITY:					
Retained earnings		**69 418**	277 886	**70 126**	278 403
TOTAL EQUITY		**69 418**	277 886	**70 126**	278 403

Total equity is attributable to the SA Government as owner

Commitments	21
Contingent assets and liabilities	27

Statement of Changes in Equity
for the year ended 30 June 2009

	CTP	MAC
	$'000	$'000
Retained earnings at 30 June 2007	422 475	424 123
Total comprehensive result for 2007-08	(144 589)	(145 720)
Retained earnings at 30 June 2008	277 886	278 403
Total comprehensive result for 2008-09	(208 468)	(208 277)
Retained earnings at 30 June 2009	**69 418**	**70 126**

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

Statement of Cash Flows
for the year ended 30 June 2009

		CTP		MAC	
		2009	2008	**2009**	2008
		Inflows	Inflows	**Inflows**	Inflows
		(Outflows)	(Outflows)	**(Outflows)**	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	**$'000**	$'000	**$'000**	$'000
Cash receipts in the course of operations		**491 933**	442 586	**492 071**	442 675
Cash payments in the course of operations		**(464 898)**	(447 135)	**(465 144)**	(448 135)
Proceeds from sale of investments		**27 051**	2 104 056	**27 051**	2 104 056
Payment for investments		**(32 739)**	(2 209 602)	**(32 739)**	(2 209 602)
GST paid to the ATO		**(9 347)**	(10 629)	**(9 357)**	(10 657)
Dividends received		**1 091**	2 590	**1 091**	2 590
Interest and other investment income		**14 710**	79 659	**14 710**	79 659
Net cash inflows (outflows) from operating activities	25	**27 801**	(38 475)	**27 683**	(39 414)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Payment for property, plant and equipment		**-**	-	**(104)**	(12)
Net cash outflows from investing activities		**-**	-	**(104)**	(12)
NET INCREASE (DECREASE) IN CASH HELD		**27 801**	(38 475)	**27 579**	(39 426)
CASH AT 1 JULY		**9 679**	48 154	**10 427**	49 853
CASH AT 30 JUNE	2(q),25	**37 480**	9 679	**38 006**	10 427

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Activities of the Motor Accident Commission

The Motor Accident Commission of South Australia's (MAC or the Commission) principal activity is the underwriting of Compulsory Third Party (CTP) Insurance in South Australia. Other businesses managed in run-off include inwards reinsurance and mortgage guarantee insurance.

2. Statement of significant accounting policies

(a) Basis of preparation

These financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and TIs and APSs promulgated under the provision of the PFAA.

Except for the amendments to AASB 101 including AASB 2007-8 and AASB 2007-10, which the Commission has early-adopted, AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Commission for the reporting year ending 30 June 2009.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for other financial assets and investment properties which are valued in accordance with the valuation policy applicable.

(b) Premium revenue

The earned portion of premiums received and receivable, is recognised as revenue. Premium is treated as earned from the date of attachment of risk. Unearned premium is determined by apportioning the premiums written prior to year-end on a daily pro-rata basis.

(c) Investment income

Fees and discounts are amortised over the period to which they relate. Interest and dividends are taken to income on an earned basis. Investment income is reported after deducting costs and expenses relating to management, operation and maintenance of the investment portfolio.

(d) Outwards reinsurance

Premiums paid to reinsurers are recognised as an expense in accordance with the pattern of reinsurance service received. Accordingly, a portion of outwards reinsurance is treated at balance date as a prepayment.

(e) Claims

Claims expense and a liability for outstanding claims are recognised in respect of the direct insurance and inwards reinsurance businesses. The liability covers claims reported but not yet paid, incurred but not reported (IBNR) claims, the anticipated direct and indirect costs of settling those claims and estimated reinsurance and other insurance recoveries. Claims outstanding are based on average or individual claim file estimates, with IBNRs and settlement costs calculated using statistics from past experience and trends.

(i) CTP claims

The liability for outstanding CTP claims is measured as the present value of the expected future payments. These payments are estimated on the basis of the ultimate cost of settling claims, which is affected by factors arising during the period to settlement such as normal and superimposed inflation. The expected future payments are discounted to present value at balance date and a margin is included to provide sufficient confidence that the provision is adequate. The outstanding claims liability is subject to actuarial assessment.

A risk margin is added to the outstanding claims provision to increase the probability that the net liability is adequately provided to a sufficiency level of 80 percent.

(ii) Other claims

In the insurance and inwards reinsurance businesses, delays occur in the notification of information normally used in the calculation of claims provisions. The Directors, having due consideration for the nature of the risks involved and any material event that would adversely affect the operating results, have provided an amount for claims in the accounts that is sufficient to cover known events and at the same time, assist to maintain prudential reserves.

(f) Reinsurance and other recoveries receivable

Reinsurance and other recoveries receivable on paid claims, reported claims not yet paid and IBNRs are recognised as revenue. Recoveries receivable used in the calculation of claims provisions are brought to account where they can be reliably measured. Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims.

(g) Unexpired risk

AASB 1023 requires an assessment of the net unearned premium reserve to ensure that it is at least equal to the future claims expense, inclusive of a prudential margin and associated claims management expenses. If this is not so, then additional provisioning is included such that this condition is met.

An assessment of the expected future claims relating to the unexpired risk period represented by the unearned premium has been undertaken by the actuaries as at 30 June 2009.

In order to meet the Liability Adequacy Test (LAT), additional provisioning has been included at a probability of sufficiency of 80 percent.

(h) Collection charges

Costs incurred in obtaining and recording policies of insurance are recognised as collection costs and have been brought to account during the financial year as they do not represent a future benefit.

(i) Levies and charges

A liability for levies and charges is recognised on business written to balance date. Levies and charges payable by MAC are expensed on the same basis as the recognition of premium revenue, with the portion relating to unearned premium being recorded as a prepayment.

(j) Receivables

(i) Trade debtors

Trade debtors principally relate to premiums collected by the Department for Transport, Energy and Infrastructure (DTEI), an agent of MAC, not yet passed over to the CTP Fund. The settlement of these amounts occurs within seven working days.

(ii) Investment debtors

Investment debtors consist of interest and rental due on other investments.

The collectability of debts is assessed at balance date and specific allowance is made for any doubtful debts. The carrying amount of receivables approximates fair value due to being receivable on demand.

(k) Other financial assets

AASB 1023 requires that assets backing insurance liabilities are to be measured at fair value with any changes in value taken to the Statement of Comprehensive Income. All assets of an investment nature held by the CTP Fund are considered to be for the purpose of backing insurance liabilities.

(i) Unit trusts

The bulk of MAC's investment portfolio is held with Funds SA, the SA Government investment body. These investments are held via unit trusts in a range of asset classes. Market quotations are used as the valuation basis for these units.

(ii) Property securities

By market quotations as at 30 June 2009.

(iii) Other investments

Other investments are valued based on current economic conditions, market interest rates and the latest available information on the investments as considered appropriate by the Directors.

(l) Investment properties

Investment properties are properties which are held for long-term rental yields or for capital appreciation or both. Investment properties are measured at fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties. The 2009 revaluations were based on independent assessments made by members of the Australian Property Institute.

Changes in fair value are recognised in the Statement of Comprehensive Income. Rental income is recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

(m) Employee benefits

A liability for employee benefits has been accrued as at 30 June 2009.

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

Wages, salaries, annual leave and sick leave

Liability for salaries and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual 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 of sick leave.

Long service leave

The liability for long service leave is recognised after an employee has completed 6.5 years of service. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance, based on a significant sample of employees throughout the South Australian public sector, determined that the liability measured using the short-hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the MAC's experience of employee retention and leave taken.

Employment on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave and annual leave and are accounted for under payables.

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

(n) Taxation
MAC is an income tax exempt organisation pursuant to section 24AK of the ITAA.

MAC is liable for payroll tax, FBT, GST, emergency services levy, land tax and local government rates.

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 ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

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

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

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

(o) Property, plant and equipment
MAC has adopted the fair value method of valuing its property, plant and equipment assets. Plant and equipment and building fitout are recorded at cost and depreciated over their estimated useful lives. The rates of depreciation are detailed below. Land and buildings are treated as investments and are consequently not subject to depreciation.

The useful lives of all major assets held by MAC are reassessed on an annual basis.

Depreciation/amortisation for non-current assets is determined as follows:

Asset class	*Depreciation method*	*Depreciation rate percent*
Plant and equipment	Diminishing value	20
Building fitout	Diminishing value	20
Other	Straight-line	10

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

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

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

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

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

The carrying amount of payables approximates fair value due to amounts owing being payable on demand.

(q) Cash
For the purpose of the Statement of Cash Flows, cash includes cash on hand and at bank and short-term deposits at call.

3. Changes in accounting policies
Except for the amendments to AASB 101, including AASB 2007-8 and AASB 2007-10 which MAC has early-adopted, AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by MAC for the reporting period ending 30 June 2009. MAC has assessed the impact of the new and amended standards and Interpretations and consider there will be no impact on the accounting policies or the financial statements.

4. Net result

	CTP		MAC	
Net result is arrived at after crediting and charging	**2009**	2008	**2009**	2008
the following specific items:	**$'000**	$'000	**$'000**	$'000
Credits:				
Interest received/receivable	**1 014**	64 354	**1 057**	64 435
Dividends received/receivable	**556**	4 796	**556**	4 796
Charges (recoveries):				
Amounts set aside to provide for:				
Employee benefits	**-**	-	**74**	53
Depreciation of property, plant and equipment	**-**	-	**21**	7
Bad and doubtful debts	**(128)**	285	**(128)**	285

5. Revenue

	CTP 2009	CTP 2008	MAC 2009	MAC 2008
Premium revenue:				
Direct	**434 467**	400 972	**434 467**	400 972
	434 467	400 972	**434 467**	400 972
Reinsurance and other recoveries:				
Other	**1 755**	2 923	**1 757**	2 926
	1 755	2 923	**1 757**	2 926
Investment revenue:				
Dividends	**556**	4 796	**556**	4 796
Interest	**1 014**	64 354	**1 057**	64 435
Rentals	**14 127**	13 037	**14 127**	13 037
(Loss) Profit - investments realised	**(18 688)**	61 886	**(18 688)**	61 886
	(2 991)	144 073	**(2 948)**	144 154
Investment market value movements - unrealised gains (losses):				
Fixed interest	**102 242**	(11 721)	**102 242**	(11 721)
Equities	**(73 440)**	(188 849)	**(73 440)**	(188 849)
Properties	**(35 109)**	2 800	**(35 109)**	2 800
Futures	**-**	2	**-**	2
Other	**3 685**	33 798	**3 685**	33 798
	(2 622)	(163 970)	**(2 622)**	(163 970)
Other revenue:				
Foreign exchange gains	**-**	3	**19**	2
Other	**-**	14	**14**	14
	-	17	**33**	16
Total revenue	**430 609**	384 015	**430 687**	384 098

6. Claims expense

	CTP 2009	CTP 2008	MAC 2009	MAC 2008
Claims paid*	**337 460**	329 990	**337 460**	329 990
Claims provision adjustment	**152 372**	96 965	**152 372**	96 965
Adjustment for economic assumptions	**39 804**	848	**39 804**	848
	529 636	427 803	**529 636**	427 803
Non-CTP business	**-**	-	**-**	(1)
	529 636	427 803	**529 636**	427 802

* Claims paid includes supplies and services paid or payable to SA Government entities as follows:

	2009	2008
	$'000	$'000
Ambulance and helicopter rescue services	**6 096**	6 095

7. Other underwriting expenses

	CTP		MAC	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Management expenses*	**29 190**	30 549	**29 077**	31 764
Levies and charges	**46 896**	43 281	**46 896**	43 281
Collection charges	**12 078**	10 961	**12 078**	10 961
	88 164	84 791	**88 051**	86 006

* Management expenses includes supplies and services paid or payable to SA Government entities as follows:

	2009	2008
	$'000	$'000
Audit services	**112**	112
Road safety supplies and services	**1 227**	2 121
Repayment of run-off activity profits	**-**	1 000

In relation to levies and charges and collection charges, the entire amount was paid or payable to SA Government entities.

8. Receivables

	CTP		MAC	
	2009	2008	**2009**	2008
Current:	**$'000**	$'000	**$'000**	$'000
Trade debtors	**5 961**	5 944	**5 970**	5 952
Other debtors	**-**	-	**69**	(1)
	5 961	5 944	**6 039**	5 951
Investment debtors	**257**	1 185	**259**	1 190
Allowance for doubtful debts	**(52)**	(205)	**(52)**	(205)
	205	980	**207**	985
	6 166	6 924	**6 246**	6 936

Investment debtors consists of interest and rental due on investments.

Other debtors generally arise from transactions outside the usual operating activities of the Commission.

Movement in the allowance for doubtful debts				
Carrying amount at 1 July	**(205)**	-	**(205)**	-
Increase in the allowance	**-**	(285)	**-**	(285)
Amounts written off	**25**	80	**25**	80
Amounts recovered during the year	**128**	-	**128**	-
Carrying amount at 30 June	**(52)**	(205)	**(52)**	(205)

9. Unexpired risk

AASB 1023 requires a LAT which is an assessment of the net unearned premium reserve to ensure that it is at least equal to the future claims expense, inclusive of a prudential margin and associated claims management expenses. If this is not so, then additional provisioning is included such that this condition is met.

An assessment of the expected future claims relating to the unexpired risk period represented by the unearned premium has been undertaken by the Actuaries as at 30 June 2009.

	CTP		MAC	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Central estimate of present value of future claims	**145 700**	124 300	**145 700**	124 300
Risk margin	**36 400**	31 100	**36 400**	31 100
Present value of expected future claims	**182 100**	155 400	**182 100**	155 400
Unearned premium liability	**158 016**	142 303	**158 016**	142 303
Related reinsurance asset	**(652)**	(635)	**(652)**	(635)
Prepaid licence fees	**(17 056)**	(15 360)	**(17 056)**	(15 360)
	140 308	126 308	**140 308**	126 308
Unexpired risk liability	**41 792**	29 092	**41 792**	29 092

In order to meet the LAT, additional provisioning for the premium liability has been included at a probability of sufficiency of 80 percent (80 percent) which results in a risk margin of 25 percent (25 percent). This risk margin is based on the Actuaries' knowledge of industry practice for CTP insurance portfolios which they consider are appropriate for MAC. As MAC has only one class of insurance, no allowance has been made for diversification of insurance classes.

	CTP		MAC	
	2009	2008	**2009**	2008
Unexpired risk liability:	**$'000**	$'000	**$'000**	$'000
Balance at 1 July	**29 092**	19 112	**29 092**	19 112
Unexpired risk expense	**12 700**	9 980	**12 700**	9 980
Balance at 30 June	**41 792**	29 092	**41 792**	29 092
Unexpired risk liability:				
Current	**2 925**	2 037	**2 925**	2 037
Non-current	**38 867**	27 055	**38 867**	27 055
Total liability	**41 792**	29 092	**41 792**	29 092

10. Reinsurance and other recoveries receivable

Expected future recoveries (undiscounted)	**20 061**	24 648	**20 061**	24 648
Discount to present value*	**(3 330)**	(5 451)	**(3 330)**	(5 451)
Reinsurance and other recoveries receivable	**16 731**	19 197	**16 731**	19 197

10. Reinsurance and other recoveries receivable (continued)

	CTP		MAC	
	2009	2008	**2009**	2008
Reinsurance and other recoveries receivable:	**$'000**	$'000	**$'000**	$'000
Current	**2 396**	2 744	**2 396**	2 744
Non-current	**14 335**	16 453	**14 335**	16 453
	16 731	19 197	**16 731**	19 197

* Refer to Note 16(b) for details of the inflation and discount rates used in the determination of this discounting adjustment.

11. Other financial assets

Investments are held primarily with Funds SA via unit trusts in a range of asset classes.

	CTP		MAC	
Current:	**2009**	2008	**2009**	2008
Fixed interest:	**$'000**	$'000	**$'000**	$'000
Cash and deposits	**34 000**	878	**34 000**	878
Cash - unit trust	**48 520**	25 179	**48 520**	25 179
Fixed interest - unit trust	**18 399**	18 854	**18 399**	18 854
Foreign currency	**-**	-	**-**	60
Property:				
Sales/purchase deposits	**15**	15	**15**	15
Total current other financial assets	**100 934**	44 926	**100 934**	44 986
Non-current:				
Fixed interest:				
Fixed interest - unit trust	**901 571**	923 844	**901 571**	923 844
Equities:				
Australian Equities - unit trust	**319 025**	267 931	**319 025**	267 931
International Equities - unit trust	**162 370**	164 137	**162 370**	164 137
Property:				
Securities	**36 127**	34 369	**36 127**	34 369
Other:				
Diversified Strategies (Income) - unit trust	**110 023**	121 622	**110 023**	121 622
Inflation linked securities - unit trust	**257 100**	277 749	**257 100**	277 749
Total non-current other financial assets	**1 786 216**	1 789 652	**1 786 216**	1 789 652
Total other financial assets	**1 887 150**	1 834 578	**1 887 150**	1 834 638

12. Investment property

At fair value:				
Balance at 1 July	**206 790**	191 060	**206 790**	191 060
Acquisitions	**-**	20 914	**-**	20 914
Disposals	**-**	(10 060)	**-**	(10 060)
Capitalised subsequent expenditure	**1 219**	2 076	**1 219**	2 076
Net (loss) gain from fair value adjustments	**(35 109)**	2 800	**(35 109)**	2 800
Balance at 30 June	**172 900**	206 790	**172 900**	206 790
Amounts recognised in the Statement of Comprehensive income for investment property:				
Rental income	**19 618**	20 707	**19 618**	20 707
Direct operating expenses	**(5 491)**	(7 670)	**(5 491)**	(7 670)
Total amount recognised	**14 127**	13 037	**14 127**	13 037

Valuation basis

Investment properties are measured at fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties. The 2009 revaluations were based on independent assessments made by members of the Australian Property Institute.

Leasing arrangements	CTP		MAC	
Commitments under non-cancellable operating leases at the reporting date are receivable as follows:	**2009** **$'000**	2008 $'000	**2009** **$'000**	2008 $'000
Not later than one year	**17 501**	16 717	**17 501**	16 717
Later than one year but no later than five years	**44 484**	46 511	**44 484**	46 511
Later than five years	**21 603**	20 443	**21 603**	20 443
	83 588	83 671	**83 588**	83 671

These operating leases are not recognised in the Statement of Financial Position as assets.

Leasing arrangements (continued)

The non-cancellable leases are property leases with numerous tenants for a variety of terms where the rent payable is monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments to be increased by various methods including CPI, fixed increases and to market. Options exist to renew some of the leases at the end of the term of those leases. Our property managers have provided information regarding the likely renewal of leases in the multiple leased premises. Our valuers have provided calculations to determine the commitments under non-cancellable operating leases as at 30 June 2009. In determining those figures, our valuers have based their calculations on the requirements of AASB 117.

13. Property, plant and equipment

	CTP		MAC	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Building fitout	**-**	-	**58**	5
Accumulated depreciation	**-**	-	**(10)**	(1)
	-	-	**48**	4
Plant and equipment	**-**	-	**87**	64
Accumulated depreciation	**-**	-	**(44)**	(37)
	-	-	**43**	27
Other	**-**	-	**13**	-
Accumulated depreciation	**-**	-	**(1)**	-
	-	-	**12**	-
Total property, plant and equipment	**-**	-	**103**	31
Building fitout:				
Carrying amount at 1 July	**-**	-	**4**	-
Additions	**-**	-	**59**	5
Disposals	**-**	-	**(4)**	-
Depreciation	**-**	-	**(11)**	(1)
Carrying amount at 30 June	**-**	-	**48**	4
Plant and equipment:				
Carrying amount at 1 July	**-**	-	**27**	26
Additions	**-**	-	**23**	7
Depreciation	**-**	-	**(7)**	(6)
Carrying amount at 30 June	**-**	-	**43**	27
Other:				
Carrying amount at 1 July	**-**	-	**-**	-
Additions	**-**	-	**13**	-
Depreciation	**-**	-	**(1)**	-
Carrying amount at 30 June	**-**	-	**12**	-

14. Payables

	CTP 2009	CTP 2008	MAC 2009	MAC 2008
Current:				
Trade creditors	**-**	-	**11**	79
Investment creditors	**-**	259	**-**	259
Other creditors and accruals	**6 169**	6 497	**5 822**	6 268
	6 169	6 756	**5 833**	6 606

15. Unearned premium

	CTP 2009	CTP 2008	MAC 2009	MAC 2008
Current	**156 177**	140 851	**156 177**	140 851
Non-current	**1 839**	1 452	**1 839**	1 452
	158 016	142 303	**158 016**	142 303

16. Outstanding claims

	CTP 2009	CTP 2008	MAC 2009	MAC 2008
(a) Expected future claims payments (undiscounted)	**1 879 665**	1 779 120	**1 879 739**	1 779 182
Risk margin applied (undiscounted)	**297 537**	280 715	**297 537**	280 715
Discount to present value:				
Central estimate	**(301 420)**	(366 202)	**(301 420)**	(366 202)
Risk margin applied	**(47 694)**	(57 720)	**(47 694)**	(57 720)
Liability for outstanding claims	**1 828 088**	1 635 913	**1 828 162**	1 635 975
Current	**421 128**	385 470	**421 130**	385 472
Non-current	**1 406 960**	1 250 443	**1 407 032**	1 250 503
Liability for outstanding claims	**1 828 088**	1 635 913	**1 828 162**	1 635 975

(b) The following average inflation (normal and superimposed) rates and discount rates were used in the measurement of outstanding claims:

	CTP		MAC	
	2009	2008	**2009**	2008
For the succeeding year:	**Percent**	Percent	**Percent**	Percent
Inflation rate	**6.50**	7.50	**6.50**	7.25
Discount rate	**5.10**	6.70	**5.10**	6.50
For subsequent years:				
Inflation rate	**6.50**	7.50	**6.50**	7.25
Discount rate	**5.10**	6.70	**5.10**	6.50

(c) The weighted average expected term to settlement of the outstanding claims from balance date is estimated to be:

CTP		MAC	
2009	2008	**2009**	2008
Years	Years	**Years**	Years
3.8	4.0	**3.8**	4.0

The method of calculating outstanding claims is set out in detail in Note 2(e).

The claims provision as at 30 June 2009 for the CTP Fund has been reviewed by the Fund actuaries, Mr L C Brett, BSc, FIA, FIAA and Mr B A Watson, BSc, FIAA of Brett & Watson Pty Ltd. The Directors have adopted a central estimate plus a risk margin as determined by the actuaries to achieve an 80 percent probability that the provision will prove to be adequate. A risk margin of 16 percent (16 percent) has been applied and is based on the actuaries knowledge of industry practice for CTP insurance portfolios. As MAC only includes one class of insurance, no allowance has been made for diversification of insurance classes.

For inwards reinsurance, the Directors have adopted an internal valuation of the estimated outstanding liability.

Claims development

	Accident year ending 30 June							
	2003	2004	2005	2006	2007	2008	2009	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	**$'000**
Net ultimate claims cost estimate:								
At end of accident year	281 748	338 640	326 705	354 460	382 329	426 940	444 156	
One year later	323 292	313 058	343 157	355 875	386 338	394 295		
Two years later	328 682	302 311	331 398	352 055	378 015			
Three years later	306 755	312 080	353 662	364 139				
Four years later	311 494	308 606	359 694					
Five years later	308 554	321 533						
Six years later	305 794							
Current estimate of net ultimate claims cost	305 794	321 533	359 694	364 139	378 015	394 295	444 156	
Cumulative payments	(249 888)	(229 436)	(201 284)	(147 648)	(107 142)	(52 559)	(19 641)	
Net undiscounted claims liability for the seven most recent accident years	55 906	92 097	158 410	216 491	270 873	341 736	424 515	**1 560 028**
Discount to present value	(12 021)	(17 548)	(19 428)	(27 582)	(36 288)	(52 017)	(75 004)	**(239 888)**
Net discounted claims liability for the seven most recent accident years	43 885	74 549	138 982	188 909	234 585	289 719	349 511	**1 320 140**
Reconciliation:								
Claims handling expenses								**66 007**
Risk margin								**221 784**
Net discounted claims liability for accident years 2001-02 and prior								**203 426**
Net outstanding claims liability								**1 811 357**
Gross outstanding claims liability on the Statement of Financial Position								**1 828 088**
Reinsurance and other recoveries on outstanding claims liability								**(16 731)**
Net outstanding claims liability								**1 811 357**

Estimated timing of the net cash outflows resulting from recognised insurance liabilities is provided below. This is provided instead of a maturity analysis for financial liabilities showing remaining contractual liabilities.

Payments per year	1 year and less $'000	2-4 years $'000	5-9 years $'000	10-14 years $'000	15-19 years $'000	20-24 years $'000	**2009 Total $'000**
Liabilities	418 759	895 431	382 471	90 258	24 261	177	**1 811 357**

17. Insurance contracts risk management

A key risk from operating in the CTP insurance industry is the exposure to insurance risk arising from underwriting CTP insurance contracts. CTP insurance policies transfer risk to the insurer by indemnifying the policyholders against adverse effects arising from the occurrence of specified uncertain future events. The risk is that the actual amount of claims to be paid in relation to CTP insurance policies will be different to the amount estimated at the time CTP premiums are determined. MAC is exposed to this risk because the price for a policy must be set before the losses relating to the insurance cover are known. Hence the insurance business involves inherent uncertainty. MAC also faces other risks relating to the conduct of the CTP insurance business including financial and capital risks.

A fundamental part of the overall risk management strategy is the effective governance and management of the risks that impact the amount, timing and uncertainty of cash flows arising from insurance policies.

Risk management objectives and policies for mitigating insurance risk

The risk management activities can be broadly separated into underwriting (acceptance and pricing of risk), claims management and investment management. The objective of these risk management functions is to secure the longer term financial performance of the CTP Insurance Scheme.

The key policies in place to mitigate risks arising from underwriting CTP insurance policies include the following:

Pricing

Actuarial models are used which combine historical and projected data to calculate premiums and monitor claims patterns. The data used includes historical pricing, investment behaviours and claims experience and analysis and takes account of current market and scheme trends. All data used is subject to thorough verification and reconciliation processes.

A recommendation in relation to the premiums which MAC may charge is made by an independent body, the TPPC, taking into account actuarial models and having regard to MAC's obligation to seek to achieve and maintain a sufficient level of solvency in the CTP Fund. The CTP premiums to be charged for each financial year are ultimately determined by Cabinet.

Whilst premiums are set based on assumptions regarding the behaviour of claims and investments during the year, actual claims and investment behaviour often varies from these assumptions and the results achieved by MAC can therefore be affected by a range of factors over which MAC has limited or no control, including variations in claims experience and investment earnings and directions by the Minister to charge premiums other than those recommended by the TPPC.

Reinsurance

The use of reinsurance to limit exposure to large single claims and accumulation of claims that arise from the same event or the accumulation of similar events. This includes the monitoring of reinsurers' credit risk to control exposure to potential reinsurance counterparty default. All reinsurers are required contractually to have a minimum security Standard and Poor's rating of 'A-'. MAC's reinsurance broker monitors the Standard and Poor's rating of all panel reinsurers.

Claims management

Claim determination is managed by Allianz Australia Insurance Limited (AAL) on behalf of MAC by their employees who possess the requisite degree of experience and competence. It is MAC policy to respond and settle claims quickly whenever possible and to pay claims fairly, in accordance with the law and in line with community and government expectations.

Investment management

Assets and liabilities are managed so as to correlate the expected pattern of claims payments with the assets that are held to back insurance liabilities. Further information regarding investment related risks is contained in the Notes to the accounts.

Risk reduction

MAC looks to reduce the frequency and severity of claims by investing in community road safety initiatives.

18. Provisions

	CTP		MAC	
	2009	2008	**2009**	2008
Employee benefits:	**$'000**	$'000	**$'000**	$'000
Current	**-**	-	**197**	280
Non-current	**-**	-	**66**	142
	-	-	**263**	422

19. Additional financial instrument disclosures

(1) Derivative financial instruments

Derivatives are defined as financial contracts whose value depend on, or is derived from assets, liabilities, reference rates or indices. They are used to manage portfolio risk and to facilitate the implementation of investment strategies efficiently and cost effectively.

MAC's investment Fund Manager may from time to time use derivatives to manage portfolio risks and to facilitate the implementation of effective investment strategies.

(2) Foreign exchange risk

As part of a diversified investment strategy, MAC has investments in funds investing in international markets. MAC's Fund Manager for international equities hedges a portion of the international equities investments to Australian dollars and MAC's Fund Manager for global listed property securities hedges 100 percent of these investments back to Australian dollars.

(3) Interest rate risk

Interest rate risk is the risk that movement in interest rates will cause the value of fixed interest securities to deviate from expectations. MAC manages interest rate risk by using an appropriate asset/liability matching strategy and ensuring that asset allocations for different investment products are consistent with the time horizon of each. The risk is also managed through the use of specialist cash and fixed income investment managers.

MAC's exposure to interest rate risk, repricing maturities and the weighted average effective interest rates on financial assets and liabilities at balance date is set out below:

2009	Floating interest rate	Fixed interest rate maturities			Non-interest bearing	**2009 Total**
		Less than 1 year	1-5 years	Over 5 years		
Financial assets:	$'000	$'000	$'000	$'000	$'000	**$'000**
Cash and deposits	38 006	-	-	-	-	**38 006**
Receivables	-	-	-	-	6 246	**6 246**
Cash - Unit Trust*	-	-	-	-	48 520	**48 520**
Fixed interest - Unit Trust*	-	-	-	-	919 970	**919 970**
Australian Equities - Unit Trust*	-	-	-	-	319 025	**319 025**
International Equities - Unit Trust*	-	-	-	-	162 370	**162 370**
Other - Unit Trust*	-	-	-	-	367 123	**367 123**
Property securities	-	-	-	-	36 127	**36 127**
Sales/purchase deposits	-	-	-	-	15	**15**
Total financial assets	38 006	-	-	-	1 859 396	**1 897 402**
Weighted average interest rate (percent)	4.81					
Financial liabilities:						
Creditors	-	-	-	-	5 833	**5 833**
Total financial liabilities	-	-	-	-	5 833	**5 833**
Net financial assets	38 006	-	-	-	1 853 563	**1 891 569**

* Investments are held in unit trusts which are exposed directly to market risk only. Any income derived is directly attributable to market movements.

2008	Floating interest rate	Fixed interest rate maturities			Non-interest bearing	2008 Total
		Less than 1 Year	1 - 5 Years	Over 5 Years		
Financial assets:	$'000	$'000	$'000	$'000	$'000	$'000
Cash and deposits	35 606	-	-	-	-	35 606
Receivables	-	-	-	-	6 936	6 936
Fixed interest - Unit Trust*	-	-	-	-	942 698	942 698
Foreign currency	-	60	-	-	-	60
Domestic listed property trusts	-	-	-	-	34 369	34 369
Australian Equities - Unit Trust*	-	-	-	-	267 931	267 931
International Equities - Unit Trust*	-	-	-	-	164 137	164 137
Other*	-	-	-	-	399 371	399 371
Sales/purchase deposits	-	-	-	-	15	15
Total financial assets	35 606	60	-	-	1 815 457	1 851 123
Weighted average interest rate (percent)	6.71	6.86	-	-		
Financial liabilities:						
Creditors	-	-	-	-	6 606	6 606
Total financial liabilities	-	-	-	-	6 606	6 606
Net financial assets	35 606	60	-	-	1 808 851	1 844 517

* Investments are held in unit trusts which are exposed directly to market risk only. Any income derived is directly attributable to market movements.

Reconciliation of net financial assets	**2009**	2008
	$'000	$'000
Net financial assets	**1 891 569**	1 844 517
Reinsurance and other recoveries receivable	**16 731**	19 197
Prepayments	**17 056**	15 660
Investments - property assets	**172 900**	206 790
Property, plant and equipment	**103**	31
Unearned income	**(158 016)**	(142 303)
Outstanding claims	**(1 828 162)**	(1 635 975)
Unexpired risk provision	**(41 792)**	(29 092)
Provisions	**(263)**	(422)
Net assets	**70 126**	278 403

(4) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

Recognised financial instruments

The carrying amounts of financial assets included in the Statement of Financial Position represent MAC's maximum exposure to credit risk to these assets. MAC minimises concentrations of credit risk by undertaking transactions in a large number of investments through underlying fund managers. MAC is not materially exposed to any individual counterparty.

(5) Market risk

In addition to the effects of movements in interest rates, the CTP Fund is exposed to market risks influencing investment valuations.

Market risk represents the risk that investment returns generated by different financial markets will be volatile and will deviate from long-term expectations over the short/medium term. Market risk analysis is conducted on a regular basis and is conducted on a total portfolio basis.

In managing market risks, MAC aims to reduce the impact of short-term fluctuations on the reported result for the period. Over the longer term, sustained variations in economic variables will have an ongoing impact on the reported results. MAC manages the risk of financial market volatility through ensuring a diversity of exposures to different financial markets and submarkets.

The estimated financial impact of changes in interest rates and in the value of equities is shown in the following table. It should be noted that the financial impact on MAC's reported total comprehensive result and equity are the same.

	Movement in variable	Financial impact	
		2009	2008
	Percent	**$'000**	$'000
Interest rates	(1.0)	**28 887**	9 782
	(0.5)	**14 444**	4 795
	0.5	**(14 444)**	(4 612)
	1.0	**(28 887)**	(9 049)
Australian Equity markets	(10)	**(31 903)**	(30 413)
	(5)	**(15 951)**	(15 207)
	(1)	**(3 190)**	(3 041)
	5	**15 951**	15 207
	10	**31 903**	30 413
International Equity markets	(10)	**(16 237)**	(16 393)
	(5)	**(8 118)**	(8 196)
	(1)	**(1 624)**	(1 639)
	5	**8 118**	8 196
	10	**16 237**	16 393

(6) Liquidity and cash flow risk

Liquidity risk is the risk that MAC will not be able to meet its financial obligations as they fall due. The liquidity risks associated with the need to satisfy requests for redemptions are mitigated by maintaining sufficient cash reserves to satisfy usual levels of demand without incurring unacceptable losses. MAC ensures that a very high proportion of the CTP Fund is invested in securities that are actively traded and highly liquid. Liquidity risks are minimised through trading with approved exchanges and counterparties.

20. Net claims incurred

Current period claims relate to risks borne in the current reporting period. Prior period claims relate to a reassessment of the risks borne in all previous reporting periods.

2009	CTP			MAC		
Direct business	Current year $'000	Prior years $'000	**2009 Total $'000**	Current year $'000	Prior years $'000	**2009 Total $'000**
Gross claims incurred and related expenses - undiscounted	540 060	(85 233)	**454 827**	540 060	(85 233)	**454 827**
Reinsurance and other recoveries - undiscounted	(3 360)	3 727	**367**	(3 360)	3 727	**367**
Net claims incurred - undiscounted	536 700	(81 506)	**455 194**	536 700	(81 506)	**455 194**
Discount and discount movement - gross claims incurred	(92 008)	166 817	**74 809**	(92 008)	166 817	**74 809**
Discount and discount movement - reinsurance and other recoveries	653	(2 775)	**(2 122)**	653	(2 775)	**(2 122)**
Net discount movement	(91 355)	164 042	**72 687**	(91 355)	164 042	**72 687**
Net claims incurred	445 345	82 536	**527 881**	445 345	82 536	**527 881**
Non-CTP business						
Gross claims incurred and related expenses - undiscounted	-	-	-	-	-	-
Reinsurance and other recoveries - undiscounted	-	-	**-**	-	(2)	**(2)**
Net claims incurred	-	-	**-**	-	(2)	**(2)**
Total net claims incurred	445 345	82 536	**527 881**	445 345	82 534	**527 879**
2008						
Direct business						
Gross claims incurred and related expenses - undiscounted	519 476	(58 021)	461 455	519 476	(58 021)	461 455
Reinsurance and other recoveries - undiscounted	(3 779)	421	(3 358)	(3 779)	421	(3 358)
Net claims incurred - undiscounted	515 697	(57 600)	458 097	515 697	(57 600)	458 097
Discount and discount movement - Gross claims incurred	(113 292)	79 640	(33 652)	(113 292)	79 640	(33 652)
Discount and discount movement - reinsurance and other recoveries	955	(520)	435	955	(520)	435
Net discount movement	(112 337)	79 120	(33 217)	(112 337)	79 120	(33 217)
Net claims incurred	403 360	21 520	424 880	403 360	21 520	424 880
Non-CTP business						
Gross claims incurred and related expenses - undiscounted	-	-	-	-	(1)	(1)
Reinsurance and other recoveries - undiscounted	-	-	-	-	(3)	(3)
Net claims incurred	-	-	-	-	(4)	(4)
Total net claims incurred	403 360	21 520	424 880	403 360	21 516	424 876

21. Commitments

Operational expenditure commitments	CTP **2009**	2008	MAC **2009**	2008
Sponsorship expenditure*:	**$'000**	$'000	**$'000**	$'000
Contracted but not provided for and payable:				
Not later than one year	**800**	500	**800**	500
Later than one year but no later than five years	**1 264**	1 500	**1 264**	1 500
	2 064	2 000	**2 064**	2 000

* The amounts indicated above are contract amounts and do not allow for CPI adjustments.

Management agreements

MAC's contractual arrangements with AAL for the provision of the claims management operations of the CTP Fund expire on 31 December 2012. The initial contract arrangements with AAL commenced on 1 July 2003. The base management fee payable each year to AAL until the contract period concludes has been supplemented with an incentive fee arrangement. AAL is part of Allianz AG.

22. Segment information

MAC's predominant operation is that of the CTP insurer in South Australia.

23. Auditor's remuneration

	CTP **2009**	2008	MAC **2009**	2008
Amounts received or due and receivable for auditing the accounts of MAC:	**$'000**	$'000	**$'000**	$'000
Auditor-General's Department	**101**	101	**112**	112

The auditors provided no other services to the entity during the financial year.

24. Employee benefits

	CTP		MAC	
Aggregate liability for employee benefits including on-costs:	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Current:				
Employee benefits provision:				
Annual leave	**-**	-	**197**	280
On-costs	**-**	-	**38**	49
	-	-	**235**	329
Non-current:				
Employee benefits provision:				
Long service leave	**-**	-	**66**	142
	-	-	**66**	142
	-	-	**301**	471

25. Cash flow reconciliation

(1) Reconciliation of cash

	CTP 2009	CTP 2008	MAC 2009	MAC 2008
Cash	**3 480**	8 801	**4 006**	9 549
Deposits at call	**34 000**	878	**34 000**	878
	37 480	9 679	**38 006**	10 427

(2) Reconciliation of net cash inflows (outflows) from operating activities

	CTP 2009	CTP 2008	MAC 2009	MAC 2008
Total comprehensive result	**(208 468)**	(144 589)	**(208 277)**	(145 720)
Non-cash items:				
Depreciation	**-**	-	**21**	7
Loss on disposal of assets	**-**	-	**10**	-
Amounts set aside to provisions	**(128)**	285	**(128)**	285
Loss on sale and revaluation to market value of investments	**21 310**	102 084	**21 320**	102 084
Increase in taxes payable and provisions	**-**	-	**30**	5
Net cash outflows from operating activities before changes in assets and liabilities	**(187 286)**	(42 220)	**(187 024)**	(43 339)
Change in assets and liabilities:				
Increase in investments	**(6 225)**	(106 064)	**(6 175)**	(106 059)
Increase in receivables	**(1 726)**	(3 295)	**(2 017)**	(3 230)
Increase in payables and provisions	**12 683**	10 081	**12 532**	10 196
Increase in outstanding claims	**194 641**	97 181	**194 653**	97 176
Increase in unearned premium	**15 714**	5 842	**15 714**	5 842
Net cash inflows (outflows) from operating activities	**27 801**	(38 475)	**27 683**	(39 414)

26. Sufficient level of solvency

Subsection 14(3) of the *Motor Accident Commission Act 1992* (MAC Act) defines as one of the principal objectives of the Commission, the objective of achieving and maintaining a sufficient level of solvency in the CTP Fund. A revised formula to calculate a sufficient level of solvency was issued by the Treasurer on 17 May 2006 and subsequently published in the South Australian Government Gazette. The formula specifies that the Fund will have a sufficient level of solvency if its assets exceed the sum of the Fund's liabilities plus 10 percent of the outstanding claims liabilities, 10 percent of the premium liabilities provision and 10 percent of the investments in equities and property.

Under the formula, provisions for outstanding claims liabilities and premium liabilities include prudential margins which are calculated by reference to an 80 percent probability of sufficiency that the provisions will be adequate.

As at 30 June 2009, the sufficient solvency target was $2304.1 million ($2060.5 million) which compares to the Fund's assets of $2103.5 million ($2092 million) and this equates to 91.3 percent (101.5 percent) of the required level of sufficient solvency.

In recent years, there has been significant movement in MAC's solvency, which demonstrates the volatility of the CTP Fund on an annual basis and its dependence on strong investment market returns to achieve and maintain sufficient solvency.

The sufficient solvency target has created a prudential reserve for MAC which has effectively allowed it to weather the financial storm of the past two years and still remain in a positive net asset position ($69.4 million). The sufficient solvency target has therefore fulfilled its role of underpinning the long-term viability of the CTP Fund.

Having easily met the sufficient solvency target for a number of years, recent years' results reaffirm the need to return to and maintain sufficient solvency, whilst accepting that short-term fluctuations in the attainment of this target can and will occur.

In that regard in early 2009, the MAC Board approved a new strategic plan aimed specifically at reducing claim costs and increasing investment returns along with a range of other strategic initiatives to improve scheme profitability and return MAC to its sufficient solvency target as quickly as possible. It is anticipated that the achievement of successful outcomes against this plan, some of which are outside of MAC's direct control, will go a long way towards MAC again achieving and maintaining its sufficient solvency target.

26. Sufficient level of solvency (continued)

The accounts are prepared on a going concern basis after consideration of the following issues:

- the CTP Fund reports positive net assets as at 30 June 2009
- the CTP Fund's investment strategy ensures adequate liquidity to meet liabilities as and when they fall due
- the CTP Fund's investment strategy is designed to assist in maintaining sufficient solvency
- MAC is supported by a government guarantee pursuant to subsection 21(1) of the MAC Act.

27. Contingent assets and liabilities

Insurance underwriting by its very nature has liabilities contingent upon certain events occurring which give rise to a claim under the policy of insurance. All of the known and expected claims in respect of events that have occurred up to balance date have been accounted for in the preparation of these financial statements. Occasionally certain claims may require legal judgment to determine a suitable settlement. The result of such legal arbitration may result in a liability to the Commission different to that incorporated in these accounts.

28. External consultants used during the financial year

	2009	2008
Total amount paid or due and payable to external consultants during the financial year	**$'000**	$'000
	395	325

	2009	2008
The number and value of consultancies were:	**Number**	Number
Below $10 000	**8**	7
Between $10 000 and $50 000	**2**	4
Above $50 000	**3**	2

29. Directors' remuneration

The names of each person holding the position of director of the Commission during the financial year are:

J H Brown
R A Cook
A M Gallacher
B G Rowse
T R Groom
Y Sneddon
D J Watkins
K A Weir

	2009	2008
Total income paid or payable, or otherwise made available, to all Directors of the Commission from the Commission	**$'000**	$'000
	396	271

	2009	2008
The number of Directors of MAC whose income from the Commission falls within the following bands:	**Number**	Number
$0 - $9 999	**1**	1
$30 000 - $39 999	**-**	6
$40 000 - $49 999	**2**	-
$50 000 - $59 999	**4**	1
$90 000 - $99 999	**1**	-

Directors of the Commission receive remuneration in the form of statutory fees. In accordance with the Department of the Premier and Cabinet Circular 16, government employees who act as a director do not receive any remuneration from the Commission during the financial year.

Superannuation and retirement benefits

Directors of MAC are not paid superannuation or retirement benefits for their activities associated with the Commission other than the amount set aside by the Commission in compliance with the superannuation guarantee charge of $32 000 ($22 000).

30. Employees' and executives' remuneration

	2009	2008
	$'000	$'000
Salaries and wages	**2 196**	1 719
Long service leave	**31**	(9)
Annual leave	**43**	62
Employment on-costs:		
Superannuation	**226**	276
Other	**171**	160
Board fees	**364**	249
Total employee benefit expense	**3 031**	2 457
Total income in respect of the financial year received, or due and receivable, from MAC by executive officers of the Commission whose income is $100 000 or more	**1 063**	906

30. Employees' and executives' remuneration (continued)

The number of MAC executive officers whose remuneration from MAC falls within the following bands:

	2009 Number	2008 Number
$100 000 - $109 999	**2**	-
$110 000 - $119 999	**-**	2
$120 000 - $129 999	**1**	1
$130 000 - $139 999	**1**	-
$150 000 - $159 999	**-**	1
$160 000 - $169 999	**1**	1
$170 000 - $179 999	**1**	-
$240 000 - $249 999	**-**	1
$250 000 - $259 999	**1**	-

31. Related parties

Apart from the details disclosed in this Note, no Director has entered into a contract with the Commission since the end of the previous financial year and there were no contracts involving Directors' interests existing at year end.

Directors' transactions with the Commission

MAC sold CTP insurance to Directors of the Commission or their Director-related entities during the year within a normal customer relationship on terms and conditions no more favourable than those available on similar transactions to other members of the public.

The Directors of MAC may hold positions in other organisations in which MAC invests or provides funding in the ordinary course of business. The terms and conditions of those transactions with Director-related entities are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

These transactions include the following and have been quantified below where transactions are considered likely to be of interest to the users of these financial statements:

R Cook, AM	South Australian Motor Sport Board (Clipsal 500)	$30 000	Contribution to Clipsal 500 free public transport initiative

MUSEUM BOARD

FUNCTIONAL RESPONSIBILITY

Establishment

The Museum Board (the Board) is established pursuant to the *South Australian Museum Act 1976*. The Board is responsible for the management of the South Australian Museum. For details of the Board's functions, refer to Note 1 of the financial statements.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Subsection 31(1)(b) of the PFAA and subsection 16(2) of the *South Australian Museum Act 1976* provide for the Auditor-General to audit the accounts of the Museum Board for each financial year.

Assessment of controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Board in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial statements and internal controls.

During 2008-09, specific areas of audit attention included:

- expenditure, including accounts payable and payroll
- revenue, including sponsorship arrangements
- budgetary control and management reporting
- property, plant and equipment.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Museum Board as at 30 June 2009, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 198*7 and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Museum Board in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matter regarding the implementation of the revised TIs 2 and 28, as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Museum Board have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Director of the South Australian Museum. The response to the management letter was generally considered to be satisfactory. Matters raised included the need to formalise and include the assessed value of in-kind sponsorships in agreements and to recognise the assessed values in the financial statements, and to institute a time recording system in an operational unit. The matter of addressing the requirements of the revised TIs 2 and 28 was also raised.

Implementation of the revised TIs 2 and 28

The Board has not established any formal processes to ensure compliance with TIs 2 and 28. Audit has recommended that the Board consult with the Department of the Premier and Cabinet, which provides business services support, with a view to seeking assistance to ensure compliance with TIs 2 and 28.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements

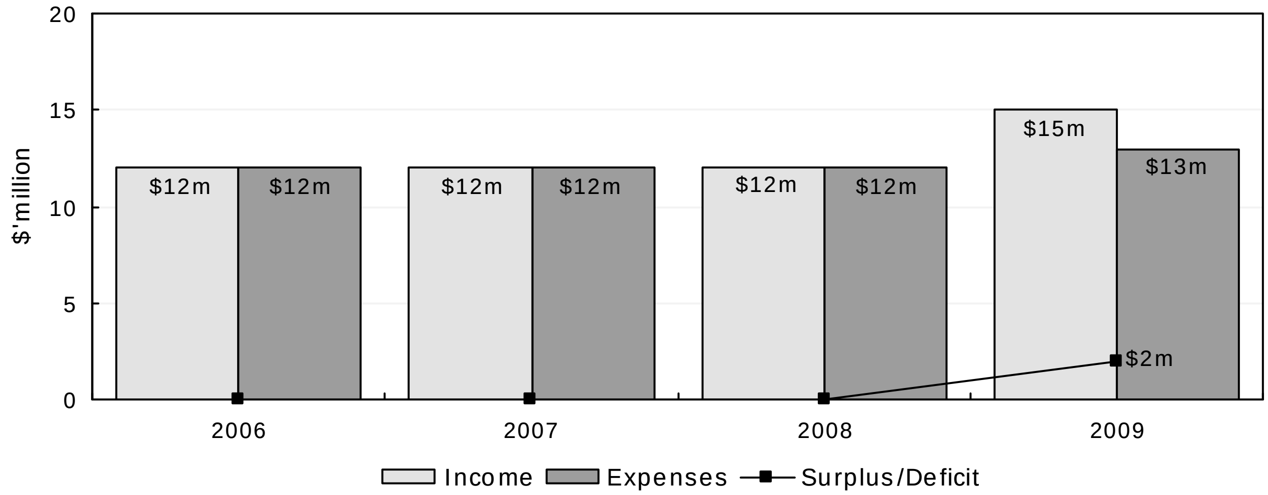
	2009	2008
	$'million	$'million
EXPENSES		
Staff benefits	**6**	5
Other expenses	**7**	7
Total expenses	**13**	12
INCOME		
SA Government grants	**11**	8
Other revenue	**4**	4
Total income	**15**	12
Net result	**2**	-
OTHER COMPREHENSIVE INCOME		
Net increment on asset valuation	-	4
Total comprehensive result	**2**	4
NET CASH PROVIDED BY OPERATING ACTIVITIES	**3**	-
ASSETS		
Current assets	**5**	4
Non-current assets	**182**	180
Total assets	**187**	184
LIABILITIES		
Current liabilities	**2**	1
Non-current liabilities	**1**	1
Total liabilities	**3**	2
EQUITY	**184**	182

Statement of Comprehensive Income

Net result

The Board recorded a surplus of $1.7 million, as compared with a deficit of $19 000 last year. The surplus is attributable to increased revenue from government of $2.9 million, reflecting mainly a capital grant received of $2.7 million.

The following chart shows the income, expenses and surpluses/deficits for the four years to 2009.



Statement of Financial Position

The total assets of the Board at 30 June 2009 were $187 million, of which $145 million (78 percent) relates to the Museum's heritage collections.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2009.

	2009	2008	2007	2006
	$'million	$'million	$'million	$'million
Net cash flows				
Operating	**3**	-	1	1
Investing	**(2)**	-	(1)	-
Financing	**-**	-	-	-
Change in cash	**1**	-	-	1
Cash at 30 June	**5**	4	4	4

The cash position of the Board has remained fairly static over the years until 2009 when the cash position improved by $1.2 million to $4.7 million.

Statement of Comprehensive Income
for the year ended 30 June 2009

	Note	2009 $'000	2008 $'000
EXPENSES:			
Staff benefits	4	**5 807**	5 284
Supplies and services	6	**3 452**	3 898
Accommodation and facilities	7	**2 271**	2 022
Depreciation	8	**1 371**	1 162
Grants and subsidies		**147**	93
Total expenses		**13 048**	12 459
INCOME:			
Grants	10	**700**	784
Sale of goods		**11**	13
Fees and charges	11	**723**	341
Donations		**239**	172
Donations of heritage assets		**256**	986
Sponsorships		**388**	667
Interest		**174**	258
Resources received free of charge	12	**477**	491
Recoveries		**546**	289
Other	13	**188**	293
Total income		**3 702**	4 294
NET COST OF PROVIDING SERVICES		**9 346**	8 165
REVENUES FROM SA GOVERNMENT:			
Recurrent operating grant		**8 373**	8 116
Capital grant		**2 662**	30
Total revenues from SA Government		**11 035**	8 146
NET RESULT		**1 689**	(19)
OTHER COMPREHENSIVE INCOME:			
Net increment on asset revaluation		**-**	4 372
TOTAL COMPREHENSIVE RESULT		**1 689**	4 353

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

Statement of Financial Position
as at 30 June 2009

	Note	**2009** **$'000**	2008 $'000
CURRENT ASSETS:			
Cash	22	**4 677**	3 489
Receivables	14	**533**	672
Total current assets		**5 210**	4 161
NON-CURRENT ASSETS:			
Property, plant and equipment	15	**36 352**	35 183
Heritage collections	16	**144 981**	144 725
Total non-current assets		**181 333**	179 908
Total assets		**186 543**	184 069
CURRENT LIABILITIES:			
Payables	17	**784**	218
Staff benefits	18	**790**	663
Provisions	19	**36**	42
Total current liabilities		**1 610**	923
NON-CURRENT LIABILITIES:			
Payables	17	**108**	93
Staff benefits	18	**1 089**	999
Provisions	19	**103**	110
Total non-current liabilities		**1 300**	1 202
Total liabilities		**2 910**	2 125
NET ASSETS		**183 633**	181 944
EQUITY:			
Retained earnings		**135 067**	133 378
Asset revaluation reserve		**48 566**	48 566
TOTAL EQUITY		**183 633**	181 944

Total equity is attributable to the SA Government as owner

	Note
Unrecognised contractual commitments	20
Contingent assets and liabilities	21

Statement of Changes in Equity
for the year ended 30 June 2009

	Asset revaluation reserve $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2007	44 194	133 397	177 591
Net result for 2007-08	-	(19)	(19)
Gain on revaluation of land during 2007-08	1 960	-	1 960
Gain on revaluation of buildings during 2007-08	2 412	-	2 412
Total comprehensive result for 2007-08	4 372	(19)	4 353
Balance at 30 June 2008	48 566	133 378	181 944
Net result for 2008-09	-	1 689	1 689
Total comprehensive result for 2008-09	-	1 689	1 689
Balance at 30 June 2009	**48 566**	**135 067**	**183 633**

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

Statement of Cash Flows
for the year ended 30 June 2009

	Note	2009 Inflows (Outflows) $'000	2008 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Staff benefits		**(5 654)**	(5 076)
Supplies and services		**(2 927)**	(3 374)
Accommodation and facilities		**(2 107)**	(2 099)
Grants and subsidies		**(133)**	(93)
Cash used in operations		**(10 821)**	(10 642)
CASH INFLOWS:			
Grants		**764**	591
Sale of goods		**10**	12
Fees and charges		**613**	340
Donations		**239**	173
Sponsorships		**527**	780
Interest		**188**	253
Recoveries		**413**	300
Other		**353**	230
Cash generated from operations		**3 107**	2 679
CASH FLOWS FROM SA GOVERNMENT**:**			
Recurrent operating grant		**8 373**	8 116
Capital grant		**2 662**	30
Cash generated from SA Government		**11 035**	8 146
Net cash provided by operating activities	22	**3 321**	183
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchases of heritage collections		**-**	(259)
Purchases of property, plant and equipment		**(2 134)**	(265)
Cash used in investing activities		**(2 134)**	(524)
CASH INFLOWS:			
Proceeds from debtor		**1**	1
Cash generated from investing activities		**1**	1
Net cash used in investing activities		**(2 133)**	(523)
NET INCREASE (DECREASE) IN CASH		**1 188**	(340)
CASH AT 1 JULY		**3 489**	3 829
CASH AT 30 JUNE	22	**4 677**	3 489

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Museum Board

The functions of the Museum Board (the Board), as prescribed under the *South Australian Museum Act 1976*, are as follows:

- undertake the care and management of the Museum
- manage all lands and premises vested in, or placed under the control of, the Board
- manage all funds vested in, or under the control of the Board and to apply those funds in accordance with the terms and conditions of any instrument of trust or other instrument affecting the disposition of those monies
- carry out, or promote, research into matters of scientific and historical interest
- accumulate and care for objects and specimens of scientific or historical interest
- accumulate and classify data in regard to any such matters
- disseminate information of scientific or historical interest
- perform any other functions of scientific, educational or historical significance that may be assigned to the Board by Regulation.

2. Summary of significant accounting policies

2.1 Statement of compliance

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and TIs and APSs promulgated under the provisions of the PFAA.

Except for the amendments to AASB 101 including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), which the Board has early-adopted, AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Board for the reporting period ended 30 June 2009. These are outlined in Note 3.

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Board's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable Notes
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following Note disclosures, which have been included in the financial statements:

  (a) Revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of $100 000 for separate identification of these items applies.

  (b) Expenses incurred as a result of engaging consultants.

  (c) Staff TVSP information.

  (d) Staff whose normal remuneration is $100 000 or more (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those staff.

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2009 and the comparative information presented for the year ended 30 June 2008.

2.3 Sources of funds

The Board's principal source of funds consists of grants from the SA Government. In addition, the Board also receives monies from sales, admissions, donations, bequests, sponsorships and other receipts, and uses the monies for the achievement of its objectives.

2.4 *Income and expenses*

Income and expenses are recognised in the Board's Statement of Comprehensive Income to the extent it is probable that the flow of economic benefits to or from the entity will occur and can be reliably measured. Income and expenses have been classified according to their nature, and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Income

Income from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Income from the rendering of a service is recognised upon the delivery of the service to the customers. Government grants are recognised as income in the period in which the Board obtains control over the grants.

Resources received free of charge

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

Under an arrangement with Arts SA and Artlab Australia, divisions of the Department of the Premier and Cabinet, Artlab Australia receives SA Government appropriation to perform conservation services on the Board's heritage collections. The value of this work performed is recognised as resources received free of charge in income and a corresponding amount included as conservation work expenditure in supplies and services (Note 6).

Under an arrangement with the Services Division of the Department of the Premier and Cabinet, financial services and human resources are provided free of charge to the Board. The value of these services is recognised as resources received free of charge in income and a corresponding amount included as a business services charge in supplies and services (Note 6).

2.5 *Current and non-current classification*

Assets and liabilities are characterised as either current or non-current in nature. The Board has a clearly identifiable operating cycle of 12 months. Assets and liabilities that will be realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.6 *Cash*

Cash in the Statement of Financial Position includes cash at bank and cash on hand.

For the purposes of the Statement of Cash Flows, cash is defined above. Cash is measured at nominal value.

2.7 *Receivables*

Receivables include amounts receivable from trade, prepayments and other accruals.

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

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

2.8 *Non-current asset acquisition and recognition*

The cost method of accounting is used for the initial recording of all acquisitions of assets. Cost is determined as the fair value of the assets given the consideration plus costs incidental to the acquisition. Assets donated during the year have been brought to account at fair value.

All non-current assets with a value of $5000 or greater are capitalised.

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

2.9 *Valuation of non-current assets*

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

Land and buildings are revalued every three years, and heritage collections are revalued every five years. Previously, heritage collections were revalued every three years, but in 2008-09 the Board's Asset Management Policy was revised, and the revaluation period for heritage collections was changed from three to five years. However, if at any time management considers the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

2.9 Valuation of non-current assets (continued)

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

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

Upon revaluation, the accumulated depreciation has been restated proportionately with the change in gross carrying amount of the asset so that the carrying amount, after revaluation, equals its revalued amount.

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

Land and buildings
Land and buildings have been valued at fair value. Valuations of land and buildings were determined as at 30 June 2008 by the Australian Valuation Office.

Plant and equipment
Plant and equipment, including computer equipment, on acquisition has been deemed to be held at fair value.

Heritage collections
The Board's collections were revalued as at 30 June 2006 using the valuation methodology outlined below in accordance with fair value principles adopted under AASB 116. These valuations were undertaken by both external valuers and internal specialists.

The collections were broadly valued on the following basis:

Collection	*Method of valuation*
Heritage collections	Net market valuation
Natural history collections	Cost of recovery

Heritage collection status applies to those collections where an established market exists. The net market valuation applied has been assessed either by valuation undertakings by staff and valuers or by applying valuations determined under the Taxation Incentives for the Arts Scheme.

Cost of recovery valuation has been applied to those collections that were previously valued at zero under deprival value methodology. These collections have been valued at fair value on the basis of the cost of fieldwork, preparation and documentation to replace the material in its present condition.

Internal valuations were carried out by staff specialists in their related fields. These valuations were based on a knowledge of the particular collections, an understanding of valuation techniques and the markets that exist for the collection items. Independent external valuers were engaged to review the methodology adopted for valuation and to verify the valuations applied by internal specialists via sampling techniques, and to carry out independent valuation where required.

Heritage collections deemed to have market value are Australian ethnology, foreign ethnology, malacology, butterflies, industrial history collection, mineralogy, Museum library and rare books.

Natural history collections valued at cost of recovery are the Australian biological tissue bank, the Australian helminthological collection, entomology, arachnology, marine invertebrates, ichthyology, herpetology, ornithology and mammalogy.

The external valuations were carried out by the following recognised industry experts:

Collection	*Industry expert*
Australian ethnology	Macaulay Partners
Museum library and rare books	M Treloar and P Horn
Malacology (marine invertebrates)	W Rumble
Butterflies (terrestrial invertebrates)	L Mound
Mammalogy	R Schodde
Australian polar collection	M Treloar

Collections deemed to be culturally sensitive, including human remains or items which are secret and sacred to Aboriginal communities, have not been included within the current valuation and are deemed to be at zero valuation. These collections are human biology, secret sacred, archives, palaeontology and archaeology.

2.10 Impairment of assets

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

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

2.11 Depreciation of non-current assets

Depreciation is calculated on a straight-line basis to write-off the net cost or revalued amount of each non-current asset over its expected useful life, except for land and heritage collections, which are not depreciable. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

The expected useful lives are as follows:

Class of asset	*Useful life (years)*
Buildings and improvements	20-100
Plant and equipment	5-15
Computer equipment	3-5

Heritage collections are kept under special conditions so that there is no physical deterioration and they are anticipated to have very long and indeterminate useful lives. No amount for depreciation has been recognised, as their service potential has not, in any material sense, been consumed during the reporting period.

2.12 Payables

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

Creditors and accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period. All payables are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

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

2.13 Staff benefits

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

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

(i) Salaries, wages and annual leave

Liabilities for salaries, wages and annual leave have been recognised as the amount unpaid at the reporting date at remuneration rates current as at reporting date. The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

(ii) Long service leave

A liability for long service leave is recognised after a staff member has completed 6.5 years of service. An actuarial assessment of long service leave, undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector, determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Board's experience of staff retention and leave taken.

(iii) On-costs

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

(iv) Superannuation

The Board makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at balance date relates to any contributions due but not yet paid to the relevant superannuation schemes. The Department of Treasury and Finance centrally recognises the superannuation liability, for the schemes operated by the State Government, in the whole-of-government financial statements.

2.14 Workers compensation provision

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Relations Division of the Department of the Premier and Cabinet.

2.15 Leases

The Board has entered into a number of operating lease agreements for accommodation, vehicles and office equipment where the lessors effectively retain all of the risks and benefits incidental to ownership of the items held under the operating leases. Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

2.16 Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where adjusted to reflect the early adoption of AASB 101 and specific revised AASs and APSs.

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required eg preparation of a single Statement of Comprehensive Income.

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

2.17 Taxation

The Board is not subject to income tax. The Board is liable for payroll tax, FBT, GST and the emergency services levy.

Income, expenses and assets are recognised net of the amount of GST. The amount of GST incurred by the Board as a purchaser that is not recoverable from the ATO is recognised as part of the cost of acquisition of an asset or part of an item of expense.

The net GST receivable/payable to the ATO is not recognised as a receivable/payable in the Statement of Financial Position as the Board is a member of an approved GST group of which Arts SA, a division of the Department of the Premier and Cabinet, is responsible for the remittance and collection of GST. As such, there are no cash flows relating to GST transactions with the ATO in the Statement of Cash Flows.

2.18 State Government funding

The financial statements are presented under the assumption of ongoing financial support being provided to the Board by the State Government.

2.19 Rounding

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

2.20 Insurance

The Board has arranged, through SAICORP, a division of the South Australian Government Financing Authority, to insure all major risks of the Board. The excess payable is fixed under this arrangement.

2.21 Unrecognised contractual commitments and contingent assets and liabilities

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

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

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

3. New and revised accounting standards

Details of the impact, where significant, on the Board's financial statements from new and amended AASs that are applicable for the first time in 2008-09 are detailed below.

The Board has early-adopted the September 2007 version of AASB 101 including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101) - this includes the preparation of a single Statement of Comprehensive Income.

Issued or amended but not yet effective

Except for the amendments to AASB 101, which the Board has early-adopted, the AASs and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Board for the reporting period ending 30 June 2009. The Board 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 Board.

4. Staff benefits

	2009	2008
	$'000	$'000
Salaries and wages	**4 641**	4 282
Long service leave	**188**	168
Annual leave	**95**	33
Staff on-costs - superannuation	**590**	492
Staff on-costs - other	**259**	244
Board fees	**27**	18
Other staff related expenses	**7**	47
Total staff benefits	**5 807**	5 284

Remuneration of staff	**2009**	2008
The number of staff whose remuneration received or receivable falls within the following bands:	**Number**	Number
$100 000 - $109 999	**2**	4
$110 000 - $119 999	**1**	1
$120 000 - $129 999	**2**	-
$160 000 - $169 999	**1**	1
Total number of staff	**6**	6

The table includes all staff who received remuneration of $100 000 or more during the year. Remuneration of staff reflects all costs including salaries and wages, superannuation contributions, FBT and other salary sacrifice benefits. The total remuneration received by these staff members for the year was $748 000 ($690 000).

TVSPs

There were no TVSPs paid in either 2008-09 or 2007-08.

5. Remuneration of Board and Committee members

Members that were entitled to receive remuneration for membership during the 2008-09 financial year were:

- Museum Board (8 members)
- Aboriginal Advisory Committee (5 members)

Museum Board

Mr J Ellice-Flint	Dr S Carthew
Mr A Simpson	Ms N Bensimon (resigned 24 March 2009)
Mr P Ah Chee	Ms E D Perry
Mr R Edwards	Ms N Buddle*

Aboriginal Advisory Committee

Mr P Ah Chee	Mr M Turner
Mr L O'Brien	Dr S Miller
Ms L O'Donohue	Ms E D Perry

The number of members whose remuneration received or receivable falls within the following bands:	**2009 Number**	2008 Number
$0 - $9 999	**11**	12
$10 000 - $19 999	**2**	-
Total number of members	**13**	12

Remuneration of members reflects all costs of performing Board/Committee member duties including sitting fees. The total remuneration received by members was $27 000 ($18 000).

Amounts paid to a superannuation plan for Board/Committee members were $2000 ($1500).

* In accordance with the Department of the Premier and Cabinet Circular 16, government employees did not receive any remuneration for Board/Committee duties during the financial year.

Related party disclosures

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

6. Supplies and services

Supplies and services provided by entities external to the SA Government:	**2009 $'000**	2008 $'000
Cost of goods sold	**6**	8
Marketing	**249**	175
Administration	**240**	388
IT services and communications	**124**	126
Maintenance	**52**	87
Collections	**41**	39
Exhibitions	**163**	154
Research	**621**	597
Travel and accommodation	**170**	206
Contractors	**159**	318
Motor vehicle expenses	**16**	4
Minor equipment	**70**	97
Fees	**158**	121
Consultants	**27**	76
Entertainment	**26**	78
Other	**187**	214
Total supplies and services - non-SA Government entities	**2 309**	2 688

6. Supplies and services

Supplies and services provided by entities within the SA Government:	**2009 $'000**	2008 $'000
Insurance and risk management	**325**	309
Marketing	**2**	2
Administration	**-**	10
IT services and communications	**161**	153
Maintenance	**24**	80
Artlab conservation work	**287**	293
Business services charge	**175**	197
Collections	**11**	16
Research	**48**	58
Travel and accommodation	**4**	5
Motor vehicle expenses	**60**	41
Minor equipment	**4**	9
Other	**42**	37
Total supplies and services - SA Government entities	**1 143**	1 210
Total supplies and services	**3 452**	3 898

Payments to consultants

The dollar amount of consultancies paid/payable that fell within the following bands:	**2009 Number**	**2009 $'000**	2008 Number	2008 $'000
$0 - $9 999	**4**	**14**	13	62
$10 000 - $50 000	**1**	**13**	1	14
Total paid/payable to the consultants engaged	**5**	**27**	14	76

7. Accommodation and facilities

Accommodation and facilities provided by entities external to the SA Government:	**2009 $'000**	2008 $'000
Accommodation	**331**	280
Facilities	**198**	223
Security	**798**	665
Total accommodation and facilities - non-SA Government entities	**1 327**	1 168
Accommodation and facilities provided by entities within the SA Government:		
Accommodation	**395**	318
Facilities	**547**	534
Security	**2**	2
Total accommodation and facilities - SA Government entities	**944**	854
Total accommodation and facilities	**2 271**	2 022

8. Depreciation

Buildings and improvements	**1 312**	1 087
Plant and equipment	**53**	67
Computer equipment	**6**	8
Total depreciation	**1 371**	1 162

9. Auditor's remuneration

Audit fees paid/payable to the Auditor-General's Department	**26**	23
Total audit fees - SA Government entities	**26**	23

Other services

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

10. Grants

State Government grants	**-**	9
Other general grants	**342**	410
Commonwealth grants	**358**	365
Total grants	**700**	784

11. Fees and charges

Admissions	**335**	13
Functions	**83**	75
Fees for service	**107**	133
Other	**198**	120
Total fees and charges	**723**	341

12. Resources received free of charge

	2009 $'000	2008 $'000
Resources received free of charge from entities external to the SA Government:		
In-kind sponsorship	**15**	-
Total resources received free of charge - non-SA Government entities	**15**	-
Resources received free of charge from entities within the SA Government:		
Business services charge	**175**	197
Other	**287**	294
Total resources received free of charge - SA Government entities	**462**	491
Total resources received free of charge	**477**	491

13. Other income

	2009 $'000	2008 $'000
Other income received/receivable from entities external to the SA Government:		
Rent	**2**	-
Exhibition hire	**10**	47
Other	**161**	221
Total other income - non-SA Government entities	**173**	268
Other income received/receivable from entities within the SA Government:		
Exhibition hire	**4**	4
Other	**11**	21
Total other income - SA Government entities	**15**	25
Total other income	**188**	293

14. Receivables

	2009 $'000	2008 $'000
Receivables from entities external to the SA Government	**506**	638
Total receivables - non-SA Government entities	**506**	638
Receivables from entities within the SA Government		
Receivables	**10**	11
Accrued income	**17**	23
Total receivables - SA Government entities	**27**	34
Total receivables	**533**	672

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables and accrued income are non-interest bearing. It is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. In addition, there is no concentration of credit risk.

(a) Maturity analysis of receivables - refer Note 23.3.
(b) Categorisation of financial instruments and risk exposure information - refer Note 23.

15. Property, plant and equipment

	2009 $'000	2008 $'000
Land, buildings and improvements:		
Land at valuation	**7 440**	7 440
Buildings and improvements at valuation	**58 693**	58 693
Works in progress	**2 611**	279
Accumulated depreciation	**(32 753)**	(31 441)
Total land, buildings and improvements	**35 991**	34 971
Plant and equipment:		
Plant and equipment at cost (deemed fair value)	**1 638**	1 465
Accumulated depreciation	**(1 278)**	(1 260)
Total plant and equipment	**360**	205
Computer equipment:		
Computer equipment at cost (deemed fair value)	**47**	52
Accumulated depreciation	**(46)**	(45)
Total computer equipment	**1**	7
Total property, plant and equipment	**36 352**	35 183

Valuation of non-current assets

Valuation of land, buildings and improvements was performed by the Australian Valuation Office as at 30 June 2008.

Reconciliation of property, plant and equipment

	Carrying amount 01.07.08 $'000	Additions $'000	Depreciation expense $'000	Other $'000	**Carrying amount at 30.06.09 $'000**
Land	7 440	-	-	-	**7 440**
Buildings and improvements	27 252	-	(1 312)	-	**25 940**
Works in progress	279	2 375	-	(43)	**2 611**
Plant and equipment	205	165	(53)	43	**360**
Computer equipment	7	-	(6)	-	**1**
TOTAL	35 183	2 540	(1 371)	-	**36 352**

16. Heritage collections

	2009 At valuation $'000	**At cost $'000**	**Total $'000**	2008 At valuation $'000	At cost $'000	Total $'000
Social/Industrial history	**239**	**-**	**239**	239	-	239
Australian Aboriginal ethnographic	**21 112**	**-**	**21 112**	20 637	258	20 895
Foreign ethnology	**7 027**	**-**	**7 027**	7 027	-	7 027
Australian polar collection	**3 744**	**-**	**3 744**	3 744	-	3 744
Minerals	**16 984**	**-**	**16 984**	16 945	-	16 945
Malacology	**4 110**	**-**	**4 110**	4 110	-	4 110
Butterflies	**35**	**-**	**35**	35	-	35
Australian biological tissue bank	**7 352**	**-**	**7 352**	7 352	-	7 352
Australian helminthological collection	**11 727**	**-**	**11 727**	11 727	-	11 727
Entomology	**31 686**	**-**	**31 686**	31 686	-	31 686
Arachnology	**4 795**	**-**	**4 795**	4 795	-	4 795
Marine invertebrates	**8 923**	**-**	**8 923**	8 923	-	8 923
Ichthyology	**1 819**	**-**	**1 819**	1 819	-	1 819
Herpetology	**4 200**	**-**	**4 200**	4 200	-	4 200
Ornithology	**8 939**	**-**	**8 939**	8 939	-	8 939
Mammalogy	**5 962**	**-**	**5 962**	5 962	-	5 962
Fossil	**719**	**-**	**719**	719	-	719
Library	**5 608**	**-**	**5 608**	5 608	-	5 608
Total heritage collections	**144 981**	**-**	**144 981**	144 467	258	144 725

Reconciliation of heritage collections

	Balance 01.07.08 $'000	Additions $'000	**Balance 30.06.09 $'000**	Balance 01.07.07 $'000	Additions $'000	Balance 30.06.08 $'000
Social/Industrial history	239	**-**	**239**	239	-	239
Australian Aboriginal ethnographic	20 895	217	**21 112**	20 211	684	20 895
Foreign ethnology	7 027	-	**7 027**	6 963	64	7 027
Australian polar collection	3 744	-	**3 744**	3 258	486	3 744
Minerals	16 945	39	**16 984**	16 945	-	16 945
Malacology	4 110	-	**4 110**	4 110	-	4 110
Butterflies	35	-	**35**	35	-	35
Australian biological tissue bank	7 352	-	**7 352**	7 352	-	7 352
Australian helminthological	11 727	-	**11 727**	11 727	-	11 727
Entomology	31 686	-	**31 686**	31 686	-	31 686
Arachnology	4 795	-	**4 795**	4 795	-	4 795
Marine invertebrates	8 923	-	**8 923**	8 913	10	8 923
Ichthyology	1 819	-	**1 819**	1 819	-	1 819
Herpetology	4 200	-	**4 200**	4 200	-	4 200
Ornithology	8 939	-	**8 939**	8 939	-	8 939
Mammalogy	5 962	-	**5 962**	5 962	-	5 962
Fossil	719	**-**	**719**	719	-	719
Library	5 608	**-**	**5 608**	5 608	-	5 608
Total	144 725	256	**144 981**	143 481	1 244	144 725

17. Payables

	2009 $'000	2008 $'000
Current:		
Creditors and accruals	**667**	119
Staff on-costs	**117**	99
Total current payables	**784**	218
Non-current:		
Staff on-costs	**108**	93
Total non-current payables	**108**	93
Total payables	**892**	311

17. Payables (continued)

	2009 $'000	2008 $'000
Payables to non-SA Government entities:		
Creditors and accruals	**654**	108
Total payables - non-SA Government entities	**654**	108
Payables to SA Government entities:		
Creditors and accruals	**12**	10
Staff on-costs	**226**	193
Total payables - SA Government entities	**238**	203
Total payables	**892**	311

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave has changed from the 2008 rate 35 percent to 45 percent and the average factor for the calculation of employer superannuation on-cost has changed from the 2008 rate 11 percent to 10.5 percent. These rates are used in the staff on-cost calculation.

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

(a) Maturity analysis of payables - refer Note 23.3.
(b) Categorisation of financial instruments and risk exposure information - refer Note 23.

18. Staff benefits

	2009 $'000	2008 $'000
Current:		
Annual leave	**453**	382
Long service leave	**215**	186
Accrued salaries and wages	**122**	95
Total current staff benefits	**790**	663
Non-current:		
Long service leave	**1 089**	999
Total non-current staff benefits	**1 089**	999
Total staff benefits	**1 879**	1 662

The total current and non-current staff expense (ie aggregate staff benefit plus related on-costs) for 2008-09 is $907 000 and $1.2 million respectively.

Based on an actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of the long service leave liability has not changed from the 2008 benchmark (6.5 years).

In addition, the actuarial assessment performed by the Department of Treasury and Finance also revised the salary inflation rate down by 0.5 percent from the 2008 rate of 4.5 percent.

19. Provisions

	2009 $'000	2008 $'000
Current:		
Provision for workers compensation	**36**	42
Total current provisions	**36**	42
Non-current:		
Provision for workers compensation	**103**	110
Total non-current provisions	**103**	110
Total provisions	**139**	152

Reconciliation of the provision for workers compensation

	2009	2008
Provision at 1 July	**152**	134
(Decrease) Increase in provision during the year	**(13)**	18
Provision for workers compensation at 30 June	**139**	152

20. Unrecognised contractual commitments
Operating lease commitments
Commitments under non-cancellable operating leases at the reporting date not recognised as liabilities in the financial statements, are payable as follows:

	2009	2008
Not later than one year	**209**	389
Later than one year and not later than five years	**32**	162
Total operating lease commitments	**241**	551

Operating lease commitments (continued)

The operating lease commitments comprise:

- non-cancellable property leases, with rental payable monthly in advance. Contingent rental provisions within the lease agreements require the minimum lease payments to be increased by the CPI. No options exist to renew the leases at the end of their terms
- non-cancellable motor vehicle leases, with rental payable monthly in arrears. No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their terms
- non-cancellable photocopier leases, with rental payable monthly in arrears. No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their terms.

Capital commitments

Capital commitments under contract at the reporting date, but not recognised as liabilities in the financial report, are payable as follows:

	2009 $'000	2008 $'000
Not later than one year	**2 600**	4 205
Later than one year and not later than five years	**-**	-
Total capital commitments	**2 600**	4 205

Remuneration commitments

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

	2009 $'000	2008 $'000
Not later than one year	**221**	235
Later than one year and not later than five years	**294**	498
Total remuneration commitments	**515**	733

Amounts disclosed include commitments arising from executive and other service contracts. The Board does not offer remuneration contracts greater than five years.

Other commitments

Not later than one year	**813**	900
Later than one year and not later than five years	**258**	313
Total other commitments	**1 071**	1 213

The Board's other commitments are for contracts for security and cleaning.

Contingent rental provisions within the contracts require the minimum contract payments to be increased by variable operating costs and wage rises. Options exist to renew the contracts for another 12 months.

21. Contingent assets and liabilities

The Museum Board is not aware of any contingent assets or liabilities as at 30 June 2009.

22. Cash flow reconciliation

Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank. Cash as at 30 June as shown in the Statement of Cash Flows is reconciled to the items in the Statement of Financial Position as follows:

	2009 $'000	2008 $'000
Deposits with Treasurer	**4 666**	3 478
Cash on hand	**11**	11
Cash as recorded in the Statement of Financial Position	**4 677**	3 489

Interest rate risk

Cash is recorded at its nominal amount. Interest is calculated based on the average daily balances of the interest bearing funds. The interest bearing funds of the Board are held in a Section 21 Interest Bearing Deposit Account titled 'Museum Board'. Deposits with the Treasurer are bearing a floating interest rate between 2.99 percent and 7.1 percent.

Reconciliation of net cash provided by operating activities to net cost of providing services	2009 $'000	2008 $'000
Net cash provided by operating activities	**3 321**	183
Less: Revenues from SA Government	**(11 035)**	(8 146)
Add (Less): Non-cash items:		
Depreciation of property, plant and equipment	**(1 371)**	(1 162)
Donations of heritage collections	**256**	986
Changes in assets and liabilities:		
(Decrease) Increase in receivables	**(139)**	101
(Increase) Decrease in payables	**(174)**	54
Increase in staff benefits	**(217)**	(163)
Decrease (Increase) in provisions	**13**	(18)
Net cost of providing services	**(9 346)**	(8 165)

23. Financial instrument/financial risk management

23.1 Categorisation of financial instruments

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

		2009		2008	
Financial assets	Note	**Carrying amount $'000**	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Cash and cash equivalents:					
Cash	22	**4 677**	**4 677**	3 489	3 489
Loans and receivables:					
Receivables(1)	14	**533**	**533**	672	672
Financial liabilities					
Financial liabilities - at cost:					
Payables(1)	17	**892**	**892**	311	311

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

Credit risk

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

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

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently the Board 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.

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

23.2 Ageing analysis of financial assets

	Past due by			
2009	**Overdue for less than 30 days $'000**	**Overdue for 30-60 days $'000**	**Overdue for more than 60 days $'000**	**Total $'000**
Not Impaired:				
Receivables	**420**	**12**	**101**	**533**
2008				
Not Impaired:				
Receivables	598	53	21	672

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

23.3 Maturity analysis of financial assets and liabilities

		Contractual maturity		
2009	**Carrying amount $'000**	**Less than 1 year $'000**	**1-5 years $'000**	**More than 5 years $'000**
Financial assets:				
Cash	**4 677**	**4 677**	**-**	**-**
Receivables	**533**	**533**	**-**	**-**
Total financial assets	**5 210**	**5 210**	**-**	**-**
Financial liabilities:				
Payables	**892**	**784**	**108**	**-**
Total financial liabilities	**892**	**784**	**108**	**-**

23.3 Maturity analysis of financial assets and liabilities (continued)

		Contractual maturity		
	Carrying amount $'000	**Less than 1 year $'000**	**1-5 years $'000**	**More than 5 years $'000**
2008				
Financial assets:				
Cash	3 489	3 489	-	-
Receivables	672	672	-	-
Total financial assets	4 161	4 161	-	-
Financial liabilities:				
Payables	311	218	93	-
Total financial liabilities	311	218	93	-

24. Events after balance date

There were no events occurring after balance date.

PARLIAMENTARY SUPERANNUATION SCHEME

FUNCTIONAL RESPONSIBILITY

Establishment

The Parliamentary Superannuation Scheme (the Scheme) and the South Australian Parliamentary Superannuation Board (the Board) were established under the *Parliamentary Superannuation Act 1974*. The Board is responsible to the Treasurer.

Functions

The Board is responsible for administering the Scheme, which provides for benefit payments to persons who have served as members of Parliament.

Under the *Parliamentary Superannuation Act 1974*, the Superannuation Funds Management Corporation of South Australia (Funds SA) is responsible for the investment and management of the Parliamentary Superannuation Fund.

The Board utilises the services of the Department of Treasury and Finance — State Superannuation Office to administer the Scheme.

For further details of the Scheme's administration and funding arrangements refer to Note 1 of the financial report.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial report

Subsection 31(1) (b) of the PFAA provides for the Auditor-General to audit the accounts of the Scheme for each financial year.

Assessment of controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Board in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of audit

The audit program covered major financial systems to obtain sufficient evidence to form an opinion on the financial report and internal controls.

During 2008-09, areas of review included:

- receipting and banking of contributions
- pension payments
- liability for accrued benefits.

The investment and management of the Scheme assets is reviewed as part of the Funds SA audit.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial report

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Parliamentary Superannuation Scheme as at 30 June 2009, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised over the Parliamentary Superannuation Scheme in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matter raised in relation to the implementation of the revised TIs 2 and 28, as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Parliamentary Superannuation Scheme have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Chairman, Parliamentary Superannuation Board. Matters raised with the Board included TI 28 implementation and evidencing the independent review of benefit payment processing functions. The Board's response effectively addressed the matters raised.

Implementation of the revised TIs 2 and 28

TI 28 requires the Board to develop, implement, document and maintain a robust and transparent Financial Management Compliance Program (FMCP).

At the time of audit, the Board had not implemented a FMCP but it has indicated that a Financial Management and Compliance Framework is being developed that outlines the requirements of TIs 2 and 28. The Board intends to review the framework in March 2010.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL REPORT

Highlights of the financial report

	2009 $'million	2008 $'million
REVENUE		
Contribution revenue	**4.1**	4.7
Investment revenue	**(24.4)**	(15.4)
Total revenue	**(20.3)**	(10.7)
EXPENSES		
Benefits and other expenses	**17**	15.7
Total expenses	**17**	15.7
Transfer from consolidated account	**44.5**	18
Operating result	**7.2**	(8.4)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**40.6**	15.9
ASSETS		
Investments	**159.5**	143.9
Other assets	**0.2**	0.3
Total assets	**159.7**	144.2
LIABILITIES		
Liability for accrued benefits	**158.8**	150.9
Other liabilities	**0.6**	0.2
Total Liabilities	**159.4**	151.1
EXCESS (DEFICIT) OF NET ASSETS OVER LIABILITIES	**0.3**	(6.9)

Operating Statement

The operating result for the year was a surplus of $7.1 million (deficit of $8.4 million). The year's result took into account:

- a transfer of $44.5 million ($18 million) from the Consolidated Account. In June 2009, the Treasurer approved the transfer on the expectation of the value of assets being held as at 30 June being less than the value of the Scheme's accrued liabilities due to the worldwide downturn in investment markets

- negative returns on investments of $24.4 million ($15.4 million). Investment returns are further discussed in the commentary for Funds SA

- a benefits expense of $16.2 million ($14.8 million).

Statement of Financial Position

As at 30 June 2009, there was an excess of net assets over liabilities of $300 000 ($6.9 million deficit). The estimated liability for accrued benefits increased by $7.9 million to $159 million for which assets of $160 million were available to pay benefits.

The expected future benefit payments were determined using the pensioner mortality assumptions of the 2007 triennial actuarial review of the South Australian Superannuation Scheme. Refer to Note 6 to the financial report for further explanation.

In comparison, vested benefits as at 30 June 2009 were $184 million ($176 million). Vested benefits represent benefits which members are entitled to receive had their membership been terminated at reporting date. Vested benefits are greater than accrued benefits as vested benefits are based on the involuntarily expiration of service. As a result members would be entitled to the benefits immediately.

FURTHER COMMENTARY ON OPERATIONS

Pensioners

The number of pensioners and pensions paid for the past four years were:

	2009	2008	2007	2006
Pensioners	**105**	109	107	112
Pensions paid ($'000)	**6 821**	6 574	6 522	5 659

Contributions by members

The number of contributors and contributions received from members for the past four years were:

	2009	2008	2007	2006
Contributors	**69**	69	69	69
Contributions received ($'000)	**968**	1 007	1 000	1 047

Operating Statement
for the year ended 30 June 2009

	Note	**2009**	2008
		$'000	$'000
REVENUE:			
Investment revenue		**(24 437)**	(15 395)
Other revenue		**8**	7
Contribution revenue:			
Contributions by members		**968**	1 007
Contributions by employers		**3 099**	3 150
Rollovers from other schemes		**55**	591
Total contribution revenue		**4 122**	4 748
Total revenue		**(20 307)**	(10 640)
EXPENSES:			
Direct investment expense	4	**617**	827
Administration expense	11	**187**	157
Benefits expense	6	**16 240**	14 800
Total expenses		**17 044**	15 784
TRANSFER FROM CONSOLIDATED ACCOUNT	3	**44 500**	18 000
OPERATING RESULT FOR THE PERIOD		**7 149**	(8 424)

Statement of Financial Position
as at 30 June 2009

	Note	**2009 $'000**	2008 $'000
INVESTMENTS:			
Inflation linked securities		**13 421**	12 778
Property A		**11 326**	14 758
Australian equities A		**46 365**	45 092
International equities A		**38 759**	45 154
Fixed interest		**3 907**	8 125
Diversified strategies growth A		**9 616**	6 858
Diversified strategies income		**20 343**	9 634
Cash		**11 379**	1 569
Internal inflation linked securities		**4 395**	-
Socially responsible		**18**	-
		159 529	143 968
OTHER ASSETS:			
Cash and cash equivalents	10	**223**	252
Contributions receivable		**-**	3
Sundry debtors		**8**	7
		231	262
Total Assets		**159 760**	144 230
CURRENT LIABILITIES:			
Sundry creditors		**434**	14
Benefits payable		**207**	183
Total liabilities		**641**	197
NET ASSETS AVAILABLE TO PAY BENEFITS	5	**159 119**	144 033
LIABILITY FOR ACCRUED BENEFITS	6	**(158 834)**	(150 897)
EXCESS (DEFICIT) OF NET ASSETS OVER LIABILITIES		**285**	(6 864)

Statement of Cash Flows
for the year ended 30 June 2009

	Note	2009 Inflows (Outflows) $'000	2008 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Contributions received:			
Contribution by members		**968**	1 007
Contribution by employers		**3 101**	3 150
Rollovers from other schemes		**55**	591
		4 124	4 748
Other receipts		**8**	7
GST recoup from ATO		**(1)**	2
Benefits paid:			
Pension		**(6 821)**	(6 574)
Commutation of pension benefits		**(1 038)**	(122)
		(7 859)	(6 696)
Administration expense		**(187)**	(157)
Transfer from Consolidated Account	3	**44 500**	18 000
Net cash provided by operating activities	9	**40 585**	15 904
CASH FLOWS FROM INVESTING ACTIVITIES:			
Receipts from Funds SA		**5 612**	5 182
Payments to Funds SA		**(46 226)**	(21 086)
Net cash used in investing activities		**(40 614)**	(15 904)
NET DECREASE IN CASH AND CASH EQUIVALENTS HELD		**(29)**	-
CASH AND CASH EQUIVALENTS AT 1 JULY		**252**	252
CASH AND CASH EQUIVALENTS AT 30 JUNE	10	**223**	252

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives and funding

(a) Parliamentary Superannuation Scheme

The Parliamentary Superannuation Scheme (the Scheme) is a compulsory superannuation scheme which exists pursuant to the *Parliamentary Superannuation Act 1974* (the Act). The Act provides for the payment of superannuation benefits to persons who have served as members of Parliament and makes provisions for the families of such persons.

The *Parliamentary Superannuation (Scheme for New Members) Amendment Act 2005* (the Amendment Act) was proclaimed to come into operation on 15 September 2005. The Amendment Act amended the principal Act by closing the existing scheme (new scheme) now known as the PSS2 scheme. PSS1 (old scheme) was closed to new members in 1995. The current scheme is known as PSS3.

Contributions are deposited by the Treasurer into the Parliamentary Superannuation Fund (the Fund), established under section 13 of the Act. A separate division of the Fund has been established for the PSS3 scheme. The Fund is managed and invested by the Superannuation Funds Management Corporation of South Australia (Funds SA).

PSS1 and PSS2 members are entitled to pension based benefits determined in accordance with the Act to be a percentage of the members' salary. A member may elect to commute to a lump sum a percentage of their pension entitlement. PSS3 members are entitled to an accumulation style benefit.

(b) South Australian Parliamentary Superannuation Board

The Act charges the South Australian Superannuation Parliamentary Board (the Board), a body corporate, with responsibility for all aspects of the administration of the Act except for the management and investment of the Fund. The Act also provides the Board with the necessary powers to administer the Scheme. The Board, with the approval of the Treasurer, has contracted the Under Treasurer to provide the administrative services.

(b) South Australian Parliamentary Superannuation Board (continued)

Under the terms of the Act, the Board is required to determine rates of return to be credited to each division of the Fund, with those rates being credited to each contribution account at the end of the financial year. In determining the rate to be applied, the Act requires that the Board have regard to the net rate of return achieved by Funds SA for each division of the Fund.

(c) Superannuation Funds Management Corporation of South Australia

Funds SA is established under the *Superannuation Funds Management Corporation of South Australia Act 1995* (the Funds SA Act). Funds SA is responsible for the investment and management of the Scheme's funds pursuant to strategies formulated by Funds SA.

For further information on the investment of the Scheme, reference should be made to the annual report of Funds SA. The investment assets, liabilities, income and expense contained in these financial statements are related to the investment activities of Funds SA (an SA Government entity).

(d) Funding arrangements

Under Section 39(1) of the Act, any payment to a member must be made out of the Consolidated Account (which is appropriated to the necessary extent) or from a Special Deposit Account established for that purpose. During the period ended 30 June 2009 payments were made from a Special Deposit Account.

For PSS1 and PSS2 members, section 14A of the Act requires every member of Parliament with less than 20 years and one month's service, to make contributions of 11.5 percent of their basic salary (including any additional salary) to the Treasurer. Subsection 14A(2) requires members of Parliament with 20 years and one month's service or over, to make contributions of 5.75 percent of their basic salary and 11.5 percent of any additional salary. PSS3 members can elect to make contributions based on a percentage of the combined value of their salary and any additional salary ranging from 0 percent to 10 percent under section 14B of the Act. A separate contribution account is maintained for each member. Members' contributions are paid to the Treasurer who deposits those contributions into the Fund, with $968 000 ($1 million) being credited during the year ended 30 June 2009.

Employer contributions are paid to the Treasurer from SA Government entities to fund emerging superannuation liabilities. For PSS1 and PSS2 members, the employer contribution is 2.75 times the member's contribution. For PSS3 members, the employer contribution is nine percent of salary where the member has elected to contribute less than 4.5 percent of salary. Where a member has elected to contribute 4.5 percent or more of salary, the employer must contribute at a rate of 10 percent. A separate employer contribution account is maintained for each PSS3 member. These contributions are deposited into the Scheme with $3.1 million($3.2 million) being credited during the year ended 30 June 2009.

Since 30 June 1994, the Government has undertaken a process of funding its accrued past service liabilities and the scheme assets have broadly matched liabilities since 1997. The small size of the scheme, the nature of the way member benefits accrue, the effect of elections and variations in investment performance mean that deficits and surpluses will arise from year to year.

2. Summary of significant accounting policies

(a) Basis of accounting

The financial report is a general purpose financial report. The accounts have been prepared in accordance with relevant AASs and TIs and APSs promulgated under the provision of the PFAA, except as provided below.

The principal standard applied in preparing this financial report is AAS 25. Other accounting standards are also applied where necessary except to the extent that they differ from AAS 25. In addition, a number of AASs have been issued or amended and may be applicable to the Scheme but are not yet effective. The impact of the new and amended standards has been assessed and there will be no impact on the accounting policies.

The financial report has been prepared on an accrual basis where this can be reliably measured and in accordance with the historical cost convention, except for the valuation of investments, which are measured at net market value.

The financial report is prepared in Australian currency and all amounts have been rounded to the nearest thousand dollars ($'000).

(b) Basis of valuations of assets and liabilities

The basis for the valuation of assets and liabilities is provided below. Assets of the Scheme have been measured at net market value which are provided by Funds SA.

(i) Inflation Linked Securities

The Inflation Linked Securities portfolio invests in discretely managed portfolios and pooled funds, both of which are invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date. Investments in pooled funds have been valued in accordance with the valuations supplied by the managers.

(ii) *Internal inflation linked securities*
Internally managed inflation linked securities, the returns of which are linked to movements in either the CPI or Average Weekly Earnings, have been valued using the discounted cash flow method. The valuation as at balance date was performed by an independent valuer, Macquarie Bank Limited.

(iii) *Property A*
Property A portfolio comprises two subsectors:

- *Listed property trusts*
  These investments comprise arrangements whereby professional fund managers are appointed under an investment management agreement to manage and invest in listed property securities and real estate investment trusts. Investments in this subsector are in pooled funds and have been valued in accordance with the valuations supplied by the managers.

- *Unlisted property vehicles*
  The unlisted property vehicles portfolio is invested and managed by external managers. Investments in this subsector have been valued in accordance with the valuations supplied by the managers.

(iv) *Australian equities A*
The Australian equities A portfolio comprises investments in listed Australian equities, and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at balance date. Investments in pooled listed Australian equities funds have been valued in accordance with the valuations supplied by the managers.

(v) *International equities A*
The International equities A portfolio comprises investments in equities listed on international share markets, and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at the balance date. Investments in pooled international vehicles have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

(vi) *Fixed interest*
Fixed Interest portfolio is invested and managed by external managers. The custodian appointed to hold the assets has valued the portfolio using market prices applicable at balance date.

(vii) *Diversified strategies growth A*
The Diversified strategies growth A portfolio comprises investments in domestic and overseas private equity funds and domestic and overseas pooled funds, which are invested and managed by external managers. The valuation of private equity investments is based on the most recent valuation performed by the fund managers plus or minus cash flows between the last valuation date and the reporting date. Both domestic and international private equity valuations are generally in accordance with the International Private Equity Venture Capital Valuation Guidelines (October 2006). Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

(viii) *Diversified strategies income*
The Diversified strategies income portfolio comprises investments in both domestic (Australian) and overseas pooled funds, and is invested and managed by external managers. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at balance date where applicable.

(ix) *Cash*
The Cash portfolio is externally managed. The investments are held in a cash management fund. Cash balances are supplied by the relevant financial institution and have been valued on the basis of principal plus accrued interest.

(x) *Socially responsible investment*
The Socially Responsible Investment portfolio comprises an externally managed pooled vehicle (unlisted unit trust). The valuation is performed and supplied by the relevant fund manager.

(c) Taxation

The scheme is a constitutionally protected superannuation fund in terms of section 295-15 of the ITAA, Regulation 995-1.04 (Schedule 4) and is exempt from income tax.

(d) Operation of investment portfolio

Funds SA operates a multi-layered notional unitisation structure to facilitate the administration of different investment strategies applying to the various public sector superannuation funds. For the year ending 30 June 2009, Funds SA managed eight separate investment options distinguished by differing strategic asset allocations, namely:

- High Growth
- Growth
- Balanced
- Moderate
- Conservative
- Capital Defensive
- Cash
- Socially Responsible.

During the financial year all of the above investment options were available to PSS3 members. The assets of the remainder of the Scheme are invested in the growth option.

Reference should be made to Funds SA's Annual Report for the strategic asset allocations applying to each of the investment options discussed in the preceding paragraphs.

(e) GST

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST. Sundry Debtors includes a refund from the ATO for GST paid on administration expenses.

(f) Revenue

Superannuation contributions and other revenue are recognised on an accrual basis where this can be reliably measured.

3. Transfers from Consolidated Account

The Treasurer approved a transfer of $44.5 million from the Consolidated Account in 2008-09 ($18 million).

4. Direct investment expenses

Direct investment expenses comprise fees paid to Funds SA and the investment managers. Funds SA advises the amount based on the Scheme's proportionate investment with the relevant investment managers.

5. Net assets available to pay benefits

	2009	2008
(a) PSS1 and PSS2 division	**$'000**	$'000
Funds held at 1 July	**141 846**	142 860
Contributions by members	**962**	999
Contributions by employers	**2 710**	2 808
Transfer from Consolidated Account	**44 500**	18 000
Investment revenue	**(24 064)**	(15 141)
Other revenue	**8**	7
	24 116	6 673
Benefits paid	**(8 303)**	(6 717)
Administration expense	**(187)**	(155)
Direct investment expense	**(606)**	(815)
	(9 096)	(7 687)
Funds held at 30 June	**156 866**	141 846
(b) PSS3 division		
Funds held at 1 July	**2 187**	1 514
Contributions by members	**6**	8
Contributions by employers	**389**	342
Rollovers from other schemes	**55**	591
Investment revenue	**(373)**	(254)
	77	687
Administration expense	**-**	(2)
Direct investment expense	**(11)**	(12)
	(11)	(14)
Funds held at 30 June	**2 253**	2 187
Total net assets	**159 119**	144 033

6. Liability for accrued benefits

The liability for accrued benefits is the Scheme's present obligation to pay benefits to members and has been calculated on the basis of the present value of expected future payments arising from membership of the Scheme up to the reporting date.

6. Liability for accrued benefits (continued)

For PSS1 and PSS2 members, the accrued liabilities are the present value of expected future benefit payments arising from membership of the scheme up to 30 June 2009. For PSS3 members, the accrued liability is the balance of the employee and employer contribution accounts as at 30 June 2009.

The expected future benefit payments have been determined using the same pensioner mortality assumptions as the 2007 triennial review of the South Australian Superannuation Scheme. The review's salary promotion scale and economic assumptions have also been used, while general salary increases of 1.5 percent per annum above the Adelaide CPI have been allowed for. In accordance with AAS 25, the expected future benefit payments have then been discounted to present values by a market-based, risk-adjusted discount rate. A discount rate of 4.5 percent per annum above CPI of 2.5 percent has been applied.

The accrued superannuation liability as determined by the State Superannuation Office of the Department of Treasury and Finance is estimated at $158.8 million ($150.9 million) as at 30 June 2009.

	2009	2008
	$'000	$'000
Liability for accrued benefits at 1 July	**150 897**	142 814
Benefits expense(i)	**16 240**	14 800
Benefits paid/payable	**(8 303)**	(6 717)
Liability for accrued benefits at 30 June	**158 834**	150 897
Represented by:		
PSS1 and PSS2 division	**156 620**	148 742
PSS3 division	**2 214**	2 155
Liability for accrued benefits at 30 June	**158 834**	150 897

(i) This figure represents the change in liability for accrued benefits plus benefits paid/payable for the year.

7. Vested benefits

Vested benefits are benefits which are not conditional upon continued membership of the Scheme, or any factor other than resignation from the Scheme. Vested benefits include benefits which members are entitled to receive had they terminated their membership as at the reporting date. The value of vested benefits is greater than the liability for accrued benefits, as vested benefits are based on the involuntary expiration of service, and this would result in an entitlement to benefits occurring immediately. The vested superannuation liability as at 30 June 2009 is estimated at $184.1 million.

	2009	2008
	$'000	$'000
Vested benefits - PSS1 and PSS2 division	**181 852**	173 834
Vested benefits - PSS3 division	**2 214**	2 155
	184 066	175 989

8. Guaranteed benefits

The entitlements of members are specified by the Act.

9. Reconciliation of operating result to net cash provided by operating activities

Operating result	**7 149**	(8 424)
Benefits expense	**16 240**	14 800
Benefits paid	**(8 303)**	(6 717)
Investment revenue	**24 437**	15 395
Direct investment expense	**617**	827
(Increase) Decrease in sundry debtors	**(2)**	2
Increase in sundry creditors	**420**	-
Decrease (Increase) in contributions receivable	**3**	(1)
Increase in benefits payable	**24**	22
Net cash provided by operating activities	**40 585**	15 904

10. Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and deposits with the Department of Treasury and Finance. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related item in the Statement of Financial Position as follows:

	2009	2008
	$'000	$'000
Cash and cash equivalents	**223**	252

11. Administration expenses

Administration expenses	**173**	143
Consultancy	**3**	-
Other expenses	**11**	14
	187	157

11. Administration expenses (continued)

Administration expenses comprises the costs incurred by the Department of Treasury and Finance in administering the Scheme, which are met in the first instance from the Department of Treasury and Finance Operating Account. The Department of Treasury and Finance seeks reimbursement from the Scheme.

Other expenses include Auditor's remuneration. Amounts paid or due and payable to the Auditor-General's Department (a SA Government Entity) for the audit of the Scheme for the reporting period totalled $14 300 ($11 000). No other services were provided by the Auditor-General's Department.

12. Financial Instruments

The Scheme's investments are managed by Funds SA predominantly by the appointment of investment managers as determined by the Funds SA Board. Each investment manager is required to invest the assets in accordance with the terms of a written mandate. The Funds SA Board has determined that the appointment of these managers is appropriate for the Scheme and is in accordance with the Scheme's investment strategy. The Funds SA Board obtains regular reports from each manager on the nature of the investments made on its behalf and the associated risks.

The allocation of assets between the various types of financial instruments is determined by the Funds SA Board. Divergence from target asset allocations and the composition of the portfolio is monitored by the Funds SA Board on a regular basis.

The Scheme's investing activities expose it to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk.

The nature and extent of the financial instruments employed by the Scheme are discussed below. This note presents information about the Scheme's exposure to each of the above risks, the Scheme's objectives, policies and processes for measuring and managing risk.

The Funds SA Board has overall responsibility for the establishment and oversight of the Scheme's investment risk management framework.

The Scheme's investment risk management policies are established to identify and analyse the risks faced by the Scheme, including those risks managed by the Scheme's investment managers, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Scheme's activities.

The Board receives regular reports from Funds SA concerning compliance with the Scheme's investment objectives.

***(a)* Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Scheme's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Currency risk

Currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Scheme's currency risk is managed by Funds SA who has invested in assets denominated in foreign currencies.

Funds SA strategic policy for the management of its foreign currency exposure is as follows:

- Foreign currency exposures in the diversified strategies growth, diversified strategies Income, property and fixed interest asset sectors are fully hedged to Australian dollars.
- Foreign currency exposures in the International equities asset sector are one-third hedged to Australian dollars.

For the purpose of managing foreign currency risk, within defined constraints, the exposure to foreign currency can be varied from the strategic policy stated above.

(ii) Interest rate risk

Interest rate risk is the risk that a movement in interest rates will cause the value of fixed interest securities to deviate from expectations.

Funds SA manages interest rate risk through:

- ensuring asset allocations of different investment products are consistent with the time horizon of each
- the use of specialist external investment managers to manage Funds SA's cash and fixed income portfolios.

(iii) Other market price risk

Other market price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the Scheme's financial instruments are valued at net market value (fair value) with changes in net market value recognised in the Operating Statement, all changes in market conditions will directly affect investment revenue.

Funds SA manages the risk of financial market volatility through the adherence to two principles:

- Ensuring a diversity of exposures to different financial markets and submarkets.
- Ensuring asset allocations for different investment products are consistent with the time horizon of each.

(iv) Sensitivity analysis

The Funds SA Board has determined that the forecast risk/return profile provide a reasonably possible change in the value of the investments in each investment option in the year ahead. These standard deviations provide the risk variable to be applied to each option. The following table illustrates the effect on change in investments assets from possible changes in market price risk.

Investment option	Sensitivity Variable	Standard deviation percent	**Changes in investment Assets $'000**
2009			
High growth	Nominal standard deviation	13.80	**102**
Growth	Nominal standard deviation	11.30	**17 792**
Balanced	Nominal standard deviation	10.00	**132**
Socially responsible	Nominal standard deviation	10.00	**2**
Total			**18 028**
2008			
High growth	Nominal standard deviation	13.30	102
Growth	Nominal standard deviation	11.70	16 609
Balanced	Nominal standard deviation	10.40	129
Total			16 840

A positive or negative rate of return equal to the standard deviations above would have an equal but opposite effect on the Scheme's investment revenue, on the basis that all other variables remain constant.

Standard deviation is a useful historical measure of the variability of return earned by an investment portfolio. The standard deviations above provide a reasonable sensitivity variable to estimate each investment options' expected return in future years.

Actual movements in returns may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the underlying trusts invest. As a result, historic variations in rates of return are not a definitive indicator of future variations in rates of return.

***(b)* Credit risk**

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme.

The net market value of financial assets, included in the Statement of Financial Position represents the Scheme's maximum exposure to credit risk in relation to those assets. The Scheme does not have any significant exposure to any individual counter party or industry. The credit risk is monitored by Funds SA through ongoing reviews of the investment managers.

The Scheme does not have any assets which are past due or impaired.

***(c)* Liquidity risk**

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due. The Scheme's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its payment of benefits to members and liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Scheme's reputation.

The Scheme's liquidity position is monitored on a daily basis. The Scheme's cash and liquidity policy is to have sufficient cash balances to meet anticipated weekly benefit payments, expenses and investing activities.

(c) **Liquidity risk (continued)**

Funds SA manages liquidity risk as follows:

- By giving careful consideration to the expected net cash redemptions requirements of Funds SA's clients. The allocation to cash in the strategic asset allocation of each investment product is set at a level sufficient to manage expected cash redemptions.

- A large proportion of each investment product is invested in highly liquid investments such as actively traded equities, unit trusts or securities with short-term maturities.

The following tables summarise the expected maturity profile of the Scheme's financial liabilities based on the earliest date on which the Scheme can be required to pay. The amounts in the table are the contractual undiscounted cash flows.

	Less than three months	Three months to one year	Total contractual cash flows	Carrying amount (asset) liabilities
2009	**$'000**	**$'000**	**$'000**	**$'000**
Benefits payable	**207**	**-**	**207**	**207**
Sundry creditors	**434**	**-**	**434**	**434**
Vested benefits(i)	**184 066**	**-**	**184 066**	**184 066**
Total	**184 707**	**-**	**184 707**	**184 707**
2008				
Benefits payable	183	-	183	183
Sundry creditors	14	-	14	14
Vested benefits(i)	175 989	-	175 989	175 989
Total	176 186	-	176 186	176 186

(i) Vested benefits have been included in the less than three months column, as this is the amount that members could call upon as at balance date. This is the earliest date on which the Scheme can be required to pay members vested benefits, however, members may not necessarily call upon amounts vested to them during this time.

(d) **Fair value estimation**

The carrying amounts of all the Scheme's financial instruments at the balance date approximated their fair values.

(e) **Derivative financial instruments**

Derivatives can be defined as financial contracts whose value depend on, or are derived from, assets, liabilities reference rates or indices. Funds SA uses derivatives to manage portfolio risk and to facilitate the implementation of investment strategies efficiently and cost effectively. Funds SA uses a variety of derivative instruments, such as over the counter swap agreements, forward rate agreements, futures and options.

Derivatives are an authorised investment within certain mandates managed by Funds SA's external investment managers for the purposes described above.

13. Related parties

(a) ***Board members***

The following are members of the Parliamentary Superannuation Board who served during the course of the 2008-09 financial year, along with the period served.

Robert Sneath	Chairman	1 July 2008 - 30 June 2009
Jack Snelling	Member	1 July 2008 - 30 June 2009
Robert Schwarz	Member	1 July 2008 - 30 June 2009

(b) ***Board members' remuneration***

Board members do not receive fees for their Board membership.

DEPARTMENT OF PLANNING AND LOCAL GOVERNMENT

FUNCTIONAL RESPONSIBILITY

Establishment

The Department of Planning and Local Government (the Department) is an administrative unit established under the PSM Act.

By proclamation pursuant to section 7 of the PSM Act, Planning SA was established as a separate administrative unit with effect from 1 July 2008. A subsequent proclamation changed the name of the new administrative unit to the Department of Planning and Local Government.

The employees and functions of Planning SA, including related administered items, were transferred from the Department of Primary Industries and Resources to the new administrative unit with effect from 1 July 2008.

The employees and functions of the Office for State/Local Government Relations, the Office for the Southern Suburbs and the Office for the Northern Suburbs including related administered items were transferred from the Department of Primary Industries and Resources to the new department with effect from 3 November 2008.

Functions

The Department is responsible for ensuring the sustainable development of land and to facilitate the relationship between State and Local Government.

For more information about the Department's role and objectives refer to Note 1 of the financial report.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Subsection 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of the Department for each financial year.

Assessment of controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Department in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of audit

The audit program covered major financial systems to obtain sufficient evidence to form an opinion on the financial statements and internal controls.

During 2008-09, specific areas of audit attention included:

- expenditure
- payroll
- cash at bank
- financial accounting
- revenue, including controlled and administered regulatory fees.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Planning and Local Government as at 30 June 2009, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Department of Planning and Local Government in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities except for the matters raised in relation to payroll and revenue outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Department of Planning and Local Government have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Chief Executive of the Department. The response to the management letter was considered to be satisfactory. Major matters raised with the Department and the related responses are detailed below.

Payroll

The Department has not implemented a central register to monitor the effectiveness of the review of bona fide certificates and leave returns by pay point managers. The risks associated with the absence of a register are:

- bona fide certificates – the Department does not obtain assurance that all bona fide certificates evidencing authorised employees are reviewed by relevant managers within a reasonable time and that errors identified by this review are corrected
- leave returns – the Department does not obtain assurance that leave returns are reviewed by relevant managers within a reasonable time and leave taken by employees is recorded.

As a result, Audit was unable to obtain assurance that the Department's payroll related transactions are valid, complete and accurately recorded.

The Department responded that policies and procedures have been established to ensure that bona fide reports, leave returns, and timesheets are effectively and efficiently managed. The policies and procedures require divisional administrative officers to maintain and record the return of bona fide certificates and leave returns reviewed by pay point managers.

Revenue

The audit identified areas where controls over revenue recording and receipting could be improved, specifically:

- the Department had not established procedures to ensure that regulatory fees paid by Councils are complete
- there was no independent review of the calculation of regulatory fees
- there was no evidence of an independent review of the reconciliation of revenue and receipting subsystems to the general ledger.

The Department responded that they were committed to addressing the issues raised by Audit and an independent review of reconciliations that can be evidenced as performed will be implemented. The Department also responded that it engaged a firm to undertake a review of revenue internal controls in 2008-09. The recommendations of this review will be considered with the external audit recommendations.

Implementation of the revised TIs 2 and 28

Audit review of the Department's response to the new TIs 2 and 28 noted the Department had drafted a compliance policy, however at the time of the audit the policy was not finalised or formally endorsed.

The Department responded that the policy will be finalised, formally endorsed and circulated to staff.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

As 2008-09 is the first year of operation of the Department no comparative financial information is available.

Highlights of the financial statements

	2009 $'million
EXPENSES	
Employee benefit expenses	16
Supplies and services	8
Other expenses	1
Total expenses	**25**
INCOME	
Revenue from fees and charges	7
Other revenues	1
Total income	**8**
Net cost of providing services	**17**
REVENUES FROM SA GOVERNMENT	18
Net result and total comprehensive result	**(1)**
NET CASH PROVIDED BY OPERATING ACTIVITIES	1.5
ASSETS	
Current assets	6
Non-current assets	1
Total assets	**7**
LIABILITIES	
Current liabilities	3
Non-current liabilities	3
Total liabilities	**6**
EQUITY	1

Statement of Comprehensive Income

The Department's main expenditure relates to employee benefits expenses. Fees and charges revenue relates mainly to fees collected pursuant to the *Development Act 1993.*

Statement of Financial Position

The majority of the Department's assets are cash. The majority of the Department's liabilities are employee benefits.

Statement of Cash Flows

The following table summarises the net cash flows for 2009.

	2009 $'million
Net cash flows	
Operating	**2**
Investing	**(1)**
Financing	**4**
Change in cash	**5**
Cash at 30 June	**5**

Highlights of the financial statements - administered items

	2009 $'million
EXPENSES	
Grants and subsidies	**160**
Supplies and services	**2**
Other expenses	**3**
Total expenses	**165**
INCOME	
Revenues from fees and charges	**19**
Advances and grants	**148**
Other income	**2**
Total income	**169**
Net cost of providing services	**4**
REVENUES FROM SA GOVERNMENT	**1**
Net result and total comprehensive result	**5**
NET CASH PROVIDED BY OPERATING ACTIVITIES	**5**
ASSETS	
Current assets	**19**
Non-current assets	**9**
Total assets	**28**
LIABILITIES	
Total liabilities	**1**
EQUITY	**27**

Statement of Administered Comprehensive Income

Administered revenue from advances and grants relate to Commonwealth funding to the South Australian Local Government Grants Commission. Administered grants and subsidies expenditure relates to payments by the Local Government Grants Commission to local government bodies.

Administered fees and charges relate mainly to regulatory fees collected by the Planning and Development Fund pursuant to the *Development Act 1993*.

Statement of Administered Financial Position

The cash balance in the Statement of Administered Financial Position relates mainly to cash received for administered items as a result of the administrative restructure. Refer Statement of Administered Changes in Equity.

Statement of Comprehensive Income
for the year ended 30 June 2009

	Note	**2009** **$'000**
EXPENSES:		
Employee benefit expenses	6	**16 380**
Supplies and services	7	**7 562**
Depreciation and amortisation expense	8	**335**
Grants and subsidies	9	**282**
Net loss from disposal of non-current assets	10	**5**
Other expenses		**25**
Total expenses		**24 589**
INCOME:		
Revenue from fees and charges	12	**6 685**
Advances and grants	13	**375**
Sale of goods	14	**44**
Other income	15	**64**
Total income		**7 168**
NET COST OF PROVIDING SERVICES		**17 421**
REVENUES FROM SA GOVERNMENT:		
Revenues from SA Government	16	**18 206**
NET RESULT		**785**
TOTAL COMPREHENSIVE RESULT		**785**

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

Statement of Financial Position
as at 30 June 2009

	Note	2009 $'000
CURRENT ASSETS:		
Cash	17	**4 806**
Receivables	18	**1 077**
Total current assets		**5 883**
NON-CURRENT ASSETS:		
Receivables	18	**4**
Property, plant and equipment	19	**1 005**
Intangible assets	20	**53**
Total non-current assets		**1 062**
Total assets		**6 945**
CURRENT LIABILITIES:		
Payables	21	**1 452**
Employee benefits	22	**1 922**
Provisions	23	**33**
Total current liabilities		**3 407**
NON-CURRENT LIABILITIES:		
Payables	21	**282**
Employee benefits	22	**2 697**
Provisions	23	**99**
Total non-current liabilities		**3 078**
Total liabilities		**6 485**
NET ASSETS		**460**
EQUITY:		
Retained earnings	24	**(2 523)**
Contributed capital	24	**2 983**
TOTAL EQUITY		**460**

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	26	
Contingent assets and liabilities	27	

Statement of Changes in Equity
for the year ended 30 June 2009

	Note	Retained earnings $'000	Contributed equity $'000	Total $'000
Balance at 1 July 2008		-	-	-
Net Result for 2008-09		785	-	785
Total comprehensive result for 2008-09		785	-	785
Transactions with SA Government as owner				
Equity contribution received		-	1 500	1 500
Contributed equity received as a result of an administrative restructure	25	-	1 483	1 483
Net liabilities transferred as a result of an administrative restructure	25	(3 308)	-	(3 308)
Balance at 30 June 2009		**(2 523)**	**2 983**	**460**

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

Statement of Cash Flows
for the year ended 30 June 2009

		2009 Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	**$'000**
CASH OUTFLOWS:		
Employee benefit payments		**(15 753)**
Payments for supplies and services		**(6 914)**
Payments of grants and subsidies		**(278)**
GST payments on purchases		**(2 214)**
GST paid to the ATO		**(79)**
Other payments		**(25)**
Cash used in operations		**(25 263)**
CASH INFLOWS:		
Fees and charges		**6 898**
Sale of goods		**44**
Advances and grants		**226**
GST receipts on receivables		**136**
GST recovered from the ATO		**1 248**
Other receipts		**40**
Cash generated from operations		**8 592**
CASH FLOWS FROM SA GOVERNMENT:		
Receipts from SA Government		**18 206**
Cash generated from SA Government		**18 206**
Net cash provided by operating activities	28	**1 535**
CASH FLOWS FROM INVESTING ACTIVITIES:		
CASH OUTFLOWS:		
Purchase of property, plant and equipment		**(568)**
Cash used in investing activities		**(568)**
Net cash used in investing activities		**(568)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
CASH INFLOWS:		
Capital contributions from government		**1 500**
Proceeds from restructuring activities		**2 339**
Cash generated from financing activities		**3 839**
Net cash provided by financing activities		**3 839**
NET INCREASE IN CASH		**4 806**
CASH AT 1 JULY		**-**
CASH AT 30 JUNE	17	**4 806**

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2009

					2009
(Activities - refer Note 5)	1	2	3	4	Total
EXPENSES:	$'000	$'000	$'000	$'000	$'000
Employee benefits costs	14 761	136	112	1 371	16 380
Supplies and services	6 912	42	78	530	7 562
Depreciation and amortisation	321	-	12	2	335
Grants and subsidies	212	-	-	70	280
Net loss from disposal of non-current assets	-	5	-	-	5
Other expenses	25	-	-	-	25
Total expenses	22 231	183	202	1 973	24 589
INCOME:					
Revenues from fees and charges	6 618	-	-	67	6 685
Advances and grants	375	-	-	-	375
Sale of goods	44	-	-	-	44
Other income	43	-	-	21	64
Total income	7 080	-	-	88	7 168
NET COST OF PROVIDING SERVICES	15 151	183	202	1 885	17 421
REVENUES FROM SA GOVERNMENT:					
Revenues from SA Government	15 678	-	-	2 528	18 206
NET RESULT	527	(183)	(202)	643	785

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Department of Planning and Local Government

The Department of Planning and Local Government (the Department) is the pre-eminent State Government land use agency committed to the sustainable development of South Australia. It also leads the State Government's relationship with Local Government and recognises the important role councils play in delivering local services and infrastructure.

To meet the challenge to make South Australia an attractive place to live, work and invest, the Department's focus is on strategic leadership and presentation of South Australia's land use and development planning to enhance economic development, housing affordability, liveability, job creation and an effective approach to climate change. Objectives of the Department are to:

- maintain and administer legislation and practices to ensure South Australia has access to a high quality planning system and high quality system of Local Government
- develop policy and analysis in relation to sustainability, land use, urban design and buildings to enhance planning and built form in South Australia
- ensure the production of a range of plans and plan amendments required as part of South Australia's Planning Framework
- produce guidance, advice and policies for the construction and amendment of development plans
- assess development plans and development applications (including major development applications) and provide related advice
- develop policy and produce documents detailing high standards of governance and accountability for South Australia's Local Government sector
- realise policy commitments to improve economic, social and development outcomes for communities through the Office for the Southern Suburbs and Office for the Northern Suburbs
- support a number of statutory authorities for which the Minister for State/Local Government Relations is responsible.

The principal sources of funds for the Department's programs consists of monies appropriated by Parliament and the collection of planning and development fees under the *Development Act 1993*.

2. Summary of significant accounting policies

(a) Statement of compliance

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and TIs and APSs promulgated under the provisions of the PFAA.

Except for the amendments to AASB 101 including AASB 2007-08 and AASB 2007-10, which the Department has early-adopted, AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2009. Refer to Note 4.

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Department's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable Notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following Note disclosures, that have been included in this financial report:
    - Revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of $100 000 for separate identification of these items applies.
    - Expenses incurred as a result of engaging consultants.
    - Employees whose normal remuneration is $100 000 or more (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees.
    - Board/Committee member and remuneration information, where a Board/Committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2009.

(c) Reporting entity

The Department is a government department of the State of South Australia, established pursuant to the PSM Act. The Department is an administrative unit acting on behalf of the Crown.

The financial statements and accompanying notes include all the controlled activities of the Department. Transactions and balances relating to administered resources are not recognised as departmental income, expense, assets and liabilities. As administered items are significant in relation to the Department's overall financial performance and position, they are disclosed in the administered financial statements (schedule of administered items) at the back of the controlled general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

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

(d) Transferred functions

Planning SA (1 July 2008)

The Public Sector Management (Planning SA) Proclamation 2008 published on 26 June 2008, proclaimed that effective from 1 July 2008 the former Department of Primary Industries and Resources (PIRSA) business unit 'Planning SA' would be established as a separate administrative unit of the Public Service.

All existing functions were transferred to the newly formed administrative unit of Planning SA on 1 July 2008.

Office for State and Local Government Relations (OSLGR) (3 November 2008)
The Public Sector Management (Department of Planning and Local Government) Proclamation 2008 (dated 16 October 2008) proclaimed that effective from 16 October 2008 the administrative unit title of 'Planning SA' would be altered to the Department of Planning and Local Government.

The Public Sector Management (Department of Planning and Local Government - Transfer of Employees) Proclamation 2008 (dated 30 October 2008) proclaimed that effective from 3 November 2008 the Office for State and Local Government Relations, Office for Southern Suburbs and Office for the Northern Suburbs would transfer to the Department for Planning and Local Government.

(e) Comparative information
Comparative information has not been disclosed due to the creation of the Department on 1 July 2008.

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

(g) Taxation
The Department is not subject to income tax. The Department is liable for payroll tax, FBT, GST, emergency services levy, land tax equivalents and local government rate equivalents.

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

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

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

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

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

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

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

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

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

The Notes accompanying the financial statements disclose income 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 within the non-government transactions, classified according to their nature.

The following are specific recognition criteria:

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

Advances and grants
Advances and grants are recognised when the Department gains control of the grant which is generally upon receipt.

Revenues from SA Government
Appropriations for program funding are recognised as revenues when the Department obtains control over the funding. Control over appropriations is normally obtained upon their receipt.

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

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

Any gain on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deduction from proceeds of the asset at that time.

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

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

The Notes accompanying the financial statements disclose expenses where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

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

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

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

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

(l) Cash
Cash in the Statement of Financial Position includes cash at bank and on hand.

For the purposes of the Statement of Cash Flows, cash is defined above.

Cash is measured at nominal value.

(m) Receivables
Receivables include amounts receivable from the sale of goods and services, prepayments and other accruals.

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

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

(n) Inventories
Inventories are measured at the lower of cost or their net realisable value and include maintenance consumables and spares used in the ordinary course of business. It excludes depreciating assets.

(n) Inventories (continued)

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

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

(o) Non-current asset acquisition and recognition

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

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

All non-current tangible assets with a value equal to or in excess of $2000 are capitalised.

(p) Revaluation of non-current assets

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

The Department will revalue its land, buildings and leasehold improvements on a five yearly basis. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

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

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

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

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

Land and buildings

Land, buildings and infrastructure were taken to be at fair value as a date of transfer from Primary Industries and Resources SA as at 1 July 2008 for Planning SA and 3 November 2008 for the Office of State and Local Government Relations.

Plant and equipment

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

(q) Impairment

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

For revalued assets an impairment loss is offset against the asset revaluation reserve for that class of asset.

(r) Depreciation and amortisation of non-current assets

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

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

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

(r) Depreciation and amortisation of non-current assets (continued)

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

Class of assets	*Method*	*Useful life (Years)*
Buildings and infrastructure	Straight-line	20-70
Water, sewerage and drainage	Straight-line	20-23
Plant and equipment	Straight-line	3-20
Intangibles	Straight-line	1-4

(s) Constructions and works in progress

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

(t) Intangible assets

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

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

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

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

(u) Payables

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

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

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

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

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

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

(v) Employee benefits

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

Wages, salaries, annual leave and sick leave

Liability for salary and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages and annual leave are payable later than 12 months, the liability will be measured at present value.

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

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

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

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

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

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

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

Operating leases
In respect of operating leases, the lessor retains substantially all the risks and rewards incidental to ownership of the leased assets. Operating lease payments are recognised as an expense on a straight-line basis that is representative of the pattern of benefits derived from the leased assets.

(x) Unrecognised contractual commitments and contingent assets and liabilities
Commitments include those operating, capital and outsourcing commitments arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a Note and, if quantifiable, are measured at nominal value (refer Note 26).

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

3. Financial instruments and financial risk management
The Department has significant non-interest bearing assets (cash on hand and on call and receivables) and liabilities (payables) and interest bearing assets (deposits with the Treasurer). The Department's exposure to market risk and cash flow interest risk is minimal.

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

The Department has minimal concentration of credit risk. The Department has policies and procedures in place to ensure transactions occur with customers with appropriate credit history.

Liquidity risk
Liquidity risk arises where the Department is unable to meet its financial obligations as they fall due. The continued existence of the Department is dependent on 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 Note 29 represents the Department's maximum exposure to financial liabilities.

Market risk

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

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.

4. Changes in accounting policies

Except for the amendments to AASB 101, which the Department has early adopted, the AASs and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the reporting period ending 30 June 2009. 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 report of the Department.

5. Activities of the Department

The Disaggregated Disclosures schedule provides details of expenses and revenues applicable to the activities of the Department. Information about the Department's activities is set out below and in the activity schedule.

Activity 1: Urban Development and Planning

Strategic land use agency administering the South Australian Planning and Development system, leading and presenting South Australia's land use and development planning, assessing applications for land use and development.

Activity 2: Office for the Southern Suburbs

To assist in the realisation of the government's policy commitments to improve economic development, social and environmental outcomes for the communities identified as being of high need in the southern suburbs.

Activity 3: Office for the Northern Suburbs

To assist in the realisation of the government's policy commitments to improve economic, social and environmental outcomes for the northern suburbs.

Activity 4: State and Local Government Relations

Provide policy and other advice to the government on the constructive relationship between the State Government and Councils and other associated local government representative groups; whole-of-government policy and legislative frameworks as they affect local government; and the constitution and operations of the Local Government system, including statutory authorities for which the Minister for State and Local Government Relations is responsible.

6. Employee benefit expenses

	2009
	$'000
Salaries and wages	**11 793**
Annual leave	**1 227**
Long service leave	**625**
Employment on-costs - superannuation	**1 498**
Employment on-costs - other	**790**
Workers compensation	**4**
Board and committee fees	**263**
Other employee related expenses	**180**
Total employee benefit expenses	**16 380**

TVSPs

No TVSPs were paid during the reporting period.

Remuneration of employees	**2009**
The number of employees whose total remuneration received or receivable falls within the following bands:	**Number**
$100 000 - $109 999	**10**
$110 000 - $119 999	**4**
$120 000 - $129 999	**1**
$140 000 - $149 999	**1**
$150 000 - $159 999	**1**
$160 000 - $169 999	**3**
$170 000 - $179 999	**2**
$260 000 - $269 999	**1**
Total number of employees	**23**

The table includes all employees who received remuneration of $100 000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other sacrifice benefits. The total remuneration received by the above employees for the year was $3.029 million.

Remuneration of employees (continued)

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

	2009
Executives	10
Non-executives	13
Total number of employees	**23**

7. Supplies and services

Supplies and services provided by entities within SA Government:	
Professional and technical services	344
Administrative and operators cost	137
Utility and property costs	242
Computing and communications costs	593
Shared Services SA costs	136
Operating lease costs	1 231
Total supplies and services - SA Government entities	**2 683**
Supplies and services provided by entities external to the SA Government:	
Professional and technical services(1)	3 297
Administrative and operating costs(2)	687
Computing and communications costs	454
Travel	305
Staff development and safety	132
Other	4
Total supplies and services - non-SA Government entities	**4 879**
Total supplies and services	**7 562**

(1) Includes consultants costs which are further broken down below and audit fees payable to the Auditor-General (refer Note 11).

(2) Includes payments to SA Government entities totalling less than $100 000.

The number and dollar amount of consultants paid/payable (included in supplies and services expense) that fell within the following bands:	2009 Number	2009 $'000
Below $10 000	4	15
Between $10 000 and $50 000	12	271
Above $50 000	9	1 574
Total paid/payable to the consultants engaged	**25**	**1 860**

8. Depreciation expense

	2009 $'000
Depreciation:	
Plant and equipment	335
Total depreciation expense	**335**

9. Grants and subsidies

Grants and subsidies paid/payable to entities external to the SA Government:	
Capital grant	282
Total grants and subsidies	**282**
The major grant programs paid to entities external to the SA Government:	
Payments to Local Government	79
Department of Innovation, Industry, Science and Research (Commonwealth)	61
Department of Infrastructure and Planning (QLD)	30
Local Government Association	70
The Flinders University of South Australia	42
Total grants and subsidies	**282**

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

Plant and equipment:	
Proceeds from disposal	-
Net book value of assets disposed	(5)
Net loss from disposal of plant and equipment	**(5)**

11. Auditor's remuneration

Audit fees paid/payable to the Auditor-General's Department	40
Total auditor's remuneration	**40**

Other services

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

12. Revenues from fees and charges

	2009 $'000
User charges and fees received/receivable from entities within SA Government:	
Planning and development administered fund management fees	787
Crown planning development approval fees	558
Planning and building disbursement fees	547
Total revenues from fees and charges - SA Government entities	**1 892**
User charges and fees received/receivable from entities external to SA Government:	
Development application and assessment fees	3 035
Council transfer application, planning and building fees	967
Major development applications	579
Planning and development fees	158
Other	54
Total revenues from fees and charges - non-SA Government entities	**4 793**
Total revenues from fees and charges	**6 685**

13. Advances and grants

State grants	242
Commonwealth grants	133
Total advances and grants revenue	**375**

The above grants are allocated to a large range of projects involving the Commonwealth, other State Government Departments and industry groups. Grants were applied to the following business sectors.

Advances and grants received/receivable from entities within SA Government:[(a)]	
Department of Trade and Economic Development	51
Department of Health	30
Department for Transport, Energy and Infrastructure	43
Land Management Corporation	30
South Australian Fire and Emergency Services Commission	63
Other	25
Total advances and grants revenue - SA Government entities	**242**
Advances and grants received/receivable from entities external to SA Government:[(a)]	
Natural Heritage Trust	133
Total advances and grants revenue - non-SA Government entities	**133**
Total advances and grants revenue	**375**

(a) Grants and advances are categorised to reflect the business sectors receiving the benefits.

14. Sale of goods

Sale of information and data	44
Total sale of goods	**44**

15. Other income

Other income received/receivable from entities external to SA Government:	
Reimbursements/Recoveries	37
Workers compensation revaluation	19
Other	8
Total other income	**64**

16. Revenues from SA Government

Revenues from SA Government:	
Appropriations from consolidated account pursuant to the *Appropriation Act*	18 206
Total revenues from SA Government	**18 206**

The Department for Planning and Local Government received as appropriation $18.199 million from the amount recognised in the annual *Appropriations Act*.

17. Cash

	2009 $'000
Deposits with the Treasurer	4 806
Total Cash	**4 806**

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

Interest rate risk
Cash on hand is non-interest bearing. Deposits at call and with the Treasurer are bearing a floating interest rate between 2.99 percent (May 2009) and 7.10 percent (August 2008). The carrying amount of cash approximates fair value.

18. Receivables

	2009 $'000
Current:	
Receivables	65
	65
Workers compensation recoveries	1
Other accrued revenue	11
GST receivable	966
Prepayments	34
	1 012
Total current receivables	**1 077**
Non-Current:	
Workers compensation recoveries	4
Total non-current receivables	**4**
Total receivables	**1 081**

All receivables are receivable from non-SA Government entities.

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

(a) Maturity analysis of receivables - refer Note 29.
(b) Categorisation of financial instruments and risk exposure information - Refer Note 29.

19. Property, plant and equipment

	2009 $'000
Plant and equipment:	
Plant and equipment at cost (deemed fair value)	2 277
Accumulated depreciation - plant and equipment	(1 272)
Total plant and equipment	**1 005**
Total property, plant and equipment	**1 005**

Reconciliation of property, plant and equipment
The following table shows the movement of property, plant and equipment during 2008-09:

	Plant and equipment $'000	2009 Total $'000
Carrying amount at 1 July	-	-
Acquisition through administrative restructuring transfer	682	682
Additions	663	663
Disposals	(5)	(5)
Depreciation expense	(335)	(335)
Carrying amount at 30 June	1 005	**1 005**

Impairment
There were no indications of impairment of property, plant and equipment, infrastructure and intangible assets at 30 June 2009.

20. Intangible assets

	2009 $'000
Software:	
Computer software	1 283
Accumulated amortisation	(1 283)
Development of computer software	53
Total intangible assets	**53**

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

21. Payables

	2009
Current:	$'000
Creditors	25
Accrued expenses	1 047
GST payable	57
Employment on-costs	323
Total current payables	1 452
Expected to be paid more than 12 months after reporting date:	
Employment on-costs	282
Total expected to be paid more than 12 months after reporting date	282
Total payables	1 734
Government/non-Government payables:	
Payables to SA Government entities:	
Accrued expenses	293
Employment on-costs	260
Total payables to SA Government entities	553
Payables to non-SA Government entities:	
Creditors	25
Accrued expenses	754
Employment on-costs	345
GST payable	57
Total payables to non-SA Government entities	1 181
Total payables	1 734

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave is 45 percent. The average factor for the calculation of employer superannuation cost on-cost is 11.61 percent, as determined by actual employee super rates. These rates are used in the employment on-cost calculation.

Interest rate risk

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

(a) Maturity analysis of payables - refer Note 29.
(b) Categorisation of financial instruments and risk exposure information - refer Note 29.

22. Employee benefits

	2009
Current:	$'000
Annual leave	1 211
Long service leave	354
Accrued salaries and wages	357
Total current employee benefits	1 922
Non-current:	
Long service leave	2 697
Total non-current employee benefits	2 697
Total employee benefits	4 619

The total current and non-current employee expense (ie aggregate employee benefit in Note 22 plus related on-costs in Note 21) for 2009 is $5.224 million.

Based on an actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of the long service leave liability is 6.5 years.

In addition, the actuarial assessment performed by the Department of Treasury and Finance has determined the salary inflation rate as 4 percent for 2009.

23. Provisions

	2009
Current:	$'000
Provision for workers compensation	33
Total current provisions	33
Non-current:	
Provision for workers compensation	99
Total non-current provisions	99
Total provisions	132

23. Provisions

	2009 $'000
Carrying amount at 1 July	**-**
Transferred in on restructure	**151**
Decrease in the provision	**(19)**
Carrying amount at 30 June	**132**

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

24. Equity

	2009 $'000
Contributed capital	**2 983**
Accumulated deficit	**(2 523)**
Total equity	**460**

25. Transferred functions

Transferred in functions

Planning SA - 1 July 2008

The Public Sector Management (Planning SA) Proclamation 2008 which was issued on 26 June 2008, proclaimed the former Department of Primary Industries and Resources (PIRSA) business unit of 'Planning SA', would be established as a separate administrative unit of the Public Service. All existing functions were transferred to the new Planning SA administrative unit on 1 July 2008.

Office for State and Local Government Relations (OSLGR) - 3 November 2008

The Public Sector Management (Department of Planning and Local Government - Transfer of Employees) Proclamation 2008 (dated 30 October 2008) proclaimed that effective from 3 November 2008 the Office for State and Local Government Relations, Office for Southern Suburbs and Office for the Northern Suburbs would transfer to the former Planning SA. Planning SA was to be known as the Department of Planning and Local Government.

As the transition occurred during the year, it is a requirement of the AASs that the income and expenses attributable to OSLGR are disclosed:

	2008 PIRSA Jul - Oct $'000	2009 DPLG Nov - Jun $'000	**Total $'000**
Revenues from SA Government	-	2 528	**2 528**
Revenue from fees and charges	8	67	**75**
Other income	-	21	**21**
Total income	8	2 616	**2 624**
Employee benefit expenses	826	1 619	**2 445**
Supplies and services	221	620	**841**
Depreciation expense	-	15	**15**
Grants and subsidies	-	100	**100**
Net loss form disposal of non-current assets	-	5	**5**
Total expenses	1 047	2 359	**3 406**
Net result	(1 039)	257	**(782)**

On transfer the Department of Planning and Local Government recognised the following assets and liabilities:

2008-09	Planning SA 01.07.08 $'000	OSLGR 03.11.08 $'000	**Total $'000**
Assets			
Cash	2 339	-	**2 339**
Receivables	343	7	**350**
Property, plant and equipment	663	18	**681**
Total assets	3 345	25	**3 370**
Liabilities			
Payables	706	66	**772**
Employee benefits	3 533	591	**4 124**
Provisions	18	132	**150**
Other current liabilities	149	-	**149**
Total liabilities	4 406	789	**5 195**
Equity			
Contributed capital	1 483	-	**1 483**
Total equity	1 483	-	**1 483**
Total net assets transferred	(2 544)	(764)	**(3 308)**

26. Unrecognised contractual commitments

Operating lease commitments

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

	2009
	$'000
Within one year	1 254
Later than one year and not later than five years	4 073
Later than five years	195
Total operating lease commitments	**5 522**

Representing:	
Non-cancellable operating leases	5 522
Total operating lease commitments	**5 522**

Operating leases relate to office accommodation, which are non-cancellable leases, with rental payable monthly in advance.

Contingent rental provisions within the lease agreements allow for the review of lease payments every two years. Any changes in lease payments would be based on market rates. Options exist to renew the leases at the end of their terms.

Remuneration commitments

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

	2009
	$'000
Within one year	1 711
Later than one year and not later than five years	4 178
Total remuneration commitments	**5 889**

Amounts disclosed include commitments arising from executive and other service contracts. The Department does not offer fixed-term remuneration contracts greater than five years.

Other commitments

Within one year	91
Later than one year and not later than five years	113
Total other commitments	**204**

The Department's other commitments include agreements with Fleet SA for long-term hire of light vehicles and other amounts owing under fixed price contracts outstanding at the end of the reporting period.

27. Contingent assets and contingent liabilities

The Department is not aware of any contingent assets or liabilities as at 30 June 2009.

28. Cash flow reconciliation

Reconciliation of cash - cash at 30 June as per:	
Statement of Cash Flows	4 806
Statement of Financial Position	4 806

Reconciliation of net cash provided by operating activities to net cost of providing services:	
Net cash provided by operating activities	1 535
Revenue from SA Government	(18 206)
Add (Less): Non-cash items:	
Depreciation and amortisation	(335)
Loss on disposal of assets	(5)
Doubtful debts write-off	(4)
Changes in assets and liabilities (net of restructure transfer):	
Increase in receivables	677
Decrease in payables and provisions	(728)
Increase in employee benefits	(504)
Decrease in other liabilities	149
Net cost of providing services	**(17 421)**

29. Financial instruments/financial risk management

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

Categorisation of financial instruments (continued)

		2009	
		Carrying amount	**Fair value**
Financial assets	Note	**$'000**	**$'000**
Cash	17	**4 806**	**4 806**
Receivables - at cost:			
Receivables[1]	18	**65**	**65**
Total financial assets		**4 871**	**4 871**
Financial liabilities			
Financial liabilities - at cost:			
Payables[1]	21	**25**	**25**
Total financial liabilities		**25**	**25**

(1) Amount of receivables and payables disclosed here excludes statutory receivables and payables (amounts owing from/to SA Government and GST input tax credit payable and recoverable). They are carried at cost.

Currently the Department does not hold any collateral as security to any of its financial assets. At reporting date, there is no evidence to indicate that any of the financial assets are impaired.

Ageing analysis of financial assets

	Past due by			
2009	**Overdue for less than 30 days $'000**	**Overdue for 30-60 days $'000**	**Overdue for more than 60 days $'000**	**2009 Total $'000**
Not Impaired:				
Receivables	**48**	**2**	**15**	**65**
Impaired:				
Receivables	**-**	**-**	**-**	**-**
Total financial assets	**48**	**2**	**15**	**65**

Maturity analysis of financial assets and liabilities

All financial assets and liabilities mature within one year.

30. Events after balance date

No events have occurred after balance date that would affect the financial statements of the Department as at 30 June 2009.

31. Remuneration of Board and Committee members

Members that were entitled to receive remuneration during the 2008-09 financial year are listed below in the following summary table.

The number of members whose remuneration received or receivable falls within the following bands:	**2009 Number**
$nil	**23**
$1 - $9 999	**31**
$20 000 - $29 999	**4**
$30 000 - $39 999	**2**
$40 000 - $49 999	**1**
Total number of members	**61**

Remuneration of members reflects all costs of performing Board/Committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was $285 616.

Amounts paid to a superannuation plan for members was $22 883.

In accordance with the Department of the Premier and Cabinet Circular 16, government employees, as indicated by an asterisk, do not receive any remuneration for Board/Committee duties during the financial year.

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

Boundary Adjustment Facilitation Panel

Irving A
Maitland J W
Procter C
Saunders C A (retired)
Wagstaff M

31. Remuneration of Board and Committee members (continued)

Building Advisory Committee

Clausen K
Corby B P
Grimes L
Hopkins K R
Marsland M P (retired)
Mazzarolo J A
Poupoulas D P
Seppelt A K (retired)

Building Rules Assessment Committee

Corby B P
Dodd I M
Douflias B
Drogmuller N
Hopkins K
Marsland M
Mazzarolo J A
Poupoulas D
Prelgauskas E
Robinson D A
Seppelt A K
Vjestica M
Wigg C A

Extractive Industries Committee

Loveday G M
Saunders C A (resigned)
Somers M J
Miller C M
Negri M J

Development Assessment Commission

Billsborough D
Brown D L
Byrt E
Cugley J
Dagas J
Douflias B
Ellis T J
Fatchen T
Fuller N
Haren J
Harvey N
Jackson N
Kracman B
Leydon M
Loveday G M
Rice R
Vjestica M (retired)
Walker K
Wigg C
Williamson D

Local Heritage Advisory Committee

Angas H*
El Chiekh N*
Faunt A J
Leydon G J
Stark P (resigned)*
Stroeher B
Wigg C A

Port Waterfront Redevelopment Committee

Brown D L
Douflias B
Byrt E
Parisi C (resigned)
Gagetti R L (resigned)

Development Policy Advisory Committee

Barone M
Dagas J (resigned)
Filby S M (retired)
Gagetti R L
Gall M*
Hooper S P
Moore J F
Moran B*
Poupoulas D
Veitch A C G

Statement of Administered Comprehensive Income
for the year ended 30 June 2009

	Note	2009 $'000
EXPENSES:		
Employee benefits expenses	A3	**708**
Supplies and services	A4	**1 616**
Depreciation	A5	**125**
Grants and subsidies	A6	**160 224**
Net loss from disposal of assets	A7	**58**
Other expenses	A8	**2 147**
Total expenses		**164 878**
INCOME:		
Revenue from fees and charges	A10	**19 479**
Advances and grants	A11	**147 567**
Interest revenue	A12	**961**
Other income	A13	**592**
Total income		**168 599**
NET REVENUE FROM PROVIDING SERVICES		**3 721**
REVENUES FROM SA GOVERNMENT:		
Revenues from SA Government	A14	**1 312**
NET RESULT		**5 033**
OTHER COMPREHENSIVE INCOME:		
Changes in property, plant and equipment asset revaluation reserve		**7**
TOTAL COMPREHENSIVE RESULT		**5 040**

Net result and comprehensive result are attributable to the SA Government as owner

Statement of Administered Financial Position as at 30 June 2009

	Note	2009 $'000
CURRENT ASSETS:		
Cash	A15	**18 317**
Receivables	A16	**1 120**
Inventories	A17	**15**
Total current assets		**19 452**
NON-CURRENT ASSETS:		
Property, plant and equipment	A18	**9 100**
Total non-current assets		**9 100**
Total assets		**28 552**
CURRENT LIABILITIES:		
Payables	A19	**1 125**
Employee benefits	A20	**113**
Provisions	A21	**1**
Total current liabilities		**1 239**
NON-CURRENT LIABILITIES:		
Payables	A19	**19**
Employee benefits	A20	**187**
Provisions	A21	**2**
Total non-current liabilities		**208**
Total liabilities		**1 447**
NET ASSETS		**27 105**
EQUITY:		
Retained earnings	A22	**24 289**
Asset revaluation reserve	A22	**2 816**
TOTAL EQUITY		**27 105**

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	A24	
Contingent assets and liabilities	A25	

Statement of Administered Changes in Equity
for the year ended 30 June 2009

	Note	Assets revaluation reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2008		-	-	-
Net result for 2008-09		-	5 033	5 033
Asset recognition		7	-	7
Total comprehensive result for 2008-09		7	5 033	5 040
Transactions with SA Government as Owner				
Net assets transferred on administrative restructure	A23	-	19 256	19 256
Asset revaluation reserve transferred on administrative restructure	A23	2 809	-	2 809
Balance at 30 June 2009		**2 816**	**24 289**	**27 105**

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

Statement of Administered Cash Flows
for the year ended 30 June 2009

		2009 Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	Note	**$'000**
CASH OUTFLOWS:		
Employee benefit payments		**(599)**
Payments for supplies and services		**(1 594)**
Payments for grants and subsidies		**(160 581)**
Other payments		**(1 749)**
Cash used in operations		**(164 523)**
CASH INFLOWS:		
User fees and charges		**19 124**
Advances and grants		**147 338**
Interest received		**1 003**
Other receipts		**285**
Cash generated from operations		**167 750**
CASH FLOWS FROM SA GOVERNMENT:		
Receipts from SA Government		**1 312**
Cash generated from SA Government		**1 312**
Net cash provided by operating activities	A26	**4 539**
CASH FLOWS FROM INVESTING ACTIVITIES:		
CASH OUTFLOWS:		
Purchase of land, buildings and improvements		**(2 053)**
Purchase of plant and equipment		**(33)**
Cash used in investing activities		**(2 086)**
Net cash used in investing activities		**(2 086)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
CASH INFLOWS:		
Proceeds from restructuring activities		**15 864**
Cash generated from financing activities		**15 864**
Net cash provided by financing activities		**15 864**
NET INCREASE IN CASH		**18 317**
CASH AT 1 JULY		**-**
CASH AT 30 JUNE	A15	**18 317**

Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2009

(Activities - refer Note A2)	1	2	3	4
EXPENSES:	**$'000**	**$'000**	**$'000**	**$'000**
Employee benefits costs	2	-	-	342
Supplies and services	979	-	-	129
Depreciation and amortisation	-	-	-	-
Grants and subsidies	13 312	-	1 038	144 197
Net loss from disposal of assets	-	-	-	-
Other expenses	831	1 310	-	-
Total expenses	15 124	1 310	1 038	144 668
INCOME:				
Revenue from fees and charges	18 169	13 10	-	-
Advances and grants	1	-	-	145 230
Interest revenue	850	-	-	77
Other income	552	-	-	20
Total income	19 572	1 310	-	145 327
NET REVENUES FROM PROVIDING SERVICES	4 448	-	(1 038)	659
REVENUES FROM SA GOVERNMENT:				
Revenues from SA Government	-	-	1 312	-
NET RESULT	4 448	-	274	659

(Activities - refer Note A2)	5	6	Total
EXPENSES:	**$'000**	**$'000**	**$'000**
Employee benefits costs	364	-	708
Supplies and services	508	-	1 616
Depreciation and amortisation	125	-	125
Grants and subsidies	1 187	490	160 224
Net loss from disposal of assets	58	-	58
Other expenses	6	-	2 147
Total expenses	2 248	490	164 878
INCOME:			
Revenue from fees and charges	-	-	19 479
Advances and grants	1 068	1 268	147 567
Interest revenue	21	13	961
Other income	20	-	592
Total income	1 109	1 281	168 599
NET REVENUE FROM PROVIDING SERVICES	(1 139)	791	3 721
REVENUES FROM SA GOVERNMENT:			
Revenues from SA Government	-	-	1 312
NET RESULT	(1 139)	791	5 033

NOTES TO AND FORMING PART OF THE ADMINISTERED ITEMS FINANCIAL STATEMENTS

A1. Summary of significant accounting policies

Department of Planning and Local Government accounting policies are contained in Note 2. The policies in Note 2 apply to both the Department and Administered Financial Statements.

A2. Administered funds of the Department

The Administered Disaggregated Disclosures Schedule provides details of expenses and revenues applicable to the administered activities of the Department. Information about the Department's activities is set out below and in the Activity Schedule.

Activity 1: Planning and Development Fund

The Planning and Development Fund was established under section 79 of the *Development Act 1993*.

The key objective of the fund is to provide the Government with the means to implement open space and public realm programs across South Australia. It enables the government to adopt a State-wide overview to strategically address open and public space issues in an objective manner through the Open Space and Places for People grant programs to local government.

The primary source of funding is from developers who are required, pursuant to section 50 of the *Development Act 1993*, to contribute to the Planning and Development Fund in lieu of the provision of 12.5 percent of the development as open space, in accordance with a prescribed formula and rate, where the number of allotments in a land subdivision are 20 or less. A contribution into the Planning and Development Fund is also required where developers create Community titles.

Activity 2: Planning Fees

In accordance with Schedule 6 of the *Development Regulations 1993*, Planning SA on behalf of the Development Assessment Commission is required to transfer the relevant amount of land division application fees received, on a quarterly basis, to appropriate councils and State Agencies, pursuant to the directions set out in Schedule 7 of the Regulations.

Activity 3: West Beach Trust

Planning SA reimburses West Beach Trust for payments it makes under the tax equivalent regime. Conversely, Planning SA receives government appropriation to fund these payments.

Activity 4: SA Local Government Grants Commission

The fund was established under the *South Australian Local Government Grants Commission Act 1992*. The primary purposes of the fund are to distribute untied Commonwealth Local Government Financial Assistance Grants to South Australian Local Government Authorities. The commission's operating costs are predominantly funded by State Parliamentary appropriations.

Activity 5: Outback Areas Community Development Trust

The fund was established under *Outback Areas Community Development Trust Act 1978*. The Trust is recognised as a local government authority by the South Australian Local Government Grants Commission and, as such, receives an annual grant allocation from the commission.

Activity 6: Local Government Taxation Equivalents Fund

The fund was established under the *Local Government Finance Authority Act 1983*, and requires the Local Government Finance Authority of South Australia to make taxation equivalents payments into the fund. Monies from the Fund are applied for local government development purposes.

A3. Employee benefits expenses

	2009 $'000
Salaries and wages	447
Annual leave	53
Long service leave	70
Employment on-costs - superannuation	53
Employment on-costs - other	35
Board fees	50
Total employee benefits expenses	**708**

TVSPs

No employees received TVSPs for the year ended 30 June 2009.

Remuneration of employees and number of executives

Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits.

One executive received remuneration in the band width of $130 000 to $139 000, with a total remuneration of $131 890 in 2009. No other employees received remuneration greater than $100 000 in 2009.

A4. Supplies and services

	2009
Supplies and services provided by entities within SA Government:	$'000
Professional and technical services[1]	825
Utility and property costs	116
Operating lease costs	59
Total supplies and services - SA Government entities	**1 000**
Supplies and services provided by entities external to the SA Government:	
Professional and technical services[1]	156
Administrative and operating costs[2]	180
Utilities and property costs	211
Computing and communications costs[2]	17
Travel	27
Vehicle and equipment operating costs[2]	15
Staff development and safety	10
Total supplies and services - non-SA Government entities	**616**
Total supplies and services	**1 616**

(1) Includes audit fees paid/payable to the Auditor-General (refer Note A9.). Also includes consultancies costs which are further broken down below.

(2) Includes payments to SA Government entities totalling less than $100 000.

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	2009 Number	2009 $'000
Below $10 000	1	2
Total paid / payable to the consultants engaged	**1**	**2**

A5. Depreciation expense

	2009
Depreciation:	$'000
Plant and equipment	30
Buildings and infrastructure	72
Water, sewerage and drainage	23
Total depreciation expense	**125**

A6. Grants and subsidies

Grants and subsidies paid/payable:	
Recurrent grant	2 163
Capital grant	158 061
Total grants and subsidies	**160 224**
Grants and subsidies paid to entities within SA Government:	
Planning and Development Fund	700
West Beach Trust	1 038
Outback Areas Commission Development Trust	425
Total grants and subsidies - SA Government entities	**2 163**
Grants and subsidies paid/payable entities external to the SA Government:	
Planning and Development Fund	12 612
Office of Local Government administered items	490
Outback Areas Commission Development Trust	762
South Australian Local Government Grants Commission	144 197
Total grants and subsidies - non-SA Government entities	**158 061**
Total grants and subsidies	**160 224**

A7. Net loss from the disposal of assets

Plant and equipment	
Proceeds from disposal	-
Net book value of assets disposed	(58)
Total net loss from disposal of plant and equipment	**(58)**

A8. Other expenses

Other expenses paid/payable to entities within SA Government:	
Contribution to DEH for compulsory land acquisition	832
Total other expenses - SA Government entities	**832**
Other expenses paid/payable entities external to the SA Government:	
Planning fees	1 310
Other	5
Total other expenses - non-SA Government entities	**1 315**
Total other expenses	**2 147**

A9. Auditor's remuneration

	2009 $'000
Audit fees paid/payable to the Auditor-General's Department	50
Total auditor's remuneration	**50**

Other services

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

A10. Revenue from fees and charges

User charges and fees received/receivable from entities external to the SA Government:	
Land division contribution revenue	9 452
Community title contribution revenue	8 717
Development application and assessment fees	1 310
Total fees and charges	**19 479**

A11. Advances and grants

State grants	586
Commonwealth grants	145 711
Industry grants	1 270
Total advances and grants	**147 567**

A12. Interest revenue

Interest from entities within the SA Government	961
Total interest revenue	**961**

A13. Other income

Other income received/receivable from entities within SA Government:	
Sale of land vested with City of Playford	550
Total other income - SA Government entities	**550**
Other income received/receivable from entities external to SA Government:	
Reimbursements/Recoveries	30
Other	12
Total other income - non-SA Government entities	**42**
Total other income	**592**

A14. Revenues from SA Government

Revenues from SA Government:	
Appropriations from consolidated account pursuant to the *Appropriation Act* (1)	1 312
Total revenues from SA Government	**1 312**

(1) The Department receives appropriation for its Administered Funds in accordance with the *Appropriation Act* for the financial year. Appropriation for the 'Administered Items for the Department of Planning and Local Government' is received into Special Deposit Account. The appropriation received is subsequently paid across as an intra-government transfer to each fund controlled by those administrative units as detailed in Note A2.

A15. Cash

	2009 $'000
Deposits with the Treasurer	18 317
Total cash	**18 317**

Deposits with the Treasurer

The balance of these funds is not available for general use, ie funds can only be used in accordance with the Treasurer's/Under Treasurer's approval.

Interest rate risk

Cash on hand is non-interest bearing. Deposits at call and with the Treasurer are bearing a floating interest rate between 2.99 percent (May 2008) and 7.10 percent (August 2008). The carrying amount of cash approximates fair value.

A16. Receivables

	2009 $'000
Current:	
Receivables	762
Accrued interest on deposits	51
Other accrued revenue	307
Total current receivables	**1 120**
Total receivables	**1 120**

A16. Receivables (continued)

	2009 $'000
Receivables from SA Government entities:	
Receivables	1 064
Accrued interest revenues	51
Total receivables from SA Government entities	**1 115**
Receivables from non-SA Government entities:	
Receivables	5
Total receivables from non-SA Government entities	**5**
Total receivables	**1 120**

Interest rate risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the provision for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. In addition, there is no concentration of credit risk.

A17. Inventories

	2009 $'000
Current inventories:	
Materials at cost	15
Total inventories	**15**

Cost of inventories

The costs recognised as an expense for consumables is $5000.

A18. Property, plant and equipment

	2009 $'000
Land, buildings and infrastructure:	
Land at fair value	5 493
Buildings and infrastructure at fair value	3 340
Accumulated depreciation	(1 217)
Total land, buildings and infrastructure	**7 616**
Water, sewerage and drainage:	
Water, sewerage and drainage assets at fair value	2 029
Accumulated depreciation	(741)
Total water, sewerage and drainage	**1 288**
Plant and equipment:	
Plant and equipment at fair value	357
Accumulated depreciation - plant and equipment	(161)
Total plant and equipment	**196**
Total property, plant and equipment	**9 100**

Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during 2008-09:

	Land $'000	Buildings and infra-structure $'000	Water, sewerage and drainage $'000	Plant and equipment $'000	Constructions and WIP $'000	Total $'000
Acquisition through administrative restructure	3 493	1 454	1 854	210	183	7 194
Additions	2 000	53	-	33	-	2 086
Disposals	-	-	-	(58)	-	(58)
Transfers from constructions and WIP	-	183	-	-	(183)	-
Reclassification of assets after restructure	-	498	(543)	41	-	(4)
Depreciation/amortisation expense	-	(72)	(23)	(30)	-	(125)
Revaluation increment	-	7	-	-	-	7
Carrying amount at 30 June	**5 493**	**2 123**	**1 288**	**196**	**-**	**9 100**

Valuation of land, buildings and infrastructure, and water, sewerage and drainage assets

Land, buildings and infrastructure and water, sewerage and drainage assets are recorded at fair value on transfer from PIRSA as at 1 July 2008 for the former Planning SA business unit, and 3 November for the former Office for State and Local Government Relations. An asset identified subsequent to transfer of assets was identified to exist prior to restructure, and has been brought to account as at 30 June 2009.

Reclassification of asset classes

A review was performed subsequent to the transfer of assets to the newly formed Department of Planning and Local Government. This review included the assets held by the Administered Funds. As a result, a realignment of asset classes was undertaken as at 30 June 2009 with asset classes realigned and depreciation adjusted accordingly.

Impairment

There were no indications of impairment of property, plant and equipment, infrastructure and intangible assets at 30 June 2009.

A19. Payables

	2009
Current:	$'000
Accrued expenses	1 107
Employment on-costs	18
Total current payables	**1 125**
Non-current:	
Employment on-costs	19
Total non-current payables	**19**
Total payables	**1 144**
Government/non-Government payables:	
Payables to SA Government entities:	
Accrued expenses	505
Employment on-costs	37
Total payables to SA Government entities	**542**
Payables to non-SA Government entities:	
Accrued expenses	602
Total payables to non-SA Government entities	**602**
Total payables	**1 144**

Interest rate risk

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

A20. Employee benefits

	2009
Current:	$'000
Annual leave	82
Long service leave	10
Accrued salaries and wages	21
Total current employee benefits	**113**
Non-current:	
Long service leave	187
Total current employee benefits	**187**
Total employee benefits	**300**

The total current and non-current employee expense (ie aggregate of the employee benefit in Note A25 plus related on-costs in Note A23) for 2009 is $337 000.

Based on an actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of the long service leave liability is 6.5 years.

A21. Provisions

	2009
Current:	$'000
Provision for workers compensation	1
Total current provisions	**1**
Non-current:	
Provision for workers compensation	2
Total non-current provisions	**2**
Total provisions	**3**
Carrying amount at 1 July	-
Increase in the provision	3
Carrying amount at 30 June	**3**

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

A22. Equity

	2009
	$'000
Accumulated surplus	24 289
Asset revaluation reserve	2 816
Total equity	**27 105**

A23. Transferred functions

Transferred in functions

Planning SA - 1 July 2008

The Public Sector Management (Planning SA) Proclamation 2008 which was issued on 26 June 2008, proclaimed the former Department of Primary Industries and Resources (PIRSA) business unit of 'Planning SA', would be established as a separate administrative unit of the Public Service. All existing functions were transferred to the new Planning SA administrative unit on 1 July 2008.

As a part of this transfer the following administered items for Planning SA were transferred: Planning and Development Fund; West Beach Trust; and Planning Fees.

Office for State and Local Government Relations (OSLGR) - 3 November 2008

The Public Sector Management (Department of Planning and Local Government - Transfer of Employees) Proclamation 2008 (dated 30 October 2008) proclaimed that effective from 3 November 2008 the Office for State and Local Government Relations, Office for Southern Suburbs and Office for the Northern Suburbs would transfer to Planning SA.

Planning SA was then known as the Department of Planning and Local Government.

The associated administered items that were transferred were: South Australian Local Government Grants Commission, Outback Areas Community Development Trust and the Office of Local Government administered items.

As the transition occurred during the year, it is a requirement of the AASs that the income and expenses attributable to the OSLGR administered items are disclosed:

	2008 PIRSA Jul - Oct $'000	2009 DPLG Nov - Jun $'000	**Total** **$'000**
Revenues from SA Government	1 013	-	**1 013**
Advances and grants	37 216	147 566	**184 782**
Interest revenue	80	111	**191**
Other income	85	39	**124**
Total income	38 394	147 716	**186 110**
Employee benefits expenses	300	706	**1 006**
Supplies and services	269	637	**906**
Depreciation expense	44	125	**169**
Grants and subsidies	37 630	145 874	**183 504**
Loss on disposal of assets	-	58	**58**
Other expenses	-	6	**6**
Total expenses	38 243	147 406	**185 649**
Net result	151	310	**461**

On transfer the Department of Planning and Local Government recognised the following assets and liabilities:

2008-09	Planning SA $'000	OSLGR $'000	**Total** **$'000**
Assets			
Cash	13 096	2 767	**15 863**
Receivables	93	179	**272**
Inventories	-	20	**20**
Property, plant and equipment	3 478	3 716	**7 194**
Total assets	16 667	6 682	**23 349**
Liabilities			
Payables	1 027	50	**1 077**
Employee benefits	-	207	**207**
Total liabilities	1 026	257	**1 284**
Equity			
Asset revaluation reserve	1 405	1 404	**2 809**
Total equity	1 405	1 404	**2 809**
Total net assets transferred	14 235	5 021	**19 256**

A24. Unrecognised contractual commitments

Operating lease commitments

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

	2009 **$'000**
Within one year	**27**
Total operating lease commitments	**27**

Operating lease commitments (continued)	**2009**
Representing:	**$'000**
Non-cancellable operating leases	**27**
Total operating lease commitments	**27**

Operating leases relate to property and accommodation occupied by the Outback Areas Community Development Trust. This lease is non-cancellable, with rental payable monthly in advance. Contingent rental provisions within the lease agreement allow for the review of lease payments every two years.

Remuneration commitments

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

	2009
	$'000
Within one year	**141**
Later than one year and not later than five years	**349**
Total remuneration commitments	**490**

Amounts disclosed include commitments arising from executive and other service contracts. The Department does not offer fixed-term remuneration contracts greater than five years.

Other commitments

Within one year	**9**
Later than one year and not later than five years	**8**
Total other commitments	**17**

Other commitments includes an agreement with Fleet SA for the long-term hire of a light vehicles.

Committed grants

Within one year	**3 300**
Later than one year and not later than five years	**5 300**
Total committed grants	**8 600**

The Government has entered into several open and public space, and urban regeneration initiatives including:

- One Million Trees
- Cheltenham Open Space
- Kangaroo Island - Stage 2: Four Centres Projects

A25. Contingent assets and contingent liabilities

The Department is not aware of any contingent assets or liabilities affecting the administered entities comprising the consolidated financial report as at 30 June 2009.

A26. Cash flow reconciliation

	2009
Reconciliation of cash - cash at 30 June as per:	**$'000**
Statement of Administered Cash Flows	**18 317**
Statement of Administered Financial Position	**18 317**

Reconciliation of net cash provided by operating activities to net revenue from providing services:	
Net cash provided by operating activities	**4 539**
Revenue from SA Government	**(1 312)**
Add (Less): Non-cash items:	
Depreciation	**(125)**
Loss on disposal of assets	**(58)**
Other non-cash items	**(4)**
Changes in assets and liabilities (net of restructure transfer):	
Decrease in inventories	**(5)**
Decrease in receivables	**849**
Decrease in payables and provisions	**(70)**
Increase in employee benefits	**(93)**
Net revenue from providing services	**3 721**

A27. Events after balance date

No events have occurred after balance date that would affect the consolidated Administered Funds financial statements as at 30 June 2009.

A28. Remuneration of Board and Committee members

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

The number of members whose remuneration received or receivable falls within the following bands:	2009 Number
$nil	2
$1 - $9 999	8
$10 000 - $19 999	4
Total number of members	**14**

Remuneration of members reflects all costs of performing Board/Committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was $54 041.

Amounts paid to a superannuation plan for Board/Committee members were $4182.

In accordance with the Department of Premier and Cabinet Circular 16, government employees as indicated by an asterisk, do not receive any remuneration for Board/Committee duties during the financial year.

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

SA Local Government Grants Commission

Germein M L
Patetsos M
Ross J S

Public Space Advisory Committee

Deslandes M T
Evans M J
Newbery I B
Patetsos M
Matijevic N

Outback Areas Community Development Trust

Baluch J
Fuller G C
Giles B E
Katnich P L
Knox S*
McIntosh W R
Mould J

POLICE SUPERANNUATION SCHEME

FUNCTIONAL RESPONSIBILITY

Establishment

The Police Superannuation Scheme (the Scheme) and the Police Superannuation Board (the Board) were established under the *Police Superannuation Act 1990* (the PS Act). The Board is responsible to the Treasurer.

Functions

The Board is responsible for administering the Scheme which provides for benefit payments to police officers and cadets who commenced employment before 3 May 1994. Up to 30 June 2008 the Scheme comprised a pension (Old Scheme) Division and lump sum (New Scheme) Division.

The *Statutes Amendment (Police Superannuation) Act 2008* was passed by the Parliament on 26 June 2008 and came into operation on 1 July 2008. Under the provisions of the Amendment Act:

- the New Scheme Division of the Police Superannuation Scheme was dissolved and the assets of the division were transferred to the Southern State Superannuation Scheme
- accounts of members of the New Scheme Division were valued as at 30 June 2008 and were transferred to the Southern State Superannuation Scheme
- accumulation accounts (voluntary member and co-contribution accounts) were valued as at 30 June 2008 and transferred to the Southern State Superannuation Scheme.

Further the legislation provided a guarantee that members will not receive a lower benefit on retirement from Triple S than the benefit that would have been payable from the Police Lump Sum Scheme. Refer Note 1(b) of the financial report.

Police officers and cadets who commenced employment after 3 May 1994 became members of the Southern State Superannuation Scheme which is administered by the South Australian Superannuation Board.

The main financial administration arrangements of the Scheme involve:

- the Police Superannuation Fund (the Fund) — the Fund, established under the PS Act, records receipts to the Fund (members' contributions and revenue earned from investment of those monies) and payments from the Fund (the employee share of benefit payments and administration costs)
- the Police Superannuation Scheme Employer Contribution Account (the Account) — the Account was established to record employer contributions on behalf of the members. The employer share of the benefits paid and administration costs is met from the Account.

Under the PS Act, the Superannuation Funds Management Corporation of South Australia (Funds SA) is responsible for the investment and management of the Fund and the Account.

For further details of the Scheme's administration and funding arrangements refer to Note 1 of the financial report.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial report

Subsection 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of the Scheme for each financial year.

Assessment of controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised over the Scheme in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of audit

The audit program covered major financial systems to obtain sufficient evidence to form an opinion on the financial report and internal controls.

During 2008-09 areas of review included:

- receipting and banking of contributions
- benefit payments
- administration expenses
- liability for accrued benefits
- transfer of New Scheme Division members to the Southern State Superannuation Scheme.

The audit of the investment and management of the Scheme's assets is reviewed as part of the Funds SA audit.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial report

In my opinion, the financial report presents fairly, in all material respects, in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards (including Australian Accounting Interpretations) the net assets of the Police Superannuation Scheme as at 30 June 2009, and changes in net assets for the year ended 30 June 2009.

Assessment of controls

In my opinion, the controls exercised over the Police Superannuation Scheme in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities except for matters raised in relation to compliance with TIs 2 and 28, as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Police Superannuation Scheme have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in a management letter to the Presiding Member, Police Superannuation Board. Matters raised with the Board included non-compliance with the revised TIs 2 and 28 implementation and evidencing the independent review of pensioners' personal data changes to ensure validity and completeness of changes.

The Board's response to the management letter was considered satisfactory.

Implementation of the revised TIs 2 and 28

Policies and procedures

TI 2 requires the establishment, maintenance and proper documentation of policies and procedures for key operational areas. The Board does not have written procedures for bank reconciliations and checking of pensioner detail changes.

Financial management compliance program

TI 28 requires the Board to develop, implement, document and maintain a robust and transparent financial management compliance program. The Board does not have a financial management compliance program in place.

The Board has indicated that it will establish a financial management compliance program during 2009-10 in line with TI 28 requirements, which will include a full review of:

- Board policies and procedures
- administration procedures
- management and financial reporting
- risk management review and reporting
- financial delegation
- internal controls.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL REPORT

In accordance with AAS 25, the Board has elected to present their financial report in the format of a Statement of Net Assets and a Statement of Changes in Net Assets. Consequently, a Statement of Cash Flows has not been prepared and benefit related liabilities are disclosed in the Notes to the financial report.

Highlights of the financial report

	2009	2008
	$'million	$'million
REVENUE		
Contribution revenue	**73**	79
Investment revenue	**(128)**	(99)
Total revenue	**(55)**	(20)
EXPENSES		
Benefits paid	**156**	55
Other expenses	**4**	6
Total expenses	**160**	61
Net decrease in funds	**(215)**	(81)
ASSETS		
Investments	**617**	831
Other assets	**2**	2
Total assets	**619**	833
LIABILITIES		
Current liabilities	**1**	1
Total liabilities	**1**	1
NET ASSETS AVAILABLE TO PAY BENEFITS	**618**	832

Statement of Changes in Net Assets

Revenues

- Investment revenue for the year was negative $128 million (a negative return of $99 million).

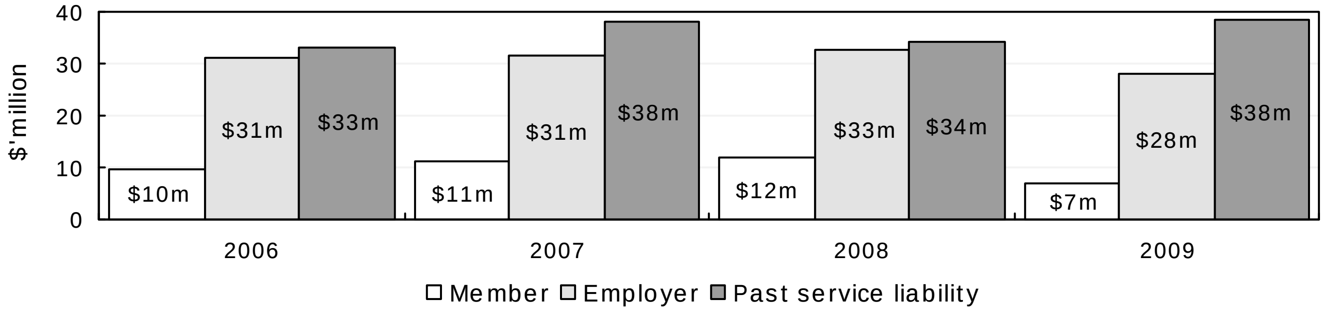
- Contribution revenue decreased by $6 million to $73 million. The decrease is mainly attributable to the transfer of the Lump Sum Scheme and the accumulation style benefits (investment accounts, rollover accounts and co-contribution accounts established for the members of the Pension Scheme and Lump Sum Scheme) to the Southern State Superannuation Scheme. Of the total $6 million decrease:

  - employer contributions decreased by $5 million. In 2008 employer contributions to the New Scheme Division totalled $3 million

  - member contributions decreased by $5 million of which $4 million relates to voluntary member contributions transferred to the Southern State Superannuation Scheme

  - government funding towards the past service liability increased by $4 million to $38.3 million.

The following chart shows an analysis of contribution revenue for the four years to 2009.



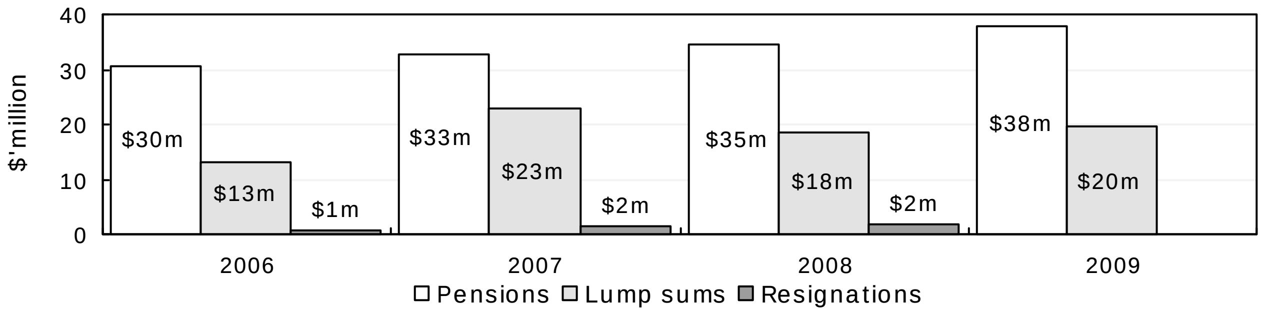
The chart shows that up to 30 June 2008 member and employer contributions steadily increased due mainly to increases in salaries and the employer contribution rates. As previously mentioned these contributions decreased in 2009 mainly due to the transfer of the Lump Sum Scheme and other accumulation style benefit accounts to the Southern State Superannuation Scheme.

Past service liability payments represent funding from the Government to meet accrued superannuation liabilities. The Government expects to fully fund liabilities by 30 June 2034.

Expenses

Benefits paid totalled $156 million ($55 million). Of this amount, $98 million related to transfers to the Southern State Superannuation Scheme. The remaining $58 million comprised $38 million taken as pensions and $20 million as lump sum and commutation payments.

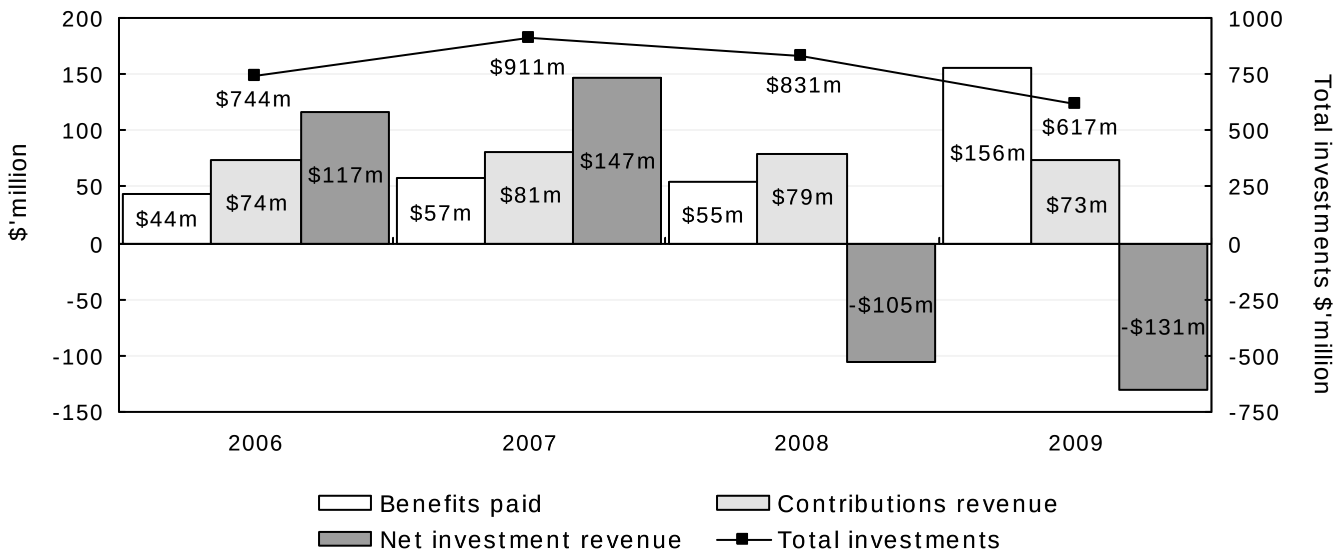
For the four years to 2009, the following chart shows an analysis of benefits paid.



Since 2006 there has been a steady increase in pensions. This is expected as the pensions paid are affected by increases in final salary and inflation adjustments. Refer to Note 11 for a breakdown of benefits paid.

Statement of Net Assets

Investments decreased by $214 million to $617 million. The following chart illustrates that investments increased up to 2007 but decreased in the last two years.



The change in investments reflects an accumulation of investment earnings, benefits paid and contribution revenue. The decrease in investments since 2008 has been mainly due to negative returns on investments from depressed financial markets. In addition, $98 million was transferred to the Southern State Superannuation Scheme in 2008-09.

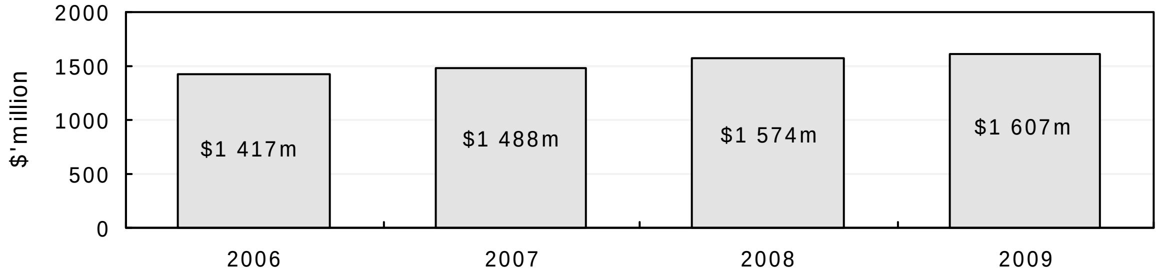
Investment returns are discussed in the commentary for Funds SA.

FURTHER COMMENTARY ON OPERATIONS

Liability for accrued benefits

The estimated liability for accrued benefits increased by $33 million to $1.6 billion for which net assets of $618 million ($832 million) were available to pay benefits. This has resulted in an excess of liabilities over net assets of $989 million ($742 million), which represents the unfunded liability at 30 June 2009.

For the four years to 2009, the following chart shows an analysis of the liability for accrued benefits.



An actuarial review is undertaken every three years with assumptions from this review used to calculate the accrued liability in years between reviews. The 2008 triennial actuarial review resulted in revised demographic assumptions including a reduction in the pensioner mortality rates and lower rates of age retirement resulting in a further increase in the liability for accrued benefits. Refer to Note 3 of the financial report for further details.

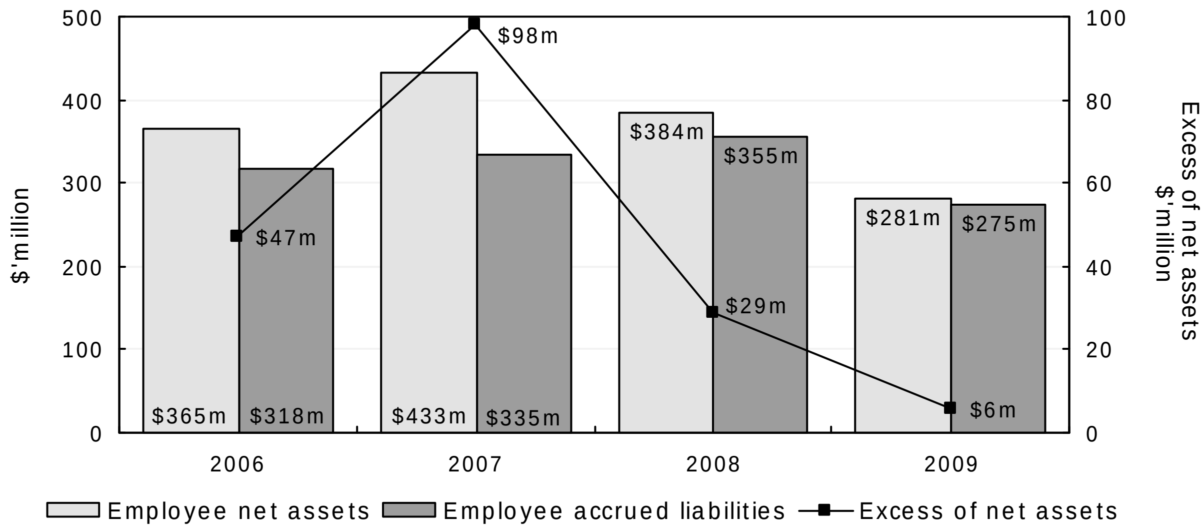
Net assets available to pay benefits

As previously mentioned, at 30 June 2009 the unfunded liability of the Scheme was $989 million.

Analysis of the Police Employer Account revealed net assets available to pay benefits of $337 million compared to an accrued liability of $1332 million. This represents a shortfall of net assets over accrued liabilities of $995 million. The Government transferred $38 million to the Police Employer Account as funding for the accrued past service liability.

Analysis of the Police Superannuation Fund (employee account) revealed net assets available to pay benefits of $281 million compared to an accrued liability of $275 million. This represents an excess of net assets over accrued liabilities of $6 million.

For the four years to 2009, the following chart shows an analysis of net assets available to pay benefits and accrued liabilities for the Police Superannuation Fund (employee account).



In 2009, excess of net assets has decreased by $23 million. As was the case with the decrease experienced in 2008 the decrease in 2009 is due mainly to negative investment returns from depressed financial markets.

Pensioners

The number of pensioners and pensions paid for the past four years were:

	2009	2008	2007	2006
Pensioners	**1 277**	1 238	1 220	1 171
Pensions paid ($'000)	**37 749**	34 485	32 652	30 398

Contributions by members

The number of contributors and contributions received from pension Old Scheme Division members for the past three years were:

	2009	2008	2007
Contributors (excludes preserved members)	**1 747**	1 832	1 913
Contributions received ($'000)	**7 034**	10 499	9 904

Contributions by members of the Old Scheme decreased by $3.5 million due mainly to an increase in pensioners as well as a decrease in voluntary member contributions which were transferred to the Southern State Superannuation Scheme as at 1 July 2008.

Statement of Net Assets
as at 30 June 2009

	Note	**2009 $'000**	2008 $'000
INVESTMENTS:			
Inflation linked securities		**51 923**	73 942
Internal inflation linked securities		**17 018**	-
Property A		**43 915**	85 233
Australian equities A		**179 143**	260 430
International equities A		**149 788**	260 779
Fixed interest		**14 921**	46 701
Diversified strategies growth A		**37 123**	39 510
Diversified strategies income		**78 702**	55 547
Cash		**44 077**	9 025
Total investments	9	**616 610**	831 167
OTHER ASSETS:			
Cash and cash equivalents		**921**	705
Contributions receivable		**1 233**	1 127
Sundry debtors		**14**	19
Total other assets		**2 168**	1 851
Total assets		**618 778**	833 018
CURRENT LIABILITIES:			
Benefits payable		**1 119**	814
Sundry creditors		**122**	180
Total liabilities		**1 241**	994
NET ASSETS AVAILABLE TO PAY BENEFITS		**617 537**	832 024

Statement of Changes in Net Assets for the year ended 30 June 2009

	Note	2009	2008
		$'000	$'000
NET ASSETS AVAILABLE TO PAY BENEFITS AT 1 JULY		**832 024**	912 789
REVENUE:			
Investment revenue		**(128 098)**	(99 511)
Other income		**62**	164
Contributions revenue:	10		
Past service liability		**38 300**	34 398
Employer contributions		**27 976**	32 610
Member contributions		**7 034**	7 828
Voluntary member contributions		**-**	4 069
Government co-contributions		**26**	145
Total contribution revenue		**73 336**	79 050
Total revenue		**(54 700)**	(20 297)
EXPENSES:			
Direct investment expense	6	**(3 170)**	(5 354)
Administration expense	6	**(541)**	(564)
Benefits paid:	11		
Pensions		**(37 749)**	(34 485)
Transfers to Super SA	1(b)	**(98 400)**	-
Commutations		**(8 701)**	(7 181)
Lump sums		**(11 008)**	(11 163)
Resignation benefits		**(192)**	(1 721)
Government contributions		**(26)**	-
Total benefits paid		**(156 076)**	(54 550)
Total expenses		**(159 787)**	(60 468)
NET DECREASE IN FUNDS		**(214 487)**	(80 765)
NET ASSETS AVAILABLE TO PAY BENEFITS AT 30 JUNE		**617 537**	832 024

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives and funding

(a) Police Superannuation Scheme

The Police Superannuation Scheme (the Scheme) was created pursuant to the *Police Superannuation Act 1990* (the Act). The Act provides for superannuation benefits for police officers who are contributors to the Scheme.

Contributors to the Scheme are members of the old scheme who are entitled to a pension based benefit. The old scheme was closed to new members in May 1990.

Pursuant to the Act, contributors make contributions to the Scheme based on a percentage of their salary, with the standard contribution rate being between 5 and 6 percent. A contribution account is maintained for each contributor. There are no provisions under the Act for contributing members to purchase additional benefits.

The Act requires that contributions to the Scheme are paid to the Treasurer, who in turn deposits those contributions into the Police Superannuation Fund (the Fund). The Fund is managed and invested by the Superannuation Funds Management Corporation of South Australia (Funds SA).

The Fund is made up of one division, being the Old Scheme (Pension) Division. The division consists of the contributions and the accretions arising from the investment of those contributions.

(b) Police transfer to Super SA

The *Statutes Amendment (Police Superannuation) Act 2008* was passed by the Parliament on 26 June 2008 and came into operation on 1 July 2008.

Under the provisions of the Amendment Act:

- the Fund New Scheme Division of the Police Superannuation Scheme was dissolved and the assets of the division were transferred to the Southern State Superannuation Scheme (Triple S), effective 1 July 2008
- accounts of members of the Fund New Scheme Division were valued as at 30 June 2008 and were transferred to Triple S effective 1 July 2008
- accumulation accounts (voluntary member and co-contribution accounts) were valued as at 30 June 2008 and transferred to Triple S effective 1 July 2008.

The transfer of the accumulation accounts to Triple S has provided members of the police schemes with an investment choice facility. Further the legislation provided a guarantee that members will not receive a lower benefit on retirement from Triple S than the benefit that would have been payable from the Police Lump Sum Scheme.

(c) Police Superannuation Board

The Police Superannuation Board (the Board), established under the Act, is responsible for the administration of the Scheme. The Act also provides the Board with the necessary powers to administer the Scheme. The Board, with the approval of the relevant Minister, has contracted the Police Department to provide administrative services.

Pursuant to the Act, the Board is required to determine a rate of return which is credited to each contribution account within the Fund at the end of the financial year. In determining the rate to be applied, the Act requires that the Board have regard to the net rate of return achieved by investment of the division of the Fund.

(d) Superannuation Funds Management Corporation of South Australia

Funds SA is established under the *Superannuation Funds Management Corporation of South Australia Act 1995.* Funds SA is responsible for the investment and management of the Scheme's funds pursuant to strategies formulated by Funds SA.

For further information on the investment of the Fund and the Police Superannuation Scheme Employer Contribution Account (the Police Employer Account), reference should be made to the financial report of Funds SA. The investment assets, liabilities, income and expense contained in these financial statements are related to the investment activities of Funds SA, an SA Government entity.

(e) Funding arrangements

Pursuant to section 14 of the Act, all benefit payments are met from the Consolidated Account or a Special Deposit Account established for that purpose which is then reimbursed from the Fund and Police Employer Account. The Fund proportion is that amount charged against the contributor's contribution account. The prescribed proportion is determined by the Board, in accordance with subsection 14(3) of the Act, taking into account the most recent actuarial assessment.

The Treasurer may also seek reimbursement of the employer portion of the benefit payment from the employer contributions made by the Police Department which are deposited into the Police Employer Account. Employer contributions are based on a percentage of salary at rates based on actuarial valuations. From 1 July 2006 the rate for the pension division was set at 19.5 percent. From 1 July 2009, the rate for the pension division increased to 20.5 percent.

For the year ended 30 June 2009 $28 million ($32.6 million) was deposited into the Police Employer Account in relation to employer contributions on behalf of members.

Since 30 June 1994 the Government adopted a policy of fully funding its superannuation liabilities with a target of achieving full funding by 2034. This will require contributions at levels higher than the current employer contributions to meet the accruing liability for current employees. For the year ended 30 June 2009 the Government transferred a further $38.3 million to the Police Employer Account to meet liabilities in respect of the Scheme ($34.4 million).

2. Summary of significant accounting policies

(a) Basis of accounting

The financial report is a general purpose financial report prepared in accordance with relevant AASs and TIs and APSs promulgated under the provisions of the PFAA except as provided below.

AAS 25 is the principal standard applied in preparing this financial report. Other accounting standards are also applied where necessary except to the extent that they differ from AAS 25. A number of AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the reporting period ending 30 June 2009. The impact of the new and amended standards has been assessed and there will be no impact on the accounting policies.

(a) Basis of accounting (continued)

The financial report has been prepared on an accrual basis and in accordance with the historical cost convention, except for the valuation of investments, which are measured at net market value.

The financial report is presented in Australian currency and all amounts have been rounded to the nearest thousand dollars ($'000).

(b) Basis of valuations of assets and liabilities

The basis for the valuation of assets and liabilities is provided below. Assets of the Scheme have been measured at net market value, which are provided by Funds SA.

(i) Inflation linked securities

The inflation linked securities portfolio is invested and managed by external managers. The custodian appointed to hold the assets has valued the portfolio using market prices applicable at the balance date.

(ii) Internal inflation linked securities

These investments, the returns of which are linked to movements in either the CPI or average weekly earnings, have been valued using the discounted cash flow method. The valuation as at the balance date was performed by an independent valuer, Macquarie Bank Limited.

(iii) Property A

The Property A portfolio comprises two sub-sectors:

- *Listed property trusts*

  The listed property trust portfolio is invested and managed by external managers. The custodian appointed to hold the assets has valued the portfolios using market prices applicable at balance date.

- *Unlisted property vehicles*

  The unlisted property vehicles portfolio is invested and managed by external managers. Investments in this sub-sector have been valued in accordance with the valuations supplied by the managers.

(iv) Australian equities A

The Australian equities A portfolio comprises investments in listed Australian equities, and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at the balance date. Investments in pooled listed Australian equities funds have been valued in accordance with the valuations supplied by the managers.

(v) International equities A

The International equities A portfolio comprises investments in equities listed on international share markets and is invested and managed by external managers. Discretely managed portfolios have been valued by the custodian appointed to hold the assets using market prices applicable at the balance date. Investments in pooled international vehicles have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at the balance date where applicable.

(vi) Fixed interest

The Fixed interest portfolio is invested and managed by external managers. The custodian appointed to hold the assets has valued the portfolio using market prices applicable at the balance date.

(vii) Diversified strategies growth A

The Diversified strategies growth A portfolio comprises investments in domestic (Australian) and overseas private equity funds and domestic (Australian) and overseas pooled funds, which are invested and managed by external managers. Valuations of private equity funds are based on the most recently available valuations by the relevant managers. Both domestic and international funds valuations are generally in accordance with the International Private Equity Venture Capital Valuation Guidelines (October 2006). Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at the balance date where applicable.

(viii) Diversified strategies income

The Diversified strategies income portfolio comprises investments in both domestic (Australian) and overseas pooled funds, and is invested and managed by external managers. Investments in the pooled funds have been valued in accordance with the valuations supplied by the managers. Currency conversions have been made at the spot market mid-rates applicable at the balance date where applicable.

(ix) *Cash*
Investments in externally managed pooled cash funds have been valued in accordance with the valuations supplied by the managers. Deposits at call have been valued on the basis of principal plus accrued interest.

(c) Taxation

The investments of the Scheme are exempt from federal income tax because the Scheme has been declared as 'constitutionally protected' under the Regulations to the ITAA. Consequently, no income tax expense has been brought to account in this financial report.

(d) Revenue

Superannuation contributions are brought to account on an accrual basis. Transfers and rollovers from other schemes are brought to account when received. Other revenue is brought to account on an accrual basis.

(e) Receivables and payables

Contributions receivable are contributions relating to the 2008-09 financial year received by the Scheme after 30 June 2009.

Other receivables are carried at nominal amounts due which approximate fair value.

Payables are recognised when the Scheme is obligated to make future payments for services received and are carried at the amount payable on demand.

Benefits payable relate to members who have ceased employment and provided the Scheme with appropriate notification prior to 30 June 2009 but who had not been paid until after 30 June 2009.

(f) GST

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Statement of Net Assets are shown exclusive of GST.

(g) Comparative information

The presentation and classification of items in the financial report are consistent with prior periods except where a specific APS or AAS has required a change.

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

3. Liability for accrued benefits

The accrued liabilities of the Scheme as determined by the Department of Treasury and Finance are shown below.

The accrued liabilities are the present values of expected future benefit payments arising from membership of the Schemes up to 30 June 2009 based on membership data as at 30 June 2008.

As from 1 July 2008, all Lump Sum Scheme members were transferred to the Triple S Scheme. There are therefore no accrued or vested liabilities in respect of the Lump Sum Scheme as at 30 June 2009

The expected future benefit payments have been determined using the 2008 triennial review assumptions relating to mortality, disability, withdrawal, preservation, and retirement. The review's salary promotion scale has also been used, while general salary increases of 1.5 percent per annum above the level of increase in the CPI have been allowed for. In accordance with AAS 25, the expected future benefit payments have then been discounted to present values by a market-based, risk-adjusted discount rate. A discount rate of 4.5 percent per annum above CPI of 2.5 percent has been applied.

	2009			2008		
Changes in the liability for accrued benefits:	**Pension Scheme Division $'million**	**Lump Sum Scheme Division $'million**	**Total $'million**	Pension Scheme Division $'million	Lump Sum Scheme Division $'million	Total $'million
Liability for accrued benefits at 1 July	**1 502.6**	**71.8**	**1 574.4**	1 423.7	64.2	1 487.9
Benefits expense	**185.9**	**3.1**	**189.0**	131.6	9.4	141.0
Benefits paid	**(81.1)**	**(74.9)**	**(156.0)**	(52.7)	(1.8)	(54.5)
Liability for accrued benefits at 30 June	**1 607.4**	**-**	**1 607.4**	1 502.6	71.8	1 574.4
Represented by:						
Police Superannuation Fund	**275.4**	**-**	**275.4**	333.1	21.8	354.9
Police Employer Account	**1 332.0**	**-**	**1 332.0**	1 169.5	50.0	1 219.5
Total	**1 607.4**	**-**	**1 607.4**	1 502.6	71.8	1 574.4

3. Liability for accrued benefits (continued)

Pursuant to the Act actuarial reviews of the Scheme must be conducted every three years to address the cost of the Scheme to government and the proportion of future benefits that can be met from the Fund.

The last actuarial review as at 30 June 2008 was carried out by Mr S Mules, FIAA of Mercer Human Resource Consulting. His report, dated 13 March 2009, Mr Mules made the following recommendations:

(a) The funding proportion for the Pension Scheme Division be decreased from the current level of 22 percent to 17.5 percent.

(b) The Government contribution for future service liabilities for the Pension Scheme Division be increased from the current level of 19.5 percent to 20.5 percent.

The above recommendations were implemented from 1 July 2009.

The actuarial reviews take account of assets held, future contributions to be received from members and future benefits to be paid by the Fund. In contrast, the purpose of the accrued liability calculations, which are made annually, is to estimate the value of future payments that can be attributed to service up to the date of the calculation.

4. Vested benefits

Vested benefits are benefits which are not conditional upon continued membership of the Scheme and include benefits which members would be entitled to receive on termination of membership of the Scheme.

When members resign from the Scheme, they have two options. Firstly, they can elect to take cash refunds of their own contributions, accumulated with interest, together with preserved employer benefits as required by Commonwealth Superannuation Guarantee legislation. Alternatively, they can elect to take fully vested, preserved benefits which will be based on their full accrued entitlements at the date of resignation and will be increased during preservation in line with increases in the CPI.

The vested benefits shown below assume that all resignation benefits will be taken in the form of fully preserved benefits. The value of vested benefits has then been calculated using the same actuarial and economic assumptions as for the calculation of accrued benefits.

		2009			2008	
Vested liabilities 30 June	**Pension Scheme Division $'million**	**Lump Sum Scheme Division $'million**	**Total $'million**	Pension Scheme Division $'million	Lump Sum Scheme Division $'million	Total $'million
Police Superannuation Fund	**273.9**	**-**	**273.9**	300.5	8.9	309.4
Police Employer Account	**1 279.3**	**-**	**1 279.3**	1 124.5	42.2	1 166.7
Total	**1 553.2**	**-**	**1 553.2**	1 425.0	51.1	1 476.1

5. Guaranteed benefits

Contributor's benefit entitlements are set out in the Act.

6. Administration and direct investment expenses

Administration expenses incurred by the Board are financed in the first instance from the Police Employer Account through a Special Deposit Account. Pursuant to subsection 10(7) of the Act, the Fund is required to meet a prescribed proportion, currently 30 percent, of the administration expenses incurred by the Scheme.

Administration expenses incurred by the Scheme for 2008-09 amounted to $541 000 ($564 000) of which the Fund is required to reimburse $162 000 ($169 000) to the Scheme through the Police Employer Account. Of the $541 000, $51 000 ($30 000) was spent on a consultant and $337 000 ($328 000) was paid to SA Government entities.

Direct investment expenses comprise fees paid to Funds SA. Funds SA advises the amount based on the Scheme's proportionate investment.

7. Remuneration of Board members

The following are members of the Board who served during 2008-09, along with the period served.

Board member	*Period served during 2008-09*		
Michael Ramm	1 July 2008 to 28 September 2008	and	30 October 2008 to 30 June 2009
Kingsley Oakley	1 July 2008 to 15 December 2008	and	19 February 2009 to 30 June 2009
Trevor Haskell*	1 July 2008 to 28 September 2008	and	30 October 2008 to 30 June 2009
Bernadette Zimmermann*			30 October 2008 to 30 June 2009
Keryl Howie*			30 October 2008 to 30 June 2009
Kathryn Finnigan			1 July 2008 to 28 September 2008
Michael Standing*			1 July 2008 to 28 September 2008

7. Remuneration of Board members (continued)

Deputy member	*Period served during 2008-09*		
Garry Powell*	1 July 2008 to 28 September 2008	and	30 October 2008 to 30 June 2009
Mark Trueman*	1 July 2008 to 15 December 2008	and	19 February 2009 to 30 June 2009
James Tappin*	1 July 2008 to 28 September 2008	and	30 October 2008 to 30 June 2009
Bernadette Zimmermann*			1 July 2008 to 28 September 2008
Keryl Howie*			1 July 2008 to 28 September 2008
Michael Standing*			30 October 2008 to 30 June 2009
John Bruhn			30 October 2008 to 30 June 2009

Members' fees are set according to State Government guidelines for statutory authorities.

* In accordance with Department of the Premier and Cabinet Circular 16, members who are State public sector employees do not receive fees for their Board membership. Board members who are contributors of the Scheme contribute on the same terms as other contributors.

Total remuneration received or due and receivable by the members of the Board in 2008-09 was $9000 ($10 000). Total remuneration included superannuation of $600 ($600).

The number of Board members whose remuneration was within the following bands is as follows:	**2009 Number**	2008 Number
$nil	**4**	2
$1 - $10 000	**3**	3

8. Remuneration of auditors

Amounts received or due and receivable by the auditors for auditing the accounts of the Board in 2008-09 total $20 000 ($27 000).

9. Summary of investment holdings

Investments:	**Old Scheme Division $'000**	**New Scheme Division $'000**	**Police Employer Account $'000**	**2009 Total $'000**	2008 Total $'000
Inflation linked securities	**23 646**	**-**	**28 277**	**51 923**	73 942
Internal inflation linked securities	**7 750**	**-**	**9 268**	**17 018**	-
Property A	**19 999**	**-**	**23 916**	**43 915**	85 233
Australian equities A	**81 582**	**-**	**97 561**	**179 143**	260 430
International equities A	**68 214**	**-**	**81 574**	**149 788**	260 779
Fixed interest	**6 795**	**-**	**8 126**	**14 921**	46 701
Diversified strategies growth A	**16 906**	**-**	**20 217**	**37 123**	39 510
Diversified strategies income	**35 841**	**-**	**42 861**	**78 702**	55 547
Cash	**20 073**	**-**	**24 004**	**44 077**	9 025
Total Investments	**280 806**	**-**	**335 804**	**616 610**	831 167

10. Changes in net assets

Transactions within each division are summarised below:

	Old Scheme Division $'000	**New Scheme Division $'000**	**Police Employer Account $'000**	**2009 Total $'000**	Old Scheme Division $'000	New Scheme Division $'000	Police Employer Account $'000	2008 Total $'000
NET ASSETS AVAILABLE TO PAY BENEFITS AT 1 JULY	**359 187**	**24 358**	**448 479**	**832 024**	406 190	26 480	480 119	912 789
REVENUE:								
Investment revenue	**(59 144)**	**-**	**(68 954)**	**(128 098)**	(42 707)	(2 759)	(54 045)	(99 511)
Other income	**189**	**-**	**(127)**	**62**	171	27	(34)	164
Contribution revenue:								
Past service liability	**-**	**-**	**38 300**	**38 300**	-	-	34 398	34 398
Employer contributions	**-**	**-**	**27 976**	**27 976**	-	-	32 610	32 610
Member contributions	**7 034**	**-**	**-**	**7 034**	6 657	1 171	-	7 828
Voluntary member contributions	**-**	**-**	**-**	**-**	3 842	227	-	4 069
Government co-contributions	**-**	**-**	**26**	**26**	88	57	-	145
Total contribution revenue	**7 034**	**-**	**66 302**	**73 336**	10 587	1 455	67 008	79 050
Total revenue	**(51 921)**	**-**	**(2 779)**	**54 700**	(31 949)	(1 277)	12 929	(20 297)
EXPENSES:								
Direct investment expense	**(1 451)**	**-**	**(1 719)**	**(3 170)**	(2 321)	(155)	(2 878)	(5 354)
Administration expense	**(162)**	**-**	**(379)**	**(541)**	(151)	(18)	(395)	(564)
Benefits paid:								
Pensions	**(8 252)**	**-**	**(29 497)**	**(37 749)**	(7 585)	(2)	(26 898)	(34 485)
Transfers to Super SA	**(11 988)**	**(24 358)**	**(62 054)**	**(98 400)**	-	-	-	-
Commutation lump sums	**(1 914)**	**-**	**(6 787)**	**(8 701)**	(1 580)	-	(5 601)	(7 181)
Lump sums	**(2 315)**	**-**	**(8 693)**	**(11 008)**	(2 037)	(329)	(8 797)	(11 163)
Resignation benefits	**(192)**	**-**	**-**	**(192)**	(1 380)	(341)	-	(1 721)
Government contributions	**-**	**-**	**(26)**	**(26)**				
Total benefits paid	**(24 661)**	**(24 358)**	**(107 057)**	**(156 076)**	(12 582)	(672)	(41 296)	(54 550)
Total expenses	**(26 274)**	**(24 358)**	**(109 155)**	**(159 787)**	(15 054)	(845)	(44 569)	(60 468)
NET DECREASE IN FUNDS	**(78 195)**	**(24 358)**	**(111 934)**	**(214 487)**	(47 003)	(2 122)	(31 640)	(80 765)
NET ASSETS AVAILABLE TO PAY BENEFITS AT 30 JUNE	**280 992**	**-**	**336 545**	**617 537**	359 187	24 358	448 479	832 024

11. Benefits paid

All benefit payments were met in the first instance from a Special Deposit Account. The Treasurer, in turn, recouped the value of the employee share of benefits paid from the Fund and the employer share from the Police Employer Account.

	2009 Old Scheme Division $'000	**2009 New Scheme Division $'000**	**2009 Total $'000**	2008 Old Scheme Division $'000	2008 New Scheme Division $'000	2008 Total $'000
Pensions:						
Funded from:						
Police Superannuation Fund	**8 252**	**-**	**8 252**	7 585	2	7 587
Police Employer Account	**29 497**	**-**	**29 497**	26 893	5	26 898
Gross scheme costs	**37 749**	**-**	**37 749**	34 478	7	34 485
Transfer to Super SA:						
Funded from:						
Police Superannuation Fund	**11 988**	**24 358**	**36 346**	-	-	-
Police Employer Account	**11 478**	**50 576**	**62 054**	-	-	-
Gross scheme costs	**23 466**	**74 934**	**98 400**	-	-	-
Commutation lump sums:						
Funded from:						
Police Superannuation Fund	**1 914**	**-**	**1 914**	1 580	-	1 580
Police Employer Account	**6 787**	**-**	**6 787**	5 601	-	5 601
Gross scheme costs	**8 701**	**-**	**8 701**	7 181	-	7 181
Lump sums:						
Funded from:						
Police Superannuation Fund	**2 315**	**-**	**2 315**	2 037	329	2 366
Police Employer Account	**8 693**	**-**	**8 693**	7 661	1 136	8 797
Gross scheme costs	**11 008**	**-**	**11 008**	9 698	1 465	11 163
Resignation benefits:						
Funded from:						
Police Superannuation Fund	**192**	**-**	**192**	1 380	341	1 721
Gross scheme costs	**192**	**-**	**192**	1 380	341	1 721
Government Co-contributions:						
Funded from:						
Police Employer Account	**26**	**-**	**26**	-	-	-
Gross scheme costs	**26**	**-**	**26**	-	-	-
Total benefits paid:						
Funded from:						
Police Superannuation Fund	**24 661**	**24 358**	**49 019**	12 582	672	13 254
Police Employer Account	**56 481**	**50 576**	**107 057**	40 155	1 141	41 296
Gross scheme costs	**81 142**	**74 934**	**156 076**	52 737	1 813	54 550

12. Financial instruments

The Scheme's investments are managed by Funds SA predominantly by the appointment of investment managers as determined by the Funds SA Board. Each investment manager is required to invest the assets in accordance with the terms of a written mandate. The Funds SA Board has determined that the appointment of these managers is appropriate for the Scheme and is in accordance with the Scheme's investment strategy. The Funds SA Board obtains regular reports from each manager on the nature of the investments made on its behalf and the associated risks.

The allocation of assets between the various types of financial instruments is determined by the Funds SA Board. Divergence from target asset allocations and the composition of the portfolio is monitored by the Funds SA Board on a regular basis.

The Scheme's investing activities expose it to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk.

The nature and extent of the financial instruments employed by the Scheme are discussed below. This note presents information about the Scheme's exposure to each of the above risks, the Scheme's objectives, policies and processes for measuring and managing risk.

The Funds SA Board has overall responsibility for the establishment and oversight of the Scheme's investment risk management framework.

12. Financial instruments (continued)

The Scheme's investment risk management policies are established to identify and analyse the risks faced by the Scheme, including those risks managed by the Scheme's investment managers, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Scheme's activities.

The Police Superannuation Board receives regular reports from Funds SA concerning compliance with the Scheme's investment objectives.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Scheme's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Currency risk

Currency risk is a risk that the fair value of future cash flows of a financial instrument will fluctuate because of a change in foreign exchange rates.

The Scheme's currency risk is managed by Funds SA who has invested in assets denominated in foreign currencies.

Funds SA strategic policy for the management of its foreign currency exposure is as follows:

- Foreign currency exposures in the Diversified strategies growth, Diversified strategies income, property and fixed interest asset sectors are fully hedged to Australian dollars.
- Foreign currency exposures in the International equities asset sector are one-third hedged to Australian dollars.

For the purpose of managing foreign currency risk, within defined constraints, the exposure to foreign currency can be varied from the strategic policy stated above.

(ii) Interest rate risk

Interest rate risk is the risk that a movement in interest rates will cause the value of fixed interest securities to deviate from expectations.

Funds SA manages interest rate risk through:

- ensuring asset allocations of different investment products are consistent with the time horizon of each
- the use of specialist external investment managers to manage Funds SA's cash and fixed income portfolios.

(iii) Other market price risk

Other market price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the Scheme's financial instruments are valued at net market value (fair value) with changes in net market value recognised in the Statement of Changes in Net Assets, all changes in market conditions will directly affect investment revenue.

Funds SA manages the risk of financial market volatility through the adherence to two principles:

- ensuring a diversity of exposures to different financial markets and sub markets
- ensuring asset allocations for different investment products are consistent with the time horizon of each.

(iv) Sensitivity analysis

The Funds SA Board has determined that the forecast risk/return profile provide a reasonably possible change in the value of the investments in each investment option in the year ahead. These standard deviations provide the risk variable to be applied to each option. The following table illustrates the effect on change in investment assets from possible changes in market price risk.

Investment option	Sensitivity variable	Standard Deviation Percent	**Change in Investment Assets $'000**
2009			
Growth	Nominal standard deviation	11.30	**69 677**
Total			**69 677**
2008			
Growth	Nominal standard deviation	11.70	97 247
Total			97 247

(iv) Sensitivity analysis (continued)

A positive or negative rate of return equal to the standard deviations above would have an equal but opposite effect on the Scheme's investment revenue, on the basis that all other variables remain constant.

Standard deviation is a useful historical measure of the variability of return earned by an investment portfolio. The standard deviations above provide a reasonable sensitivity variable to estimate each investment options' expected return in future years.

Actual movements in returns may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the underlying trusts invest. As a result, historic variations in rates of return are not a definitive indicator of future variations in rates of return.

The Police Superannuation Board receives regular reports from Funds SA concerning compliance with the Scheme's investment objectives.

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme.

The net market value of financial assets, included in the Statement of Net Assets represents the Scheme's maximum exposure to credit risk in relation to those assets. The Scheme does not have any significant exposure to any individual counter party or industry. The credit risk is monitored by Funds SA through ongoing reviews of the investment managers.

The Scheme does not have any assets which are past due or impaired.

(c) Liquidity risk

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due. The Scheme's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its payment of benefits to members and liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Scheme's reputation.

The Scheme's liquidity position is monitored on a daily basis. The Scheme's cash and liquidity policy is to have sufficient cash balances to meet anticipated weekly benefit payments, expenses and investing activities.

Funds SA manages liquidity risk as follows:

- by giving careful consideration to the expected net cash redemption requirements of Funds SA's clients. The allocation to cash in the strategic asset allocation of each investment product is set at a level sufficient to manage expected cash redemptions
- a large proportion of each investment product is invested in highly liquid investments such as actively traded equities, unit trusts or securities with short-term maturities.

The following tables summarise the expected maturity profile of the Scheme's financial liabilities based on the earliest date on which the Scheme can be required to pay. The amounts in the table are the contractual undiscounted cash flows.

2009	**Less than three months $'000**	**Three months to one year $'000**	**Total contractual cash flows $'000**	**Carrying amount (assets) liabilities $'000**
Benefits payable	**1 119**	**-**	**1 119**	**1 119**
Sundry creditors	**122**	**-**	**122**	**122**
Vested benefits(i)	**1 553**	**-**	**1 553**	**1 553**
Total	**2 794**	**-**	**2 794**	**2 794**
2008				
Benefits payable	814	-	814	814
Sundry creditors	180	-	180	180
Vested benefits(i)	1 476	-	1 476	1 476
Total	2 470	-	2 470	2 470

(i) Vested benefits have been included in the less than three months column, as this is the amount that members could call upon as at balance date. This is the earliest date on which the Scheme can be required to pay members vested benefits, however, members may not necessarily call upon amounts vested to them during this time.

(d) Fair value estimation

The carrying amounts of all the Scheme's financial instruments at the balance date approximated their fair values.

(e) Derivative financial instruments

Derivatives can be defined as financial contracts whose value depend on, or are derived from, assets, liabilities reference rates or indices. Funds SA uses derivatives to manage portfolio risk and to facilitate the implementation of investment strategies efficiently and cost effectively. Funds SA uses a variety of derivative instruments, such as over the counter swap agreements, forward rate agreements, futures and options.

Derivatives are an authorised investment within certain mandates managed by Funds SA's external investment managers for the purposes described above.

DEPARTMENT OF THE PREMIER AND CABINET

FUNCTIONAL RESPONSIBILITY

Establishment

The Department of the Premier and Cabinet (the Department) is an administrative unit established pursuant to the PSM Act. For details of the Department's objectives, refer to Note 1 of the financial statements.

Transferred functions

As a result of administrative restructuring, the Office for Recreation and Sport, the Office for Racing and Minister Wright's Office transferred to the Attorney-General's Department effective from 1 October 2008. The restructure arrangement also included the transfer of the Recreation and Sport Fund and the Sport and Recreation Fund. Also certain financial functions of the Department were transferred during the year to Shared Services SA. The restructuring and transfer of functions resulted in the transfer of assets totalling $130.3 million. For further details refer to Note 29 of the financial statements and to Note A8 of the administered financial statements.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Subsection 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of the Department for each financial year.

Assessment of controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Department in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial statements and internal controls.

During 2008-09, specific areas of audit attention included:

- revenue, including invoicing and bank reconciliations
- expenditure, including accounts payable and payroll
- grants and subsidies
- budgetary control and management reporting
- service level agreements
- property, plant and equipment
- general ledger.

At the time of preparation of this Report an audit of aspects of policy and process compliance relating to government advertising was in progress.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of the Premier and Cabinet as at 30 June 2009, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Department of the Premier and Cabinet in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matter regarding the implementation of the revised TIs 2 and 28, as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Department of the Premier and Cabinet have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive. The principal matters raised included the need:

- for SafeWork SA to review the lack of segregation of duties for banking, reconciling and updating the general ledger
- to establish registers to ensure that various payroll reports are being received and are being reviewed on a timely basis
- to ensure that all grant and subsidy payments to Arts related bodies are subject to the appropriate authorisation
- to ensure compliance with TIs 2 and 28.

The responses to the management letters were satisfactory.

Implementation of the revised TIs 2 and 28

The Department has undertaken work to identify its existing policies and procedures and has taken action to address any deficiencies. The documentation of policies and procedures is not yet complete.

In relation to TI 28, a framework has been established for the adoption of the financial management program but the Program has not yet been actioned. There has, however, been some self assessment of policies and procedures within one operational unit.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

During 2008-09, certain operational functions of the Department were transferred to the Attorney-General's Department. Refer to 'Transferred functions' as outlined under 'Functional responsibility' at the commencement of this section of the Report.

Highlights of the financial statements

	2009	2008
	$'million	$'million
EXPENSES		
Employee benefits	**83**	90
Supplies and services	**59**	78
Grants and subsidies	**142**	162
Other expenses	**15**	40
Total expenses	**299**	370
INCOME		
Fees and charges	**27**	27
Grants and subsidies	**16**	17
Other	**6**	6
Total income	**49**	50

	2009 **$'million**	2008 $'million
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT		
Revenues from SA Government	**289**	279
Payments to SA Government	**9**	13
Total revenues from SA Government	**280**	266
Net result	**30**	(54)
OTHER COMPREHENSIVE INCOME	**-**	27
Net increment on asset valuation	**-**	27
Total comprehensive result	**30**	(27)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**2**	(14)
ASSETS		
Current assets	**44**	50
Non-current assets	**113**	243
Total assets	**157**	293
LIABILITIES		
Current liabilities	**22**	62
Non-current liabilities	**17**	22
Total liabilities	**39**	84
EQUITY	**118**	209

Statement of Comprehensive Income

The net result for the year was a surplus of $30.3 million ($53.7 million deficit). The turnaround in the net result is mainly due to an increase in revenues from the SA Government of $10.2 million and a reduction in expenditure of $70.4 million.

The 2007-08 financial statements included a provision expense of $35 million representing an amount payable in respect of a guarantee provided by the Premier for a corporate security investment of the South Australian Government Financing Authority associated with the Alice Springs to Darwin Railway Project. This investment was assessed as impaired as at 30 June 2008. In 2008-09, this amount, together with an additional $7.5 million was paid to the South Australian Government Financing Authority.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2009.

	2009 **$'million**	2008 $'million	2007 $'million	2006 $'million
Net cash flows				
Operating	**2**	(14)	19	1
Investing	**(10)**	-	(1)	-
Financing	**4**	10	7	-
Change in cash	**(4)**	(4)	25	1
Cash at 30 June	**32**	36	40	15

The cash position has remained relatively steady since 2007. Investing activities in 2008-09 of $10.2 million principally related to the upgrade of the Adelaide Festival Centre and the purchase of land for the safe storage and destruction of explosives seized under legislation.

Statement of Comprehensive Income
for the year ended 30 June 2009

	Note	**2009 $'000**	2008 $'000
EXPENSES:			
Employee benefits	6	**83 399**	89 504
Supplies and services	7	**58 852**	78 499
Depreciation and amortisation	8	**6 792**	3 955
Grants and subsidies	9	**142 291**	162 156
Borrowing costs		**79**	333
Other expenses	11	**7 959**	35 287
Total expenses		**299 372**	369 734
INCOME:			
Fees and charges	13	**27 438**	27 162
Commonwealth revenues	14	**1 698**	3 546
Grants and subsidies	15	**16 090**	16 944
Interest	19	**37**	52
Resources received free of charge	17	**221**	130
Community Development Fund		**900**	900
Recoveries from administered items		**1 159**	1 043
Net gain from disposal of assets	10	**6**	8
Other income	16	**1 989**	635
Total income		**49 538**	50 420
NET COST OF PROVIDING SERVICES		**249 834**	319 314
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:			
Revenues from SA Government	18	**289 441**	279 274
Payments to SA Government	18	**9 340**	13 718
Total revenues from SA Government		**280 101**	265 556
NET RESULT		**30 267**	(53 758)
OTHER COMPREHENSIVE INCOME:			
Net increment on asset revaluation		**-**	27 362
TOTAL COMPREHENSIVE RESULT		**30 267**	(26 396)

Net result and comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2009

	Note	2009 $'000	2008 $'000
CURRENT ASSETS:			
Cash and cash equivalents	19	**31 838**	36 021
Receivables	20	**12 513**	11 361
Inventories		**27**	55
		44 378	47 437
Non-current assets classified as held-for-sale	21	**-**	2 443
Total current assets		**44 378**	49 880
NON-CURRENT ASSETS:			
Receivables	20	**300**	517
Property, plant and equipment	22	**108 198**	237 404
Works of art	22	**4 686**	4 670
Intangible assets	23	**154**	215
Total non-current assets		**113 338**	242 806
Total assets		**157 716**	292 686
CURRENT LIABILITIES:			
Payables	24	**11 819**	15 288
Employee benefits	26	**9 604**	10 289
Provisions	27	**898**	36 176
Borrowings	25	**-**	298
Other current liabilities	28	**141**	87
Total current liabilities		**22 462**	62 138
NON-CURRENT LIABILITIES:			
Payables	24	**1 289**	1 323
Employee benefits	26	**12 938**	14 224
Provisions	27	**2 567**	3 004
Borrowings	25	**-**	3 735
Total non-current liabilities		**16 794**	22 286
Total liabilities		**39 256**	84 424
NET ASSETS		**118 460**	208 262
EQUITY:			
Contributed capital		**15 435**	10 016
Asset revaluation reserve		**14 544**	37 317
Retained earnings		**88 481**	160 929
TOTAL EQUITY		**118 460**	208 262

Total equity is attributable to the SA Government as owner

	Note
Unrecognised contractual commitments	30
Contingent assets and liabilities	31

Statement of Changes in Equity
for the year ended 30 June 2009

	Contributed capital $'000	Asset revaluation reserve $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2007	173	9 955	137 009	147 137
Net Result for 2007-08	-	-	(53 758)	(53 758)
Net increment on asset revaluation	-	27 362	-	27 362
Total comprehensive result for 2007-08	-	27 362	(53 758)	(26 396)
Transactions with SA Government as owner				
Equity contribution from the State Government	9 843	-	-	9 843
Net assets received from an administrative restructure	-	-	77 678	77 678
Balance at 30 June 2008	10 016	37 317	160 929	208 262
Total comprehensive result for 2008-09	-	-	30 267	30 267
Transactions with SA Government as owner				
Asset revaluation reserve taken to equity	-	(22 773)	22 773	-
Equity contribution from the State Government	5 419	-	-	5 419
Net assets transferred out as a result of an administrative restructure	-	-	(125 488)	(125 488)
Balance at 30 June 2009	**15 435**	**14 544**	**88 481**	**118 460**

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

Statement of Cash Flows
for the year ended 30 June 2009

	Note	**2009 Inflows (Outflows) $'000**	2008 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Employee benefits		**(83 790)**	(87 846)
Supplies and services		**(57 914)**	(80 794)
Grants and subsidies		**(141 916)**	(162 262)
Borrowing costs		**(79)**	(333)
GST paid to the ATO		**(17 266)**	(13 513)
Other payments		**(42 942)**	(153)
Cash used in operations		**(343 907)**	(344 901)
CASH INFLOWS:			
Fees and charges		**23 721**	26 352
Receipts from Commonwealth		**1 667**	3 545
Receipts from grants and subsidies		**17 832**	17 121
Interest received		**35**	52
Community Development Fund		**900**	900
Recoveries from administered items		**1 159**	1 043
GST recovered from the ATO		**17 266**	14 802
Other receipts		**3 003**	1 646
Cash generated from operations		**65 583**	65 461
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		**289 441**	279 274
Payments to SA Government		**(9 340)**	(13 718)
Cash generated from SA Government		**280 101**	265 556
Net cash provided by (used in) operating activities	32	**1 777**	(13 884)
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of property, plant and equipment		**(9 953)**	(2 746)
Purchase of intangibles		**(294)**	(39)
Cash used in investing activities		**(10 247)**	(2 785)
CASH INFLOWS:			
Proceeds from sale of assets held-for-sale		**-**	2 900
Proceeds from sale of property, plant and equipment		**6**	8
Cash generated from investing activities		**6**	2 908
Net cash (used in) provided by investing activities		**(10 241)**	123
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Loss from restructuring activities		**(1 064)**	-
Repayment of borrowings		**(74)**	(277)
Cash used in financing activities		**(1 138)**	(277)
CASH INFLOWS:			
Capital contribution from the State Government		**5 419**	9 843
Cash generated from financing activities		**5 419**	9 843
Net cash provided by financing activities		**4 281**	9 566
NET DECREASE IN CASH AND CASH EQUIVALENTS HELD		**(4 183)**	(4 195)
CASH AND CASH EQUIVALENTS AT 1 JULY		**36 021**	40 216
CASH AND CASH EQUIVALENTS AT 30 JUNE	19	**31 838**	36 021

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2009

(Activities - refer Note 5)	1	2	3	4	5	6
	2009	**2009**	**2009**	**2009**	**2009**	**2009**
EXPENSES:	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Employee benefits	**6 121**	**1 501**	**5 714**	**451**	**2 840**	**2 080**
Supplies and services	**1 300**	**823**	**7 984**	**497**	**1 454**	**1 498**
Depreciation and amortisation	-	-	-	-	**4**	**4 861**
Grants and subsidies	**127**	-	**15 381**	**29 406**	**22 345**	**52 078**
Borrowing costs	-	-	-	-	-	-
Other expenses	-	-	**19**	-	-	-
Total expenses	**7 548**	**2 324**	**29 098**	**30 354**	**26 643**	**60 517**
INCOME:						
Fees and charges	**1 605**	**582**	**538**	-	**857**	**4 133**
Commonwealth revenues	-	-	**214**	-	-	**474**
Grants and subsidies	**106**	-	**416**	-	-	-
Interest	-	-	-	-	-	-
Resources received free of charge	-	-	-	-	-	**121**
Community Development Fund	-	-	-	-	-	**900**
Recoveries from administered items	-	-	-	-	-	-
Net gain from disposal of assets	-	-	-	-	-	-
Other income	**1**	**2**	-	-	**5**	**1 387**
Total income	**1 712**	**584**	**1 168**	-	**862**	**7 015**
NET COST OF PROVIDING SERVICES	**5 836**	**1 740**	**27 930**	**30 354**	**25 781**	**53 502**
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:						
Revenues from SA Government	-	-	-	-	-	**108 338**
Payments to SA Government	-	-	-	**626**	**1 031**	**2 025**
Net revenues from (payments to) SA Government	-	-	-	**(626)**	**(1 031)**	**106 313**
NET RESULT	**(5 836)**	**(1 740)**	**(27 930)**	**(30 980)**	**(26 812)**	**52 811**

(Activities - refer Note 5)	7	8	9	10	11	12
	2009	**2009**	**2009**	**2009**	**2009**	**2009**
EXPENSES:	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Employee benefits	**19 065**	**238**	**5 616**	**2 143**	**4 285**	**27 837**
Supplies and services	**14 382**	**78**	**6 827**	**934**	**3 438**	**15 656**
Depreciation and amortisation	**1 575**	-	-	-	**156**	**141**
Grants and subsidies	**11 926**	**120**	**8 543**	-	**2**	**2 363**
Borrowing costs	**79**	-	-	-	-	-
Other expenses	**7 922**	-	**1**	-	-	**17**
Total expenses	**54 949**	**436**	**20 987**	**3 077**	**7 881**	**46 014**
INCOME:						
Fees and charges	**1 434**	-	**104**	-	**2 366**	**12 212**
Commonwealth revenues	**151**	-	**859**	-	-	-
Grants and subsidies	**395**	**293**	**254**	-	-	**10 080**
Interest	**1**	-	**36**	-	-	-
Resources received free of charge	-	-	**100**	-	-	-
Community Development Fund	-	-	-	-	-	-
Recoveries from administered items	-	-	**1 159**	-	-	-
Net gain from disposal of assets	**6**	-	-	-	-	-
Other income	**551**	-	**5**	-	-	**37**
Total income	**2 538**	**293**	**2 517**	-	**2 366**	**22 329**
NET COST OF PROVIDING SERVICES	**52 411**	**143**	**18 470**	**3 077**	**5 515**	**23 685**
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:						
Revenues from SA Government	**181 103**	-	-	-	-	-
Payments to SA Government	**5 658**	-	-	-	-	-
Net revenues from (payments to) SA Government	**175 445**	-	-	-	-	-
NET RESULT	**123 034**	**(143)**	**(18 470)**	**(3 077)**	**(5 515)**	**(23 685)**

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2009 (continued)

(Activities - refer Note 5)	13	Total	
	2009	**2009**	2008
EXPENSES:	**$'000**	**$'000**	$'000
Employee benefits	**5 508**	**83 399**	89 504
Supplies and services	**3 981**	**58 852**	78 499
Depreciation and amortisation	**55**	**6 792**	3 955
Grants and subsidies	**-**	**142 291**	162 156
Borrowing costs	**-**	**79**	333
Other expenses	**-**	**7 959**	35 287
Total expenses	**9 544**	**299 372**	369 734
INCOME:			
Fees and charges	**3 607**	**27 438**	27 162
Commonwealth revenues	**-**	**1 698**	3 546
Grants and subsidies	**4 546**	**16 090**	16 944
Interest	**-**	**37**	52
Resources received free of charge	**-**	**221**	130
Community Development Fund	**-**	**900**	900
Recoveries from administered items	**-**	**1 159**	1 043
Net gain from disposal of assets	**-**	**6**	8
Other income	**1**	**1 989**	635
Total income	**8 154**	**49 538**	50 420
NET COST OF PROVIDING SERVICES	**1 390**	**249 834**	319 314
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:			
Revenues from SA Government	**-**	**289 441**	279 274
Payments to SA Government	**-**	**9 340**	13 718
Net revenues from (payments to) SA Government	**-**	**280 101**	265 556
NET RESULT	**(1 390)**	**30 267**	(53 758)

Disaggregated Disclosures - Asset and Liabilities as at 30 June 2009

(Activities - refer Note 5)	1	2	3	4	5	6
	2009	**2009**	**2009**	**2009**	**2009**	**2009**
ASSETS:	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	-	-	-	-	**267**	**7 583**
Receivables	**465**	**336**	**499**	-	**279**	**1 699**
Inventories	-	-	-	-	-	-
Non-current assets classified as held-for-sale	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	**72**	**95 953**
Works of art	-	-	-	-	-	**4 659**
Intangible assets	-	-	-	-	-	-
Total assets	**465**	**336**	**499**	-	**618**	**109 894**
LIABILITIES:						
Payables	**237**	**109**	**4 384**	**227**	**504**	**733**
Borrowings	-	-	-	-	-	-
Employee benefits	**141**	**41**	**120**	**177**	**790**	**570**
Provisions	-	-	-	**4**	**52**	**11**
Other liabilities	-	-	-	-	**6**	-
Total liabilities	**378**	**150**	**4 504**	**408**	**1 352**	**1 314**

(Activities - refer Note 5)	7	8	9	10	11	12
	2009	**2009**	**2009**	**2009**	**2009**	**2009**
ASSETS:	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	**23 988**	-	-	-	-	-
Receivables	**4 390**	**125**	**44**	-	**738**	**491**
Inventories	-	-	-	-	**27**	-
Non-current assets classified as held-for-sale	-	-	-	-	-	-
Property, plant and equipment	**8 484**	-	-	-	-	**3 613**
Works of Art	**27**	-	-	-	-	-
Intangible assets	**125**	-	-	-	-	**29**
Total assets	**37 014**	**125**	**44**	-	**765**	**4 133**
LIABILITIES:						
Payables	**3 334**	**1**	**415**	**117**	-	**2 595**
Borrowings	-	-	-	-	-	-
Employee benefits	**7 216**	**5**	**1 387**	**476**	**1 347**	**8 751**
Provisions	**3 030**	-	-	-	-	**272**
Other liabilities	-	-	-	-	**44**	-
Total liabilities	**13 580**	**6**	**1 802**	**593**	**1 391**	**11 618**

(Activities - refer Note 5)	13	Total	
	2009	**2009**	2008
ASSETS:	**$'000**	**$'000**	$'000
Cash and cash equivalents	-	**31 838**	36 021
Receivables	**3 747**	**12 813**	11 878
Inventories	-	**27**	55
Non-current assets classified as held-for-sale	-	-	2 443
Property, plant and equipment	**76**	**108 198**	237 404
Works of art	-	**4 686**	4 670
Intangible assets	-	**154**	215
Total assets	**3 823**	**157 716**	292 686
LIABILITIES:			
Payables	**452**	**13 108**	16 611
Borrowings	-	-	24 513
Employee benefits	**1 521**	**22 542**	39 180
Provisions	**96**	**3 465**	4 033
Other liabilities	**91**	**141**	87
Total liabilities	**2 160**	**39 256**	84 424

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Department of the Premier and Cabinet

The Department of the Premier and Cabinet (the Department) is the principal government agency in South Australia. It delivers specialist policy advice to the Premier and Ministers, supports the Cabinet process and provides direction and leadership to the SA public service.

The Department leads the implementation of South Australia's Strategic Plan, has overarching responsibility for Federal-State relations and drives key government initiatives across a range of services benefiting other government agencies and the community.

The Department works closely with these groups to develop policies and deliver programs in the areas of social inclusion, Aboriginal wellbeing, the arts, industrial relations, sustainability and climate change, occupational health and safety, recreation and sport, and government records access and preservation.

2. Summary of significant accounting policies

2.1 Statement of compliance

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and TIs and APSs promulgated under the provision of the PFAA.

Except for the amendments to AASB 101 including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), which the Department has early-adopted, AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ended 30 June 2009. These are outlined in Note 4.

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Department's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable Notes
- the selection and application of accounting policies in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following Note disclosures which have been included in the financial statements:

  (a) Income, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of $100 000 for separate identification of these items applies.

  (b) Expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income).

  (c) Employee TVSP information.

  (d) Employees whose normal remuneration is $100 000 or more (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly, by the entity to those employees.

  (e) Board/Committee member and remuneration information, where a Board/Committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2009 and comparative information presented for the year ended 30 June 2008.

2.3 Reporting entity

The Department is a government department of the State of South Australia established pursuant to the PSM Act. The Department is an administrative unit acting on behalf of the Crown. The financial statements and accompanying Notes encompasses all the controlled activities of the Department.

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

Transactions and balances relating to these administered resources are not recognised as departmental income, expense, assets and liabilities. As administered items are significant in relation to the Department's overall financial performance and position, they are disclosed in the administered financial statements attached to the general purpose Financial Statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the Departmental items.

2.4 Transferred functions

2008-09

Office for Recreation and Sport and Office for Racing
The Public Sector Management (Abolition of Administrative Unit and Public Service Restructure) Proclamation 2008 (dated 21 August 2008) declared that the Office for Minister Wright, Office for Recreation and Sport, and Office for Racing were transferred from the Department of the Premier and Cabinet to the Attorney-General's Department, effective from 1 October 2008 (refer to Note 29).

Shared Services SA
In September 2006 the SA Government announced a shared services initiative to streamline and simplify internal corporate and business support services to deliver savings that can be redirected to community facing services. SA Government agencies' business services are transferring to Shared Services SA in a series of transition programs known as Tranches. During the 2008-09 financial year the following services were transitioned from the Department to the Shared Services Division of Department of Treasury and Finance (DTF):

- Tranche 1, Group 1, accounts payable, accounts receivable and systems administration proclaimed 10 July 2008, transfer effective 14 July 2008 (refer to Note 29).

- Tranche 2, Group 1, accounting, taxation services and masterpiece technical support, proclaimed 4 June 2009, transfer effective 9 June 2009 (refer to Note 29).

2.5 Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where adjusted to reflect the early adoption of AASB 101 and specific revised accounting standards and APSs.

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required, for example preparation of a single Statement of Comprehensive Income.

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

2.6 Rounding

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

2.7 Taxation

The Department is not subject to income tax. The Department is liable for payroll tax, FBT, GST, emergency services levy, land tax equivalents and local government rate equivalents.

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

- the amount of GST incurred by the Department as a purchaser that is not recoverable from the ATO is recognised as part of the cost of acquisition of an asset or as part of an item of expense

- receivables and payables are stated with the amount of GST included.

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

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

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

2.8 Events after balance date

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

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

There are no such events after 30 June 2009.

2.9 Income

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

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

The Notes accompanying the financial statements disclose income 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 $100 000 threshold have been included with non-government transactions, classified according to their nature.

Fees and charges

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

Grants and subsidies

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

Resources received free of charge

Resources received free of charge are recognised in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when the fair value can be determined reliably and the services would be purchased if they had not been donated.

The Department has part of its construction cost of staff accommodation buildings installed on the APY Lands paid from an administered Commonwealth fund. The Department has also received from the Adelaide Festival Centre Trust donated assets with respect to improvements to the Adelaide Festival Centre.

Revenues from SA Government

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

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

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

Net gain on non-current assets

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

2.10 Expenses

Expenses are recognised in the Department's Statement of Comprehensive Income when and only when the flow or consumption or loss of future economic benefits has occurred and can be reliably measured.

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

The Notes to the financial statements disclose expenses 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 $100 000 threshold have been included with non-government transaction, classified according to their nature.

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

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

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

The useful lives of all major assets held by the Department are reassessed on an annual basis.

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

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

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

Class of asset	*Useful life (years)*
Buildings and improvements	10-40
Transportable accommodation	10-20
Furniture and fittings	5-15
Office equipment	3
IT equipment	3-5
Motor vehicles	5
Intangibles - computer software	3-5

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

Grants and subsidies
Grants that are paid to other entities by the Department for general assistance or a particular purpose may be for capital or recurrent purposes and the name of the category reflects the use of the grant. These entities may be other SA Government agencies, non-government organisations or the public. The grants given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation. For contributions payable, the contribution will be recognised as a liability and expense when the Department has a present obligation to pay the contribution.

Grants and subsidies paid by the Department have unconditional stipulations attached.

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

Borrowing costs
All borrowing costs are recognised as expenses.

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

2.11 Current and non-current classification
Assets and liabilities are characterised as either current or non-current in nature. The Department has a clearly identifiable operating cycle of 12 months. Therefore, assets and liabilities that will be sold, consumed or realised as part of the normal operating cycle will be classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 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.

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

2.12 Assets (continued)

Where an asset line item combines amounts expected to be settled within 12 months and more than 12 months, the Department has separately disclosed the amounts expected to be recovered after more than 12 months.

The Notes to the financial statements disclose financial assets where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand, cash at call and deposits with the Treasurer. Cash is measured at nominal value.

In October 2003, the Government introduced a policy with respect to aligning agency cash balances with the appropriation and expenditure authority. Pursuant to this policy, during the 2008-09 and 2007-08 financial years the Department was required to transfer part of its cash balance to the Consolidated Account.

Receivables

Receivables include amounts receivable from goods and services, prepayments and other accruals.

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

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

The Department determines the allowance for doubtful debts based on a review of balances within trade receivables that are unlikely to be collected. These are generally receivables that are 90 days or more overdue. Bad debts are written off when identified.

Inventories

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

Non-current assets held-for-sale

Non-current assets are classified as held-for-sale and stated at the lower of their carrying amount and fair value less cost to sell if their carrying amount will be recovered principally through sale rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed one year from the date of classification. Non-current assets classified as held-for-sale are not depreciated or amortised.

Non-current asset acquisition and recognition

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

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

In accordance with APF III, APS 2.15:

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

Revaluation of non-current assets

All non-current physical assets are valued at written down current cost (a proxy for fair value). Revaluation of non-current assets or groups of assets is performed when their fair value at the time of acquisition is greater than $1 million and estimated useful life is greater than three years.

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

Revaluation of non-current assets (continued)
Valuations of departmental buildings and improvements held for cultural purposes were determined as at 30 June 2008 by the Australian Valuation Office. These buildings and improvements have been valued using a fair value methodology.

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

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

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

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

For revalued assets, an impairment loss is offset against the respective class in the asset revaluation reserve.

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

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

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed. Subsequent expenditure on intangible assets has not been capitalised.

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

Where a liability line item combines amounts expected to be settled within 12 months and more than 12 months, the Department has separately disclosed the amounts expected to be settled after more than 12 months.

The Notes to the financial statements disclose financial liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

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

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

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

All amounts are measured at their nominal amount and are normally settled within 30 days after the Department receives an invoice.

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

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

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

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

(ii) Annual leave
A liability for annual leave is calculated by determining the amount unpaid at the reporting date and estimating the nominal amount that is expected to be paid when the obligation is settled. In the unusual event where annual leave is payable later than 12 months, the liability will be measured at present value.

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

(iv) Long service leave
A liability for long service leave is recognised for all employees who have completed 6.5 or more years of service. The 6.5 years has been based on an actuarial calculation undertaken by DTF. The calculation was based on a significant sample of employees throughout the SA public sector and determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Department's experience of employee retention and leave taken.

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

Workers compensation provision
The Department is an exempt employer under the WRCA. Under a scheme arrangement, the Department is responsible for the management of workers rehabilitation and compensation.

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an annual actuarial assessment as at 30 June performed by the consulting actuaries to the Public Sector Workforce Relations Division of the Department. The workers compensation provision liability recognised for the employees of the Department is based on an apportionment of an actuarial assessment of the whole-of-government workers compensation liability conducted by Taylor Fry Consulting Actuaries.

The actuarial assessment conducted by Taylor Fry Consulting Actuaries is based on the Payment Per Claim Incurred valuation method. The assessment has been conducted in accordance with AASB 137 and WorkCover guidelines for actuarial assessments. The liability covers claims incurred but not yet paid, incurred but not reported and the anticipated direct and indirect costs of settling those claims. The liability for outstanding claims is measured as the present value of the expected future payments reflecting the fact that all the claims do not have to be paid out in the immediate future.

Other provisions
The Department settled its provision for a financial guarantee provided by the Premier, for the Alice Springs to Darwin railway project, with the South Australian Government Financing Authority in 2008-09.

2.14 Contributed capital
Where the investing activities of the Department are not funded through appropriations, operating receipts, proceeds of assets sales or grants, government funding is provided via a capital contribution. The Department received $5.4 million ($9.8 million) in 2008-09.

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

The Department as lessor
The Department leases the Adelaide Festival Centre and Her Majesty's Theatre to the Adelaide Festival Centre Trust through an operating lease.

Income from operating leases is recognised as rental income in the period incurred, and is representative of the pattern of benefits derived from the leased assets.

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

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

3. Hedging arrangements

In accordance with government policy, the Department enters into hedges for all contracted expenditure in a foreign currency over A$100 000. The South Australian Government Financing Authority manages the foreign currency hedges on the Department's behalf. At 30 June 2009, the Department has outstanding hedges totalling $1.1 million in relation to the contractual arrangements with the Carnegie Mellon University. There is no financial risk to the Department as a result of the hedging arrangements.

4. New and revised accounting standards

Details of the accounting policies that the Department has changed during 2008-09 are detailed below. In addition, details of the impact, where significant, on the Department's financial statements from new and amended AASs that are applicable for the first time in 2008-09 are also detailed below.

4.1 Restructure of administrative arrangements

In accordance with the revised AASB 1004, the Department records restructures of administrative arrangements as transactions with owners in their capacity as owners rather than recording these events as a income/expense item.

4.2 Other

The Department has early-adopted the September 2007 version of AASB 101 including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101). This includes the preparation of a single Statement of Comprehensive Income.

In accordance with the new accounting standard AASB 1052, the amounts of assets and liabilities reliably attributable to each activity has been disclosed.

Issued or amended but not yet effective

Except for the amendments to AASB 101, which the Department has early-adopted, the AASs 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 2009. 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.

5. Activities of the Department

Activities are defined as goods or services produced, provided to or acquired for external customers. The Department has identified 13 major classes of activities that it delivers to the community and the Premier. The identity and description of each major activity class for the Department during the year ended 30 June 2009 are summarised below (refer to the Department's Disaggregated Disclosures Expenses and Income, and Assets and Liabilities).

Comparative information is presented only at a summary level as it is not practical to present such information at activity level due to significant changes in activities in 2008-09.

Activity 1: Cabinet Office

Coordination and leadership of across government policy proposals for the Premier's and Cabinet's consideration; oversight of implementation of South Australia's Strategic Plan in government and the wider community; support to the Premier in intergovernmental relations; and provision of support to Cabinet and its committees.

Activity 2: Ethical Standards and Professional Integrity

Provision of leadership for South Australia's Strategic Plan targets relating to the public sector workforce. This is achieved by developing and implementing whole-of-government frameworks, strategies, programs and services and supporting the Commissioner for Public Employment to meet his statutory responsibilities.

Activity 3: Strategic Policy Initiatives

Provision of high-level support for strategic policy initiatives of the Government.

Activity 4: Library and Information Services

Provision of information from library and resource centres to the public, industry and government agencies and funding of services provided by Public Library Services to public libraries.

Activity 5: Access to Art, Museum and Heritage Services and Preservation of State Collections

Provision of museum, visual arts and preservation services that enable the State's cultural, heritage and arts assets to be maintained and kept accessible to the community.

Activity 6: Arts Industry Development and Access to Artistic Product

Provision of services that enhance opportunities for artists, cultural tourism, festivals and events and provide for productions, exhibitions, tours and events to the community.

Activity 7: Support Services

Provision of corporate services to the Department, a range of support services to the Premier's Office and protocol advice to the Premier, Ministers, government agencies, private organisations and the public.

Activity 8: Capital City

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

Activity 9: Aboriginal Affairs and Reconciliation

Provision of leadership in Aboriginal policy and program development, coordination and implementation of policies for Aboriginal affairs; monitoring the impact of government services on the wellbeing of Aboriginal families and communities in SA; protection and preservation of Aboriginal heritage and culture; facilitation of community development initiatives; provision and maintenance of essential services and infrastructure on Aboriginal Land Holding communities; support for the state's Aboriginal Land Holding Authorities; and, leadership of, and contribution to, special government and strategic intervention projects.

Activity 10: Public Sector Performance Commission

Provision of leadership to the revitalisation and reform of the public sector.

Activity 11: Community Services

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

Activity 12: Industrial Relations

Provision of workplace industrial relations, safety advisory and regulatory services to the general community and the public sector.

Activity 13: Employee Advocacy

Provision of services to ensure the rights and obligations of employees and employers are protected and the relevant law applied to prevent and resolve workplace disputes.

6. Employee benefits

	2009	2008
	$'000	$'000
Salaries and wages	**61 537**	64 146
Long service leave	**2 158**	3 094
Annual leave	**5 261**	5 412
Employment on-costs - superannuation	**8 652**	9 181
Employment on-costs - other	**3 838**	4 357
Committee fees	**537**	383
Other employee related expenses	**1 416**	2 931
Total employee benefits	**83 399**	89 504

There were no TVSPs paid in either 2008-09 or 2007-08.

Remuneration of employees	2009	2008
The number of employees whose remuneration received or receivable falls within the following bands:	**Number**	Number
$100 000 - $109 999	**56**	32
$110 000 - $119 999	**21**	20
$120 000 - $129 999	**13**	10
$130 000 - $139 999	**11**	11
$140 000 - $149 999	**5**	6
$150 000 - $159 999	**3**	10
$160 000 - $169 999	**7**	6
$170 000 - $179 999	**3**	3
$180 000 - $189 999	**1**	-
$190 000 - $199 999	**1**	1
$200 000 - $209 999	**1**	5
$210 000 - $219 999	**5**	1
$220 000 - $229 999	**1**	4
$230 000 - $239 999	**-**	1
$240 000 - $249 999	**1**	4
$250 000 - $259 999	**3**	1
$260 000 - $269 000	**2**	2
$270 000 - $279 999	**2**	2
$280 000 - $289 999	**1**	1
$290 000 - $299 999	**2**	-
$320 000 - $329 999	**1**	-
$350 000 - $359 999	**1**	-
$380 000 - $389 999	**-**	1
Total number of employees	**141**	121

The table includes employees who received remuneration of $100 000 or more during the year paid by the Department. In 2008-09, 24 employees met the $100 000 threshold for the first time. The total remuneration received by employees listed in the table above, for the year was $19.9 million ($17.9 million).

Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits.

7. Supplies and services

	2009	2008
Supplies and services provided by entities within the SA Government:	**$'000**	$'000
Accommodation	**8 666**	8 384
Telecommunication	**827**	860
Staff development and recruitment	**87**	111
General administration and consumables	**2 351**	2 538
Promotion and marketing	**500**	372
Repairs, maintenance and minor equipment purchases	**1 196**	2 208
Service level agreements	**5 881**	6 300
IT and computing charges	**1 412**	1 891
Contractors and consultants	**-**	-
Temporary and casual staff	**-**	-
Community infrastructure	**2 164**	10 855
Projects	**2 650**	2 165
Other	**2 338**	2 935
Total supplies and services - SA Government entities	**28 072**	38 619
Supplies and services provided by entities external to the SA Government:		
Accommodation	**1 939**	2 607
Telecommunication	**574**	740
Staff development and recruitment	**1 837**	2 182
General administration and consumables	**4 840**	5 552
Promotion and marketing	**5 544**	7 516
Repairs, maintenance and minor equipment purchases	**1 220**	2 080
IT and computing charges	**2 730**	2 155
Contractors and consultants	**4 608**	5 149
Cost of goods sold	**498**	1 089
Temporary and casual staff	**1 680**	1 905
Community infrastructure	**2 189**	2 339
Projects	**2 041**	3 549
Other	**1 080**	3 017
Total supplies and services - non-SA Government entities	**30 780**	39 880
Total supplies and services	**58 852**	78 499

Payments to consultants

	2009		2008	
The number and dollar amount of consultancies paid/payable (included in supplies and services) that fell within the following bands:	**Number**	**$'000**	Number	$'000
Below $10 000	**39**	**128**	44	156
Between $10 000 and $50 000	**31**	**741**	26	599
Above $50 000	**10**	**915**	8	1 331
Total number of consultants engaged	**80**	**1 784**	78	2 086

8. Depreciation and amortisation

	2009	2008
Depreciation:	**$'000**	$'000
Land, buildings and improvements	**5 473**	1 109
Plant and equipment	**547**	647
Recreation, sporting and stadia infrastructure	**711**	2 013
Total depreciation	**6 731**	3 769
Amortisation:		
Intangible assets	**61**	186
Total amortisation	**61**	186
Total depreciation and amortisation	**6 792**	3 955

9. Grants and subsidies

Grants and subsidies paid/payable to entities within the SA Government:		
Recurrent grant	**98 523**	88 214
Total grants and subsidies - SA Government entities	**98 523**	88 214
Grants and subsidies paid/payable to entities external to the SA Government:		
Recurrent grant	**43 768**	73 942
Total grants and subsidies - non-SA Government entities	**43 768**	73 942
Total grants and subsidies	**142 291**	162 156
Grants and subsidies consist of the following:		
Libraries Board of South Australia operating grant	**29 052**	29 612
Adelaide Festival Centre Trust operating grant	**13 503**	14 499
Museum Board operating grant	**11 034**	8 146
International University Precinct	**9 405**	-
Arts industry assistance	**6 462**	7 244
Statewide Enhancement program	**6 303**	6 676
South Australian Film Corporation operating grant	**5 979**	4 485

9. Grants and subsidies (continued)

	2009	2008
	$'000	$'000
Art Gallery Board operating grant	**5 822**	6 197
Country Arts SA operating grant	**5 704**	6 452
History Trust of South Australia operating grant	**4 606**	4 250
Aboriginal community assistance	**4 231**	1 522
Aboriginal community essential services assistance	**2 976**	2 019
Arts project assistance	**2 713**	2 651
Adelaide Symphony Orchestra operating grant	**2 594**	3 665
SA Youth Arts Board operating grant	**2 356**	2 806
State Theatre Company of South Australia operating grant	**2 206**	1 976
Adelaide Festival Corporation operating grant	**1 997**	4 036
University College London assistance	**1 689**	-
State Opera of South Australia operating grant	**1 461**	957
Adelaide Fringe operating grant	**1 272**	1 157
Active Club program	**1 266**	2 323
Windmill Performing Arts operating grant	**1 075**	1 050
Jam Factory Contemporary Craft and Design operating grant	**1 069**	937
Workplace partnership program	**1 000**	1 000
Australian Dance Theatre operating grant	**938**	1 465
Carrick Hill Trust operating grant	**877**	739
The Australian Centre for Social Innovation	**850**	-
Tandanya operating grant	**761**	748
Breaking the Cycle program	**564**	923
Premier's community initiatives	**519**	639
Occupational health an safety grants	**507**	437
Wiltanendi project	**350**	787
Building innovation fund	**310**	-
Inclusive Recreation Inclusive Sport program (IRIS)	**140**	500
Thoroughbred Racing SA Ltd grant	**-**	6 120
SA Jockey Club grant	**-**	5 000
Adelaide Football Club grant	**-**	2 500
Port Adelaide Football Club grant	**-**	2 500
Royal Agricultural and Horticultural Society of South Australia grant	**-**	8 000
Community Recreation and Sporting Facilities capital grants (CRSFG)	**-**	2 132
Attorney-General's Department funding transfer	**-**	1 600
Anangu Pitjantjatjara operating grant	**-**	1 213
Royal Institute Australia Capital Fund contribution	**-**	1 000
Para West Adult Campus operating grant	**-**	910
University of Adelaide Heritage Fund contribution	**-**	800
Security and Emergency Management Office redistribution of project funding	**-**	237
Other grants and subsidies	**10 700**	10 246
Total grants and subsidies	**142 291**	162 156

10. Net gain from disposal of assets

Plant and equipment:		
Proceeds from disposal	**6**	8
Net book value of assets disposed	**-**	-
Net gain from disposal of plant and equipment	**6**	8

11. Other expenses

Other expenses paid/payable to entities within the SA Government:		
Bad and doubtful debts	**-**	65
Guarantees and indemnities*	**7 537**	35 000
Total other expenses - SA Government entities	**7 537**	35 065
Other expenses paid/payable paid to entities external to the SA Government:		
Bad and doubtful debts	**17**	70
Other	**405**	152
Total other expenses - non-SA Government entities	**422**	222
Total other expenses	**7 959**	35 287

* A financial guarantee has been provided by the Premier for the Alice Springs to Darwin railway project.

12. Auditor's remuneration

Audit fees paid/payable to the Auditor-General's Department	**179**	209
Total audit fees	**179**	209

Other services

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

		2009	2008
13.	**Fees and charges**		
	Fees and charges received/receivable from entities within the SA Government:	**$'000**	$'000
	Arts industry related fees	**469**	199
	Salaries charged to other entities	**1 713**	2 215
	Sale of goods	**291**	847
	Regulatory fees	**6 236**	6 151
	Fees for services	**1 762**	1 192
	Rental income	**3 853**	22
	Other recoveries	**5 233**	7 314
	Total fees and charges - SA Government entities	**19 557**	17 940
	Fees and charges received/receivable from entities external to the SA Government:		
	Arts industry related fees	**636**	804
	Salaries charged to other entities	**33**	84
	Sale of goods	**1 999**	1 737
	Regulatory fees	**3 145**	2 913
	Fees for services	**660**	887
	Rental income	**251**	895
	Other recoveries	**1 157**	1 902
	Total fees and charges - non-SA Government entities	**7 881**	9 222
	Total fees and charges	**27 438**	27 162
14.	**Commonwealth revenue**		
	Commonwealth revenue	**1 698**	3 546
	Total Commonwealth revenue	**1 698**	3 456

The Commonwealth revenue includes contributions for the Umuwa Central Power Station, East Timor Public Sector Capacity Development Program and Artists in residence initiative.

15.	**Grants and subsidies**		
	Grants and subsidies received/receivable from entities within the SA Government:		
	Recurrent grant	**14 210**	14 281
	In-kind revenue	**1 230**	1 230
	Total grants and subsidies - SA Government entities	**15 440**	15 511
	Grants and subsidies received/receivable from entities external to the SA Government:		
	Recurrent grant	**615**	1 375
	Sponsorship for Department initiatives	**35**	58
	Total grants and subsidies - non-SA Government entities	**650**	1 433
	Total grants and subsidies	**16 090**	16 944
16.	**Other income**		
	Other income received/receivable from entities within the SA Government:		
	Other	**1 730**	31
	Total other income - SA Government entities	**1 730**	31
	Other income received/receivable from entities external to the SA Government:		
	Other	**259**	604
	Total other income - non-SA Government entities	**259**	604
	Total other income	**1 989**	635
17.	**Resources received free of charge**		
	Donated assets	**221**	130
	Total resources received free of charge	**221**	130
18.	**Revenues from (payments to) SA Government**		
	Revenues from SA Government:		
	Appropriations from Consolidated Account pursuant to the *Appropriation Act*	**289 281**	279 173
	Other revenue from SA Government	**160**	101
	Total revenues from SA Government	**289 441**	279 274
	Payments to SA Government:		
	Return of surplus cash pursuant to cash alignment policy (refer Note 2.10)	**9 340**	13 718
	Total payments to SA Government	**9 340**	13 718
	Net revenues from SA Government	**280 101**	265 556

19. Cash and cash equivalents

	2009	2008
	$'000	$'000
Deposits at call	**31 509**	20 376
Deposits with the Treasurer	**273**	15 506
Other	**56**	139
Total cash	**31 838**	36 021

Deposits with the Treasurer

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

Interest rate risk

Deposits at call includes funds held for the Aboriginal Heritage Fund which earns a floating interest rate based on daily bank deposit rates. All other deposits at call are non-interest bearing.

The carrying amount of cash and cash equivalents represents fair value.

20. Receivables

	2009	2008
Current:	**$'000**	$'000
Receivables	**5 971**	3 164
Allowance for doubtful debts	**-**	(35)
Prepayments	**75**	2 982
Accrued revenues	**1 307**	1 231
Loans	**30**	30
Allowance for doubtful loans	**(30)**	(30)
GST receivable	**5 160**	4 019
Total current receivables	**12 513**	11 361
Non-current:		
Prepayments	**300**	517
Total non-current receivables	**300**	517
Total receivables	**12 813**	11 878
Government/non-Government receivables:		
Receivables from SA Government entities:		
Receivables	**4 370**	1 560
Prepayments	**2**	-
Accrued revenues	**1 148**	1 160
Total receivables from SA Government entities	**5 520**	2 720
Receivables from non-SA Government entities:		
Receivables	**1 601**	1 604
Allowance for doubtful debts	**-**	(35)
Prepayments	**374**	3 499
Accrued revenues	**158**	71
Loans	**30**	30
Allowance for doubtful loans	**(30)**	(30)
GST receivable	**5 160**	4 019
Total receivables from non-SA Government entities	**7 293**	9 158
Total receivables	**12 813**	11 878

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received.

Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. In addition, there is no concentration of credit risk.

Allowance for doubtful debts

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

	2009	2008
Movements in the allowance for doubtful debts (impairment loss):	**$'000**	$'000
Carrying amount at 1 July	**35**	135
Increase in allowance	**-**	2
Amounts written off	**-**	(102)
Amounts transferred due to an administrative restructure	**(35)**	-
Carrying amount at 30 June	**-**	35

21. Assets held-for-sale

	2009 $'000	2008 $'000
Buildings	-	2 443
Total assets held-for-sale	-	2 443

In 2008-09 the Agent-General's Residence in London was no longer classified as held-for-sale. The building has been reinstated as property in the Department's accounts at 30 June 2009.

22. Property, plant and equipment

Valuations of land and buildings

Valuations of departmental buildings and improvements held for cultural purposes were determined as at 30 June 2008 by the Australian Valuation Office. Buildings and improvements have been valued using a fair value methodology.

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

Impairment

There were no indications of impairment of property, plant and equipment, infrastructure and intangible assets held at 30 June 2009.

Resources received free of charge

Part of the construction cost of staff accommodation buildings being installed on the APY Lands is paid from an administered Commonwealth fund. The construction is due to be completed in 2009-10.

	2009 $'000	2008 $'000
Land, buildings and improvements:		
Land at fair value	15 906	15 138
Buildings and improvements at fair value	183 776	180 402
Accumulated depreciation	(104 966)	(99 376)
Total land, buildings and improvements	94 716	96 164
Plant and equipment:		
Plant and equipment at fair value	11 091	12 680
Accumulated depreciation	(8 379)	(9 251)
Total plant and equipment	2 712	3 429
Recreation, sporting and stadia infrastructure:		
Recreation, sporting and stadia infrastructure at fair value	-	172 305
Accumulated depreciation	-	(36 481)
Total recreation, sporting and stadia infrastructure	-	135 824
Work in progress:		
Work in progress at cost	10 770	1 987
Total work in progress	10 770	1 987
Total property, plant and equipment	108 198	237 404
Works of art:		
Works of art at fair value	4 686	4 670
Total works of art	4 686	4 670

23. Intangible assets

	2009 $'000	2008 $'000
Computer software	2 042	2 058
Accumulated amortisation	(1 934)	(1 919)
Other intangibles	128	128
Accumulated amortisation	(82)	(52)
Total intangible assets	154	215

Reconciliation of non-current assets

The following shows the movement of non-current assets during 2008-09.

2009	Land, Buildings & Imprv'mnts $'000	Plant & Equipmnt $'000	Rec, Sport and Stadia Infrastrctr $'000	Work in Progress $'000	Works of Art $'000	Total Tangible Assets $'000
Fair Value:						
Balance at 30 June 2008	195 540	12 680	172 305	1 987	4 670	387 182
Additions	1 325	371	-	9 287	16	10 999
Assets classified as held-for-sale	-	-	-	-	-	-
Other (includes reclassifications, disposals and retirements)	-	(32)	-	-	-	(32)
Transfers out as a result of administrative restructure	(276)	(1 928)	(172 305)	(504)	-	(174 509)
Other changes	3 093	-	-	-	-	2 589
Balance at 30 June 2009	199 682	11 091	-	10 770	4 686	226 229

Reconciliation of non-current assets (continued)

2009	**Land, buildings & imprv'mnts $'000**	**Plant & equipmnt $'000**	**Rec, Sport and Stadia infrastrctr $'000**	**Work in progress $'000**	**Works of art $'000**	**Total tangible assets $'000**
Accumulated depreciation/ amortisation balance at 30 June 2008	**(99 376)**	**(9 251)**	**(36 481)**	**-**	**-**	**(145 108)**
Assets classified as held-for-sale	**-**	**-**	**-**	**-**	**-**	**-**
Other (includes reclassifications, disposals and retirements)	**-**	**32**	**-**	**-**	**-**	**32**
Depreciation/amortisation	**(5 473)**	**(547)**	**(711)**	**-**	**-**	**(6 731)**
Transfers out as a result of administrative restructure	**28**	**1 387**	**37 192**	**-**	**-**	**38 607**
Other changes	**(145)**	**-**	**-**	**-**	**-**	**(145)**
Balance at 30 June 2009	**(104 966)**	**(8 379)**	**-**	**-**	**-**	**(113 345)**
Net book value at 30 June 2009	**94 716**	**2 712**	**-**	**10 770**	**4 686**	**112 884**
Net book value at 30 June 2008	96 164	3 429	135 824	1 987	4 670	242 074

	Computer software $'000	**Other intangibles $'000**	**Total intangible assets $'000**
Fair value:			
Balance at 30 June 2008	**2 058**	**128**	**2 186**
Additions	**-**	**-**	**-**
Assets classified as held-for-sale	**-**	**-**	**-**
Other (includes reclassifications, disposals and retirements)	**-**	**-**	**-**
Transfers out as a result of administrative restructure	**-**	**-**	**-**
Other changes	**(16)**	**-**	**(16)**
Balance at 30 June 2009	**2 042**	**128**	**2 170**
Accumulated depreciation/ amortisation balance at 30 June 2008	**(1 919)**	**(52)**	**(1 971)**
Assets classified as held-for-sale	**-**	**-**	**-**
Other (includes reclassifications, disposals and retirements)	**-**	**-**	**-**
Depreciation/amortisation	**(31)**	**(30)**	**(61)**
Transfers out as a result of administrative restructure	**-**	**-**	**-**
Other changes	**16**	**-**	**16**
Balance at 30 June 2009	**(1 934)**	**(82)**	**(2 016)**
Net book value at 30 June 2009	**108**	**46**	**154**
Net book value at 30 June 2008	139	76	215

2008	Land, buildings & imprv'mnts $'000	Plant & equipmnt $'000	Rec, Sport and Stadia infrastrctr $'000	Work in progress $'000	Works of art $'000	Total tangible assets $'000
Fair value:						
Balance at 30 June 2007	34 965	7 795	118 589	857	27	162 233
Additions	229	548	449	1 702	-	2 928
Assets classified as held-for-sale	(2 589)	-	-	-	-	(2 589)
Other (includes reclassifications, disposals and retirements)	(28)	(1 310)	-	(19)	-	(1 357)
Revaluation increment (decrement)	5 699	-	53 267	-	-	58 966
Acquisitions through administrative restructure	156 315	5 647	-	396	4 643	167 001
Other changes	949	-	-	(949)	-	-
Balance at 30 June 2008	195 540	12 680	172 305	1 987	4 670	387 182
Accumulated depreciation/ amortisation balance at 30 June 2007	(12 816)	(5 798)	(3 282)	-	-	(21 896)
Assets classified as held-for-sale	146	-	-	-	-	146
Other (includes reclassifications, disposals and retirements)	28	1 310	-	-	-	1 338
Depreciation/amortisation	(1 109)	(647)	(2 013)	-	-	(3 769)
Revaluation increment (decrement)	(1 110)	-	(30 494)	-	-	(31 604)
Acquisitions through administrative restructure	(85 207)	(4 116)	-	-	-	(89 323)
Other changes	692	-	(692)	-	-	-
Balance at 30 June 2008	(99 376)	(9 251)	(36 481)	-	-	(145 108)
Net book value at 30 June 2008	96 164	3 429	135 824	1 987	4 670	242 074
Net book value at 30 June 2007	22 149	1 997	115 307	857	27	140 337

Reconciliation of non-current assets (continued)

2008	Computer software $'000	Other intangibles $'000	Total intangible assets $'000
Fair value:			
Balance at 30 June 2007	2 019	128	2 147
Additions	39	-	39
Assets classified as held-for-sale	-	-	-
Other (includes reclassifications, disposals and retirements)	-	-	-
Revaluation increment (decrement)	-	-	-
Acquisitions through administrative restructure	-	-	-
Other changes	-	-	-
Balance at 30 June 2008	2 058	128	2 186
Accumulated depreciation/ amortisation balance at 30 June 2007	(1 759)	(26)	(1 785)
Assets classified as held-for-sale	-	-	-
Other (includes reclassifications, disposals and retirements)	-	-	-
Depreciation/amortisation	(160)	(26)	(186)
Revaluation increment (decrement)	-	-	-
Acquisitions through administrative restructure	-	-	-
Other changes	-	-	-
Balance at 30 June 2008	(1 919)	(52)	(1 971)
Net book value at 30 June 2008	139	76	215
Net book value at 30 June 2007	260	102	362

24. Payables

	2009	2008
Current:	**$'000**	$'000
Creditors	**10 382**	13 334
Accrued expenses	**-**	385
Employment on-costs	**1 437**	1 569
Total current payables	**11 819**	15 288
Non-current:		
Employment on-costs	**1 289**	1 323
Total non-current payables	**1 289**	1 323
Total payables	**13 108**	16 611
Government/non-Government payables:		
Payables to SA Government entities:		
Creditors	**6 366**	4 330
Employment on-costs	**2 726**	2 892
Total payables to SA Government entities	**9 092**	7 222
Payables to non-SA Government entities:		
Creditors	**4 016**	9 004
Accrued expenses	**-**	385
Total payables to non-SA Government entities	**4 016**	9 389
Total payables	**13 108**	16 611

As a result of an actuarial assessment performed by DTF, the percentage of the proportion of long service leave taken as leave has changed from the 2008 rate 35 percent to 45 percent and the average factor for the calculation of employer superannuation on-cost has changed from the 2008 rate 11 percent to 10.5 percent. These rates are used in the employment on-cost calculation.

Interest rate and credit risk

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

25. Borrowings

	2009	2008
Current:	**$'000**	$'000
Loans from non-SA Government	**-**	298
Total short-term borrowings	**-**	298
Non-current:		
Loans from non-SA Government	**-**	3 735
Total long-term borrowings	**-**	3 735
Total borrowings	**-**	4 033

26. Employee benefits

	2009	2008
Current:	$'000	$'000
Annual leave	**5 347**	6 037
Long service leave	**2 563**	2 649
Accrued salaries and wages	**1 694**	1 603
Total current employee benefits	**9 604**	10 289
Non-current:		
Long service leave	**12 938**	14 224
Total non-current employee benefits	**12 938**	14 224
Total employee benefits	**22 542**	24 513

The total current and non-current employee expense disclosed in Notes 24 and 26 (ie aggregate employee benefit plus employment on-costs) for 2008-09 is $11 million and $14.2 million respectively.

In the 2008-09 financial year, the long service leave benchmark remains at 6.5 years based on an actuarial assessment.

In addition, the actuarial assessment performed by the DTF revised the salary inflation rate down by 0.5 percent from the 2008 rate 4.5 percent.

27. Provisions

	2009	2008
Current:	$'000	$'000
Provision for workers compensation	**898**	1 176
Other provisions*	**-**	35 000
Total current provisions	**898**	36 176
Non-current:		
Provision for workers compensation	**2 567**	3 004
Total non-current provisions	**2 567**	3 004
Total provisions	**3 465**	39 180
Carrying amount at 1 July	**39 180**	3 651
(Decrease) Increase in provisions recognised	**(35 715)**	35 529
Carrying amount at 30 June	**3 465**	39 180

* An indemnity provided by the Premier for the Alice Springs to Darwin railway project was settled in 2008-09.

28. Other liabilities

Current:		
Unearned revenue	**141**	87
Total current other liabilities	**141**	87

29. Transferred functions

As a result of restructuring administrative arrangements, the Department relinquished responsibility for the Office for Recreation and Sport (ORS), Office of the Minister (OM) and Office for Racing (OR). Certain assets and liabilities relating to these business units were transferred to the Attorney-General's Department as at 1 October 2008.

As part of the Shared Services reform, on 14 July 2008, the accounts payable and accounts receivable function from the Department transitioned to Shared Services SA in Tranche 1. On 9 June 2009, the Financial Services function from the Department transitioned to Shared Services in Tranche 2. Certain assets and liabilities relating to these business units were transferred to DTF on 14 July 2008 and 9 June 2009.

Net assets transferred out	**ORS, OM and OR**	**Tranches 1 and 2**	**Total**
Current assets:	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	**703**	**361**	**1064**
Receivables	**637**	**-**	**637**
Inventory	**97**	**-**	**97**
Non-current assets:			
Receivables	**142**	**-**	**142**
Property, plant and equipment	**135 902**	**-**	**135 902**
Total assets	**137 481**	**361**	**137 842**
Current liabilities:			
Payables	**5 569**	**19**	**5 588**
Employee benefits	**1 092**	**138**	**1 230**
Provisions	**24**	**-**	**24**
Borrowings	**298**	**-**	**298**

Net assets transferred out (continued)	**ORS, OM and OR**	**Tranches 1 and 2**	**Total**
Non-current liabilities:	**$'000**	**$'000**	**$'000**
Payables	**111**	**17**	**128**
Employee benefits	**1 231**	**187**	**1 418**
Provisions	**7**	**-**	**7**
Borrowings	**3 661**	**-**	**3 661**
Total liabilities	**11 993**	**361**	**12 354**
Net assets transferred out	**125 488**	**-**	**125 488**

30. Unrecognised contractual commitments

Remuneration commitments

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

	2009	2008
	$'000	$'000
Within one year	**9 484**	8 700
Later than one year but not longer than five years	**17 715**	19 868
Total remuneration commitments	**27 199**	28 568

Amounts disclosed include commitments arising from executive and other service contracts. The Department does not offer remuneration contracts greater than five years.

Operating lease commitments

The Department as lessee

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

	2009	2008
	$'000	$'000
Within one year	**8 282**	9 079
Later than one year but not longer than five years	**18 546**	17 917
Later than five years	**16 676**	10 390
Total operating lease commitments	**43 504**	37 386
Representing:		
Non-cancellable operating leases	**43 504**	37 386
Total operating lease commitments	**43 504**	37 386

At the reporting date, the Department's operating leases are for the lease of office accommodation and office equipment.

- Office accommodation is leased from the Real Estate Management business unit of the Department for Transport, Energy and Infrastructure. The leases are non-cancellable with terms ranging from 2 to 15 years, with some leases having right of renewal. The rental amount is based on floor space and the time period of the lease, with the rental rate reviewed taking into account movements in market rental values or CPI. Rental is payable in advance.
- Motor vehicle leases are non-cancellable, with rental payment monthly in arrears. No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.
- Office equipment leases are non-cancellable with rental payable in arrears. No contingent rental provisions exist within the lease arrangements and no options exist to renew the leases at the end of their term.

For the current financial year, the total amount of rental expense for minimum lease payments for operating leases was $10.7 million ($10.5 million).

Department as lessor

Lease receivable contracted for at the reporting date but not recognised as assets:	**2009**	2008
	$'000	$'000
Within one year	**3 949**	3 947
Later than one year but not longer than five years	**16 810**	16 518
Later than five years	**73 812**	78 584
Total operating lease commitments	**94 571**	99 049
Representing:		
Non-cancellable operating leases	**94 571**	99 049
Total operating lease commitments	**94 571**	99 049

The Department's lease as lessor relates to the Adelaide Festival Centre and Her Majesty's Theatre leased to the Adelaide Festival Centre Trust. The lease is non-cancellable for 20 years with the right of renewal.

Capital commitments	**2009**	2008
	$'000	$'000
Within one year	**39 803**	5 544
Later than one year but not longer than five years	**9 540**	-
Total capital commitments	**49 343**	5 544

The Department's capital commitments include:

- the Adelaide Film and Screen Centre project
- the Dunstan Playhouse refurbishment
- the Lion Arts Centre upgrade
- the Swift rooftop wind energy systems
- improvements to a land reserve at Swan Reach.

Other commitments		
Within one year	**14 771**	14 568
Later than one year but not longer than five years	**21 647**	16 763
Later than five years	**18 181**	17 160
Total other commitments	**54 599**	48 491

The Department's other commitments include:

- agreements for the provision of assistance to the Carnegie Mellon University, Cranfield University, and University College London for the operations of the Universities in Adelaide
- provision of funding for maintenance work to be undertaken on the Adelaide Festival Centre
- grant funding agreements to be paid by Commercial Advice, SafeWork SA and Arts SA.

31. Contingent assets and liabilities

Contingent assets

SA Government Salary Sacrificing Arrangement Panel Agreement (Public Sector Workforce Division)

In 2008 the Government entered into salary sacrificing agreements with McMillan Shakespeare Australia, Remunerator Pty Ltd and SmartSalary Pty Ltd. The agreements allow the Minister or his delegate to withdraw up to a total of $800 000 when an unconditional financial undertaking is present to fund any interim measures to avoid disruption to the salary sacrifice arrangements provided to employees.

Alice Springs to Darwin railway (Commercial Advice)

The AustralAsia Railway Corporation (the Corporation), the NT and SA Governments and Asia Pacific Transport Pty Ltd have entered into a concession arrangement for the design, construction, operation and maintenance of the Alice Springs to Darwin Railway on a build, own, operate, transfer-back basis.

Both the SA and NT Governments guarantee the obligations of the Corporation. The guarantee is a joint guarantee but the SA and NT Governments each accept responsibility for breach of an indemnity that is caused by its act or omission. Where the event giving rise to a corporation obligation is solely caused by one jurisdiction, that jurisdiction accepts sole responsibility. If both the SA and NT Governments caused the event, then each accepts responsibility to the extent to which it caused the event.

While the Department was not a signatory to these agreements, the SA Government has assigned responsibility for these agreements to the Department. In 2008-09, the SA Government had to honour a commitment under the agreement and payment was made through the Department. The Department now has an entitlement on behalf of the SA Government to any monies which may be recovered on account of the original debt.

Contingent liabilities

Legal proceedings (SafeWork SA)

The Department is involved in prosecuting breaches under the *Occupational Health, Safety and Welfare Act 1986*, *Fair Work Act 1994*, *Explosives Act 1936* and *Dangerous Substances Act 1979*. At balance date there were a number of matters (60 matters) before the courts and yet to be resolved. In the event decisions are not awarded in favour of the Department, the contingent liability is estimated to be $400 000 for the court and prosecution costs.

Alice Springs to Darwin railway (Commercial Advice)

The AustralAsia Railway Corporation (the Corporation), the NT and SA Governments and Asia Pacific Transport Pty Ltd have entered into a concession arrangement for the design, construction, operation and maintenance of the Alice Springs to Darwin railway on a build, own, operate, transfer-back basis.

Both the SA and NT Governments guarantee the obligations of the Corporation. The guarantee is a joint guarantee but the SA and NT Governments each accept responsibility for breach of an indemnity that is caused by its act or omission. Where the event giving rise to a Corporation obligation is solely caused by one jurisdiction, that jurisdiction accepts sole responsibility. If both the SA and NT Governments caused the event, then each accepts responsibility to the extent to which it caused the event.

For other Corporation obligations, the SA and NT Governments accept liability for events occurring within the geographical area of its jurisdiction. Principally, the Corporation has granted indemnities to ensure that title to the railway corridor is secure for the construction and operation of the railway infrastructure. These indemnities cover risks related to native title claims, undisclosed interests in the corridor, environmental contamination, heritage and sacred sites and environmental assessment processes.

Alice Springs to Darwin railway (Commercial Advice) (continued)
The project documents provide for the early termination of the concession arrangement by Asia Pacific Transport Pty Ltd in certain circumstances that would give rise to the payment of an early termination amount. The amount includes all debt and debt break costs for the project, certain agreed break costs for the project, certain agreed break costs for third party contractors and payments to equity. For all these events the cure is within the control of either the Corporation or the Governments.

While the Department is not a signatory to these agreements, the SA Government has assigned responsibility for these agreements to the Department. If a subsequent event were triggered such that the SA Government had to honour a commitment under the agreement that commitment would have to be funded by the SA Government and the payment would be made through the Department.

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

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

32. Cash flow reconciliation

	2009	2008
Reconciliation of cash and cash equivalents	**$'000**	$'000
Cash and cash equivalents as recorded in the Statement of Cash Flows	**31 838**	36 021
Cash and cash equivalents as recorded in the Statement of Financial Position	**31 838**	36 021

Reconciliation of net cash provided by (used in) operating activities to net cost of providing services

	2009	2008
Net cash provided by (used in) operating activities	**1 777**	(13 884)
Revenues from SA Government	**(289 441)**	(279 274)
Payments to SA Government	**9 340**	13 718
Add (Less): Non-cash items:		
Depreciation of property, plant and equipment	**(6 731)**	(3 769)
Amortisation of intangibles	**(61)**	(186)
Net gain on restructuring	**(7 519)**	-
Doubtful and bad debts expense	**(17)**	-
Resources received free of charge	**221**	130
Change in assets and liabilities:		
Increase in receivables	**554**	3 378
Decrease in inventories	**(28)**	(23)
Decrease (Increase) in payables	**4 439**	(2 184)
Decrease (Increase) in employee benefits	**1 971**	(1 688)
Decrease (Increase) in provisions	**35 715**	(35 529)
Increase in other liabilities	**(54)**	(3)
Net cost of providing services	**(249 834)**	(319 314)

33. Financial instruments

(a) *Categorisation of financial instruments*

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

		2009		2008	
		Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets	Note	**$'000**	**$'000**	$'000	$'000
Cash and cash equivalents:					
Cash and cash equivalents	19	**31 838**	**31 838**	36 021	36 021
Loans and receivables:					
Receivables(1)	20	**7 278**	**7 278**	4 365	4 365
Financial liabilities					
Financial liabilities at cost:					
Payables(1)	24	**10 382**	**10 382**	13 433	13 433
Borrowings	25	**-**	**-**	4 033	4 033
Provisions	27	**-**	**-**	35 000	35 000
Other liabilities	28	**141**	**141**	87	87

(a) Categorisation of financial instruments (continued)

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

Credit risk

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

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

Allowances for impairment of financial assets is calculated on past experience and current and expected changes in client credit rating. Currently the Department does not hold any collateral as security to any of its financial assets. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer to Note 20 for information on the allowance for impairment in relation to receivables.

(b) Ageing analysis of financial assets

The following table discloses the aging of financial assets, past due.

	Past due by			
	Overdue for less than 30 days	**Overdue for 30-60 days**	**Overdue for more than 60 days**	**Total**
2009	**$'000**	**$'000**	**$'000**	**$'000**
Receivables	**5 299**	**251**	**421**	**5 971**
Allowance for doubtful debts	**-**	**-**	**-**	**-**
Accrued revenues	**1 307**	**-**	**-**	**1 307**
Loans	**30**	**-**	**-**	**30**
Allowance for doubtful loans	**(30)**	**-**	**-**	**(30)**
2008				
Receivables	2 140	270	754	3 164
Allowance for doubtful debts	(3)	-	(32)	(35)
Accrued revenues	1 231	-	-	1 231
Loans	30	-	-	30
Allowance for doubtful loans	(30)	-	-	(30)

(c) Maturity analysis of financial assets and liabilities

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

		Contractual maturities		
	Carrying amount	**Less than 1 year**	**1-5 years**	**More than 5 years**
2009	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets:				
Cash and cash equivalents	**31 838**	**31 838**	**-**	**-**
Receivables	**5 971**	**5 971**	**-**	**-**
Accrued revenues	**1 307**	**-**	**-**	**-**
Loans	**30**	**30**	**-**	**-**
Allowance for doubtful loans	**(30)**	**(30)**	**-**	**-**
Total financial assets	**39 116**	**39 116**	**-**	**-**
Financial liabilities:				
Creditors	**10 382**	**10 382**	**-**	**-**
Unearned revenue	**141**	**141**	**-**	**-**
Total financial liabilities	**10 523**	**10 523**	**-**	**-**
2008				
Financial assets:				
Cash and cash equivalents	36 021	36 021	-	-
Receivables	3 164	3 164	-	-
Allowance for doubtful debts	(35)	(35)	-	-
Accrued revenues	1 231	1 231	-	-
Loans	30	-	30	-
Allowance for doubtful loans	(30)	-	(30)	-
Total financial assets	40 381	40 381	-	-

(c) Maturity analysis of financial assets and liabilities (continued)

		Contractual maturities		
	Carrying amount	Less than 1 year	1-5 years	More than 5 years
2008	$'000	$'000	$'000	$'000
Financial liabilities:				
Creditors	13 048	13 048	-	-
Accrued expenses	385	385	-	-
Loans from non-SA Government	4 033	297	1 477	2 259
Other provisions	35 000	35 000	-	-
Unearned revenue	87	87	-	-
Total financial liabilities	52 553	48 817	1 477	2 259

34. Remuneration of Board and Committee members

The Department has established a number of Boards and Committees where members receive or are entitled to receive remuneration for their membership. Members that were entitled to receive remuneration for membership during the 2008-09 financial year were:

Social Inclusion Board

D Cappo*
K Colbung* (to 27 February 2009)
W Cossey
G Hugo (to 27 February 2009)
B Cass (to 27 February 2009)
A McKenzie*
T Smith*
M Patetsos (to 5 December 2008)
M Wagstaff

Aboriginal Heritage Committee

S Dodd (to 31 January 2009)
M George
A Stuart (from 1 February 2009)
L Wright (from 1 February 2009)
M Turner* (to 31 January 2009)
M Ah Chee
A Rigney (to 31 January 2009)
S Sparrow
D Likouresis
W Miller (to 23 January 2009)
G Owen
C Smith
H Smith
A Starkey*

South Australian Aboriginal Advisory Board (formerly Indigenous Advisory Council)

H Miller (to 30 April 2009)
M Anderson (to 30 April 2009)
A Rigney (to 3 December 2008)
A Agius (to 30 April 2009)
L O'Brien (to 30 April 2009)
K Colbung* (to 4 December 2008)
K Thomas (to 3 March 2009)
S Gollan
S Wilson
A Stuart

Asbestos Advisory Committee

C Brown
G Bettison* (to 30 September 2008)
D Hawkins*
J Fitzgerald*
A Amorosi
M Howard
D McMahon
C Jones*
K Hamar*
A Kay*
S Sergi*
R Munn
D Roberts
T Miller

SA Strategic Plan Community Engagement Board

P Blacker (to 6 March 2009)
K Colbung* (to 6 March 2009)
H Le* (to 6 March 2009)
P Mickan
D Mutton (to 6 March 2009)
J Rich (to 6 March 2009)
M Wagstaff (to 6 March 2009)
S Miller* (from 28 November 2008)
M Vast (to 6 March 2009)
S Forrest* (to 6 March 2009)
D Klingberg
I Chessell
D Agnew (from 28 November 2008)
E Moulds
S Starick

Literature Peer Assessment Panel

K Bolton
P Allington (from 13 March 2009)
J Thomas
S Williams (to 28 February 2009)
J Aquilina
N Pluss
N Prescott
F Bayet-Charlton

Privacy Committee of South Australia

B Quirke*
N Rogers*
T Ryan*
A Stanley*
C Radbone*
S Doherty

34. Remuneration of Board and Committee members (continued)

Premier's Climate Change Council

D Bursill
R Chapman (to 24 October 2008)
D Davidson
J Kerr
D Klingberg
S Miller*
M O'Kane (to 24 October 2008)
J Pettett
V Sanders
J White
C McMillan (from 1 December 2008)
J O'Brien (from 1 December 2008)

Safework SA Advisory Committee

J Cavanough
J Davison*
B Grant (from 9 February 2009)
D Frith
J Giles
M Heylen
M Howard
M Patterson*
T Phillips
A Wood (to 8 February 2008)
D Blairs
M O'Malley

Art for Public Places Committee

S Carson (to 30 June 2008)
W Keates
N Cumpston*
T Lock-Weir
M Edgecombe
N Folland
G Lee (to 30 June 2008)
P Mortimer*
M Murray
B Powles
M Corbin

Community Arts Development Assessment Panel

O Black
J Boase
M Crompton*
S Johnston (from 15 June 2009)
R Johnston*
E O'Donovan
P Watkins*

Organisations Assessment Panel

A Kohn
K Goldsworthy
D Longley
C Wellman (from 21 April 2009)
A Peluso (to 31 December 2008)
B Mcqueen
S Whittington (to 31 December 2008)
A Tunbridge
E Webb

Contemporary Music Peer Assessment Panel

R Chalklen
T Coates (to 31 March 2009)
J Heysen-Hicks
T Koch
B Lyon
P Murton
G Skuthorpe (to 31 March 2009)
J Sweeney (to 31 March 2009)
S Arlidge
Y Rigney-Willoughby (from 1 April 2009)

State Records Council

P Crush
S Marsden
M Moore
T Watson
G Thompson*
S Vreugdenburg* (from 1 June 2009)
M Anderson*
M Feltus* (to 5 December 2008)
S Froude*
R Green* (to 21 November 2008)
E Cook* (from 23 May 2009)

Richard Llewellyn A & D Trust

N Lillecrapp
S Luke
R Petchell
A Stock
K Worth
C Wainwright
K Morgan
R Maurovic

Visual Arts, Craft and Design Peer Assessment Panel

A Baker (to 27 February 2009)
T Bishop (to 27 February 2009)
A Carbone
D Jones (to 27 February 2009)
M Kimber (to 12 March 2009)
P Johnson
M Knights
J Pieda (to 27 February 2009)
S Waters (to 27 February 2009)
C Andrae
M Corbin
M Richardson
J Loughlin
J Bowden
A Turner
L Harms
K Grundy
W Walker
I North
K Lawrence
G Healey

Remuneration Tribunal

H Bachmann
J Meeking
D Smythe

34. Remuneration of Board and Committee members (continued)

Performing Arts Peer Assessment Panel

J Meiners
E Joyner
T Crea
K Jamieson
A Steel (to 27 February 2009)
R Chew
A Beare
G Brookman*
D Hastie (to 1 December 2008)
E Lovell
E Old (to 27 March 2008)
A Thompson
M Ives
L Sanderson
A Munn
A Currie
J Szuster
P Sheedy
H Rusak
E Sykora
S Chance
K Fyffe

Aboriginal & Torres Strait Islander Arts Development Program Peer Assessment Panel

A Baker
N Harkin
J Haynes
S Keller
D Siwes
J Thomas
M Ware
D Hastie

Public Sector Performance Commission Advisory Board

E Bowman
R Green
J Hallion*
M Hyde*
B Pocock
T Stubbs
J Westacott

All appointments from 1 July 2008.

Industrial Relations Advisory Committee

P Eblen
J Giles
N Kitchin
M Patterson*
B Smedley
C Starr
A Gallacher
J Hanson
C Vincent
M Wright * (to 23 July 2008)
R Buckler
F Donaghy
D Frith
P Caica* (from 24 July 2008)
T Earls

South Australia's Strategic Plan Audit Committee

I Chessell
W Cossey
J Giles
S Miller* (from 14 October 2008)
L Read* (from 10 October 2008)
O Morozow (to 9 October 2008)

Disciplinary Appeals Tribunal

P Hannon*
J Mccusker*

Promotion and grievance Appeals Tribunal

L Parnell*

State Emergency Management Committee

S Ashby* (from 6 November 2008)
R Creen*
E Ferguson*
H Fulcher* (from 6 November 2008)
A Holmes*
M Hyde*
G Knight*
G Lupton*
J Maguire*
W McCann* (to 15 February 2009)
B Rowse*
S Vardon* (to 8 August 2008)
K Braunack* (from 6 November 2008)
T Circelli* (from 6 November 2008)
L Forrest* (from 6 November 2008)
M Maywald* (from 6 November 2008)
P O'Neill*
D Plowman*
J Schultz*
P Smith*
V Smith*
P Ward*
W Campana
C Eccles* (from 16 February 2009)
R Freeman* (to 1 September 2008)
J Hallion*
A Howe*
B Killmier* (to 19 January 2009)
C Lemmer* (to 1 July 2008)
S Macleod*
J Mazel* (from 6 November 2008)
D Place*
A Sherbon*
M Barry*
G Burns*
A Ferris* (from 6 November 2008)
S Lawson*
J Meakins*
R Persse*
D Reynolds*
R Sedunary*
T Smith*
G Stevens* (to 2 February 2009)

34. Remuneration of Board and Committee members (continued)

Occupational Health, Safety and Welfare Review Committee

A Alcock
J Bradshaw
J Brownsea
J Cavanough
W Cornish
K Edwards
P Farmer
D Frith
J Giles
A Gleeson
J Halls
I Law
M O'Malley
B Smedley
J Wilder

Capital City Committee

R Clarke
M Harbison
P Holloway*
J Lomax-Smith*
M Rann*
S Yarwood

The numbers of members whose remuneration received or receivable falls within the following bands:	**2009 Number**	2008 Number
$0 - $9 999	**251**	245
$10 000 - $19 999	**17**	11
$20 000 - $29 999	**2**	-
$30 000 - $39 999	**2**	-
$40 000 - $49 999	**1**	1
Total members	**273**	257

Remuneration of members reflects all costs of performing Board/Committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was $571 000 ($383 000).

Amounts paid to a superannuation plan for Board/Committee members was $50 000 ($27 000).

* In accordance with the Department of the Premier and Cabinet Circular 16, government employees did not receive any remuneration for board/committee duties during the financial year.

Petroleum Products Retail Outlets Board dissolved 1 July 2008.

Physical Activity Council and Boxing and Martial Arts Advisory Committee were transferred to the Attorney-General's Department on 1 October 2008.

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

35. Events after balance date

There were no events after balance date.

Statement of Administered Comprehensive Income for the year ended 30 June 2009

	Note	**2009 $'000**	2008 $'000
EXPENSES:			
Employee benefits	A2	**4 674**	4 546
Grants and subsidies	A3	**5 110**	10 237
Intra-Government transfers	A4	**7 406**	9 928
Supplies and services	A5	**8 790**	8 883
Total expenses		**25 980**	33 594
INCOME:			
Revenues from SA Government		**24 189**	40 489
Revenues from Commonwealth		**6 756**	27 511
Fees and charges		**110**	234
Interest		**-**	4
Other		**415**	21
Total income		**31 470**	68 259
NET RESULT		**5 490**	34 665
TOTAL COMPREHENSIVE RESULT		**5 490**	34 665

Statement of Administered Financial Position as at 30 June 2009

	Note	**2009 $'000**	2008 $'000
CURRENT ASSETS:			
Cash		**62 461**	62 019
Receivables		**89**	-
Total current assets		**62 550**	62 019
Total assets		**62 550**	62 019
CURRENT LIABILITIES:			
Payables	A6	**2 409**	688
Provisions	A8	**1 774**	2 460
Employee benefits	A7	**189**	147
Total current liabilities		**4 372**	3 295
NON-CURRENT LIABILITIES:			
Payables	A6	**18**	12
Provisions	A8	**2 775**	4 055
Employee benefits	A7	**178**	132
Total non-current liabilities		**2 971**	4 199
Total liabilities		**7 343**	7 494
NET ASSETS		**55 207**	54 525
EQUITY:			
Retained earnings		**55 207**	54 525
TOTAL EQUITY		**55 207**	54 525

Statement of Administered Changes in Equity
for the year ended 30 June 2009

	Note	Retained earnings $'000	Total $'000
Balance at 30 June 2007		19 860	19 860
Total comprehensive result for 2007-08		34 665	34 665
Balance at 30 June 2008		54 525	54 525
Net result for 2008-09		5 490	5 490
Total comprehensive result for 2008-09		5 490	5 490
Transactions with SA Government as owner			
Net assets transferred as a result of administrative restructure	A9	(4 808)	(4 808)
Balance at 30 June 2009		**55 207**	**55 207**

Statement of Administered Cash Flows
for the year ended 30 June 2009

	2009 Inflows (Outflows) $'000	2008 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
CASH OUTFLOWS:		
Employee benefits	**(4 574)**	(4 543)
Grants and subsidies	**(5 110)**	(10 237)
Intra-government transfers	**(7 406)**	(9 928)
Supplies and services	**(9 041)**	(15 082)
Cash used in operations	**(26 131)**	(39 790)
CASH INFLOWS:		
Receipts from SA Government	**24 188**	40 489
Receipts from Commonwealth	**6 756**	27 511
Fees and charges	**110**	234
Interest	**-**	4
Other receipts	**327**	64
Cash generated from operations	**31 381**	68 302
Net cash provided by operating activities	**5 250**	28 512
CASH FLOWS FROM FINANCING ACTIVITIES:		
CASH OUTFLOWS:		
Payments due to administrative restructuring activities	**(4 808)**	-
Cash used in financing activities	**(4 808)**	-
NET INCREASE IN CASH HELD	**442**	28 512
CASH AT 1 JULY	**62 019**	33 507
CASH AT 30 JUNE	**62 461**	62 019

NOTES TO AND FORMING PART OF THE ADMINISTERED STATEMENTS

A1. Summary of significant accounting policies

All Department accounting policies are contained in Note 2. The policies outlined in Note 2 apply to both the Department's and administered financial statements.

Administered items

The following funds and financial transactions were administered by the Department as at 30 June 2009. They do not represent controlled transactions of the Department. As such, they are not recognised in the financial statements of the Department.

- Special Act payments
- Bank of Tokyo cultural and social exchange
- SA Okayama account
- Promotion of the State
- TVSP scheme
- Social Inclusion – Homelessness
- Social Inclusion – School retention action plan
- APY Lands
- Aboriginal Affairs administered
- Government Workers Rehabilitation Compensation Fund
- Industrial Tribunal payments into court

A2. Employee benefits

	2009	2008
	$'000	$'000
Salaries and wages	**3 528**	3 464
Long service leave	**66**	23
Annual leave	**104**	92
Employment on-costs - superannuation	**667**	767
Employment on-costs - other	**200**	200
Other employee benefits	**109**	-
Total employee benefits	**4 674**	4 546

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:	**2009 Number**	2008 Number
$130 000 - $139 999	**1**	-
$140 000 - $149 999	**-**	1
$150 000 - $159 999	**1**	1
$230 000 - $239 999	**1**	-
$250 000 - $259 999	**1**	2
$260 000 - $269 999	**1**	-
$300 000 - $309 999	**-**	1
$310 000 - $319 999	**1**	1
$320 000 - $329 999	**-**	1
$350 000 - $359 999	**1**	-
$360 000 - $369 999	**1**	1
$370 000 - $379 999	**-**	2
$380 000 - $389 999	**-**	2
$390 000 - $399 999	**4**	-
$400 000 - $409 999	**-**	1
$410 000 - $419 999	**1**	-
$420 000 - $429 999	**1**	-
$560 000 - $569 999	**-**	1
Total number of employees	**14**	14

The table includes all employees who received remuneration of $100 000 or more during the year paid by the State. The total remuneration received by employees listed in the table above, for the year was $4.5 million ($4.6 million).

Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits.

A3. Grants and subsidies

	2009	2008
	$'000	$'000
Grants paid to other SA Government departments	**5 110**	9 390
Grants paid to non-SA Government departments	**-**	847
Total grants and subsidies	**5 110**	10 237

A4. Intra-Government transfers

Other intra-government transfers	**6 147**	8 755
Recoveries by controlled items	**1 159**	1 043
Resources provided free of charge	**100**	130
Total Intra-Government transfers	**7 406**	9 928

A5. Supplies and services

	2009 $'000	2008 $'000
Community infrastructure	**4 864**	6 542
Government Workers Compensation Fund	**2 531**	889
Other supplies and services	**1 395**	1 452
Total supplies and services	**8 790**	8 883

A6. Payables

	2009 $'000	2008 $'000
Current:		
Creditors	**2 380**	666
Employment on-costs	**29**	22
Total current payables	**2 409**	688
Non-current:		
Employment on-costs	**18**	12
Total non-current payables	**18**	12
Total payables	**2 427**	700

A7. Employee benefits and associated on-costs

	2009 $'000	2008 $'000
Current:		
Salaries and wages	**88**	70
Long service leave	**35**	25
Annual leave	**66**	52
Total current employee benefits	**189**	147
Non-current:		
Long service leave	**178**	132
Total non-current employee benefits	**178**	132
Total employee benefits	**367**	279

A8. Provisions

	2009 $'000	2008 $'000
Current:		
Provisions for workers compensation	**1 774**	2 460
Total current provisions	**1 774**	2 460
Non-current:		
Provisions for workers compensation	**2 775**	4 055
Total non-current provisions	**2 775**	4 055
Total provisions	**4 549**	6 515

A9. Transferred functions

Transferred out

As a result of restructuring of administrative arrangements, the Department relinquished responsibility for the Recreation and Sport Fund, Sport and Recreation Fund and a Special Act payment.

Certain assets and liabilities relating to these administered items were transferred to the Attorney-General's Department as at 1 October 2008.

Net assets transferred out	**Recreation and Sport Fund $'000**	**Sport and Recreation Fund $'000**	**Special Act payment $'000**	**Total $'000**
Current assets:				
Cash and cash equivalents	**1 057**	**3 751**	**-**	**4 808**
Net assets transferred out	**1 057**	**3 751**	**-**	**4 808**

A10. Events after balance date

There were no events after balance date.

DEPARTMENT OF PRIMARY INDUSTRIES AND RESOURCES

FUNCTIONAL RESPONSIBILITY

Establishment

The Department of Primary Industries and Resources (the Department) is an administrative unit established under the PSM Act.

By proclamation pursuant to section 7 of the PSM Act, Planning SA was established as a separate administrative unit with effect from 1 July 2008. A subsequent proclamation changed the name of the new administrative unit to the Department of Planning and Local Government.

The employee and functions of Planning SA, including related administered items, were transferred to the new administrative unit with effect from 1 July 2008.

The employees and functions of the Office for State/Local Government Relations, Office for the Southern Suburbs and the Office for the Northern Suburbs, including administered items were transferred to the new Department with effect from 3 November 2008.

Functions

The Department's main responsibility is to ensure the sustainable development of the State's natural, industrial and community resources and assets. It was responsible, until 1 July 2008, for guiding and administering the South Australian planning and development system.

For more information about the Department's role and objectives, refer to Note 1 of the financial statements.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Subsection 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of the Department for each financial year.

Assessment of controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the Department in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of audit

The audit program covered major financial systems to obtain sufficient evidence to form an opinion on the financial statements and internal controls.

During 2008-09 specific areas of audit attention included:

- financial accounting and reporting
- fixed assets
- expenditure
  - goods and services procurement
  - credit card processing
  - payroll
  - grants and subsidies

- revenue
  - masterpiece accounts receivable debtor management and reculver cash receipting
  - consultancy and service fees
  - grants and advances
  - fisheries licensing revenue
- cash at bank and petty cash
- Tenement management system information technology controls.

The 2008-09 audit programs also considered the controls implemented by SSSA.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Primary Industries and Resources as at 30 June 2009, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the Department of Primary Industries and Resources in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to expenditure, payroll and fixed assets, as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the Department of Primary Industries and Resources have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to Chief Executive and the Executive Director, Shared Services (SSSA). Responses to the management letters were generally considered to be satisfactory. Major matters raised with the Department and the related responses are detailed below.

Expenditure

The scope of the 2008-09 audit included consideration of control arrangements within the Department and SSSA, and detailed testing of transactions processed through the accounts payable system. In planning the scope of the audit, consideration was given to the progress in implementing recommendations from previous audits.

Audit have previously reviewed the Department's use of the online purchase order module and concluded it was not implemented effectively. Audit review of paper-based controls highlighted that significant reliance is placed on informal checking processes. Audit review of paper-based controls implemented by the Department over accounts payable processing highlighted:

- controls implemented by the Department did not provide assurance that all purchasing transactions were authorised

- not all purchase orders are raised in accordance with departmental policies and procedures

- the Department had not implemented either a manual signature register or an automated approval system.

The Department responded to the original Audit finding by indicating it would explore the implementation of an electronic workflow system. In 2006-07 and 2007-08 the Department advised that an electronic workflow system and signature register would not be implemented due to the emergence of shared services and interim control measures would be implemented. Follow-up of these interim control measures in 2008-09 identified:

- a review of inappropriate use of purchase orders was not implemented

- a spot check of invoices to ensure they have appropriate payment delegation prior to disbursement has been implemented but does not include a significant portion of the Department's expenditure

- the review of reports from the COGNOS financial management reporting system by divisions was not formalised by developing documented policies and procedures which require performance of specific review procedures and evidence of these procedures.

Audit concluded that at the time of the follow-up audit the Department had not implemented the additional preventative controls over transaction processing.

In response, the Department advised:

- it will review its approach to issuing purchase orders

- in addition to raising a purchase order contract delegations can be exercised and evidenced through the approval of contracts or by other approval mechanisms authorised by an appropriate purchasing delegate

- a signature register would be developed and used by SSSA to verify expenditure delegate's signatures

- the Financial Transactions Review guideline was endorsed by divisional Executive Directors in June 2009 and once approved by the Chief Executive will now formally require the review of COGNOS reports by divisions.

The Department also advised that a whole-of-government e-procurement solution that will provide functionality across the full procure to pay process through SSSA, is planned to be implemented in 2009-10. This will include automation of requisition and purchase order creation, automated workflow approvals for requisitions and invoices and automatic matching to purchase orders.

Payroll

The scope of the 2008-09 audit included consideration of control arrangements implemented by the Department and SSSA and the testing of transactions processed through the CHRIS system. Specific areas of focus were:

- recording, hiring and terminating personnel
- time and attendance recording
- payroll calculation and disbursement
- maintenance of employee data within the CHRIS system
- reconciliations between CHRIS and the general ledger.

The audit identified that following the transition of payroll to SSSA, bona fide certificates and leave returns were no longer recorded in a central register after review by pay point managers. The risks associated with the absence of a register are:

- bona fide certificates — the Department does not obtain assurance that all bona fide certificates are reviewed by relevant managers within a reasonable time and that errors identified by this review are corrected.

- leave returns — the Department does not obtain assurance that leave returns are reviewed by relevant managers within a reasonable time and leave taken by employees is recorded.

As a result, Audit was unable to obtain assurance that the Department's payroll related transactions are valid, complete and accurately recorded.

The Department responded that a central register existed and was managed by the payroll team prior to their transition to SSSA. The Department also advised that central registers for bona fide certificates and leave returns would not be implemented, rather the managers' responsibility for the review of bona fide certificates and leave returns has been included in the Human Resources Delegation's Instrument.

Fixed assets

The audit of fixed assets in 2008-09 considered the control arrangements implemented by the Department for recording the acquisition and disposal of fixed assets, calculating depreciation, maintaining the fixed assets register and reconciling the fixed assets register to the general ledger.

The audit identified a number of areas where controls could be improved:

- Asset acquisitions are manually added to the fixed asset register rather than using the automated functions within Masterpiece.

- Asset stocktakes are not completed within timeframes which enable the results of the stocktakes to be updated in the fixed asset register and general ledger on a timely basis.
- Reconciliations were not performed on a timely basis and were not supported by documentation to substantiate the asset register or general ledger balances.

In response, the Department advised:

- Departmental staff will be reminded to use the Masterpiece Purchase Order Module to flag asset purchases rather than manually add to the fixed assets register
- the 2009-10 stocktakes would be performed in late 2009 to coincide with a proposed change in the asset capitalisation threshold from $2000 to $10 000
- that the 2008-09 reconciliations were delayed due to processing the 30 June 2008 revaluation in the fixed asset module and the commitment of staff to accounting for the administrative restructure
- documentation to substantiate the asset register or general ledger balances will accompany reconciliations.

Cash

The scope of the 2008-09 audit included the review of the Operating Account bank reconciliations and associated policies and procedures. During 2008-09 the Department re-performed bank reconciliations due to adjustments made to the general ledger cash balance related to the administrative restructure.

Review of the revised bank reconciliations identified unexplained variances between the bank statement and general ledger for a number of months and that reconciling items were not cleared in a timely manner. The review also identified reconciling items where explanations or supporting documentation could not be obtained.

The Department responded that:

- unexplained variances on the bank reconciliations have progressively reduced throughout the year as a result of detailed reviews of supporting reconciliations
- long standing reconciling items have been monitored and progressively cleared throughout the 2008-09 year
- processes have been established to ensure reconciling items that can not be explained are escalated to appropriate officers and resolved.

Masterpiece accounts receivable and Reculver

The 2008-09 audit reviewed controls implemented by the Department and SSSA over transactions processed through the Masterpiece accounts receivable (MPAR) and Reculver systems. Specific areas of focus included the review of policies and procedures, processing invoices, cash receipts and debtor management. The review also verified the reconciliation of MPAR to revenue feeder systems and the general ledger.

The audit noted that the Department implemented a debtors review project to review and improve the Masterpiece accounts receivable and general ledger reconciliation.

Audit recommended that the reconciliation of Masterpiece accounts receivable to the general ledger include system reports to support the Masterpiece balances.

The Department responded that it has identified further improvements to the reconciliation process, including the use of system reports to support the Masterpiece accounts receivable balances.

Fisheries licensing revenue

In 2008-09 the audit of the revenue collected by the Fisheries Division of the Department included:

- review of policies and procedures
- testing of licensing and invoicing
- testing of credit notes
- review of the reconciliation of PIIMS licensing system and Masterpiece accounts receivable.

The audit in 2007-08 noted that the PIIMS licensing and Masterpiece accounts receivable systems were not reconciled. The Department responded that a system application had been developed that would allow the two systems to be reconciled on a monthly basis.

Review in 2008-09 of the Fisheries PIIMS to Masterpiece accounts receivable reconciliations identified:

- the reconciliation coversheet did not record the dollar amount of transactions recorded in PIIMS and Masterpiece accounts receivable
- the dollar amounts of reconciling items were not specified on the reconciliation
- the reconciliations were not supported by system reports to substantiate the PIIMS or Masterpiece accounts receivable balances. Instead an excel spreadsheet is attached to the reconciliation to support the balances.

It was also identified that the Department had not documented the performance and review responsibility for the reconciliation process.

The Department responded that the reconciliation will be updated to include the total value of transactions recorded in PIIMS and Masterpiece accounts receivable. System reports will also be attached to the reconciliation to support the balances from both systems. The Department will also develop a policy and procedure outlining the performance and review responsibility for the reconciliation.

Implementation of the revised TIs 2 and 28

Review of the implementation of TIs 2 and 28 identified that the Department has:

- implemented divisional checklists which assess compliance with the requirements of TIs 2 and 28
- implemented reporting to the Risk and Audit Committee in relation to the performance of divisional checklists
- undertaken an internal audit of the divisional checklists.

Audit noted that the Department's compliance program could be further improved by developing an overarching framework outlining the overall compliance environment, monitoring and reporting activities as required by TI 28.

The Department responded that it would consider developing an overarching compliance framework based upon the Australian Standard for compliance programs.

Tenement Management System follow-up review

In 2008 Audit undertook a review of aspects of the Department's Mineral Tenement Management System (TMS) and its computer processing environment. In early 2009 Audit followed up the status of actions being implemented in regard to the matters raised in 2008. While the majority of matters raised had been addressed, other matters were being progressed. These related to:

- implementation of quarterly reviews of user access permissions and termination process
- improvements to business continuity documentation and the undertaking of a business impact analysis
- on-going upgrading of procedural position manuals and TMS documentation
- finalisation and approval of draft information security policies.

In August 2009 Audit undertook a further review to confirm the implementation and finalisation of matters being addressed by the Department. That review identified some further action remaining to fully address all matters raised. These involved certain items to be included in the business continuity documentation and the formal endorsement of the TMS documentation and the Department's information security policies. The Department has advised that those items will be finalised by April 2010.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements - controlled items

	2009	2008
	$'million	$'million
EXPENSES		
Employee benefit expenses	**120**	133
Grants and subsidies	**105**	85
Facilitation of infrastructure development	**57**	-
Supplies and services	**69**	72
Other expenses	**8**	12
Total expenses	**359**	302
INCOME		
Revenue from fees and charges	**37**	40
Advances and grants	**114**	92
Resources received free of charge	**12**	-
Other income	**12**	14
Total income	**175**	146
Net cost of providing services	**184**	156
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT		
Revenues from SA Government	**188**	152
Payments to SA Government	**(11)**	-
Net result	**(7)**	(4)
OTHER COMPREHENSIVE INCOME		
Changes in property, plant and equipment asset revaluation reserve	**-**	15
Total comprehensive result	**(7)**	11
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	**(1)**	1
ASSETS		
Current assets	**103**	109
Non-current assets	**144**	145
Total assets	**247**	254
LIABILITIES		
Current liabilities	**34**	37
Non-current liabilities	**30**	29
Total liabilities	**64**	66
EQUITY	**183**	188

Statement of Comprehensive Income

Employee benefit expenses

Employee benefit expenses have decreased by $13 million from 2007-08 to 2008-09 due mainly to the transfer of employees to the Department of Planning and Local Government.

Grants and subsidies expense

Grants expense has increased from 2007-08 to 2008-09 due mainly to the $21 million increase in grants paid by the Department for the Exceptional Circumstances/Drought Assistance program.

Advances and grants revenue

Revenue from advances and grants increased by $22 million from 2007-08 to 2008-09 due mainly to a $20 million increase in Exceptional Circumstances/Drought Assistance funding from the Commonwealth.

Revenues from fees and charges

Fees and charges decreased by $3 million due to the $6 million decrease in planning and development fees which were associated with the activities transferred to the new Department of Planning and Local Government. The decrease in planning and development fees was offset by an increase in revenue related to consultancy and service fees and mining and petroleum revenues.

Resources received free of charge

During 2008-09 the Department recorded $10.5 million associated with the first time recognition of a 4.2 GL water licence. The water licence was sold to the Department of Water, Land and Biodiversity Conservation (DWLBC) for $10.5 million to facilitate the completion of South Australia's water recovery targets under The Living Murray initiative.

Proceeds from the sale of the water licence were returned to the consolidated account.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2009.

	2009	2008	2007	2006
	$'million	$'million	$'million	$'million
Net cash flows				
Operating	**(1)**	1	15	22
Investing	**6**	(5)	(4)	(7)
Financing	**(4)**	(1)	(1)	(1)
Change in cash	**1**	(5)	10	14
Cash at 30 June	**81**	80	85	75

Investing activities

Net cash provided by investing activities increased by $11 million due to the $10.5 million proceeds from the sale of a water licence.

Financing activities

Net cash flows from financing activities have decreased by $3 million as a result of cash paid to the Department of Planning and Local Government for the administrative restructure.

Highlights of the financial statements - administered items

	2009	2008
	$'million	$'million
EXPENSES		
Grants and subsidies	**60**	179
Payments of royalties to Consolidated Account	**152**	143
Other expenses	**5**	10
Total expenses	**217**	332
INCOME		
Revenues from fees and charges	**21**	37
Advances and grants	**37**	144
Royalties	**152**	143
Other income	**5**	5
Total income	**215**	329
Net cost of providing services	**(2)**	(3)

	2009 $'million	2008 $'million
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT	**5**	5
Net result	**3**	2
OTHER COMPREHENSIVE INCOME		
Changes in property, plant and equipment asset revaluation reserve	**(3)**	2
Total comprehensive result	**-**	4
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	**(3)**	5
ASSETS		
Current assets	**36**	55
Non-current assets	**-**	7
Total assets	**36**	62
LIABILITIES		
Current liabilities	**19**	26
Non-current liabilities	**-**	-
Total liabilities	**19**	26
EQUITY	**17**	36

Statement of Administered Comprehensive Income

The following balances on the Statement on Administered Comprehensive Income have decreased following the transfer of functions to the new Department of Planning and Local Government, notably:

- grants and subsidies expense
- other expenses
- revenues from fees and charges
- advances and grants income.

Payments to the consolidated account have increased due to the increased revenue related to mining and petroleum royalties.

Statement of Administered Financial Position

Current assets and current liabilities have decreased due to the transfer of functions to the Department of Planning and Local Government.

Statement of Administered Cash Flows

Operating activities

Net cash flows from operating activities have decreased by $8 million due mainly to the decrease in cash inflows related to fees and charges and advances and grants revenues. These decreases are attributable to the transfer of functions to the Department of Planning and Local Government.

Financing activities

Net cash flows from financing activities have decreased by $16 million which is due to the $16 million payment of cash to the Department of Planning and Local Government following the administrative restructure.

FURTHER COMMENTARY ON OPERATIONS

Jervois to Langhorne Creek and Currency Creek Pipeline

The Jervois to Langhorne Creek and Currency Creek Pipeline project is part of the State Government's Murray Futures project, funded by the Australian Government's Water for the Future program. The Department has entered into arrangements with the South Australian Water Corporation, DWLBC and the Creeks Pipeline Company for the construction of the pipeline.

During 2008-09 the Department paid the South Australian Water Corporation $56.850 million to manage the construction of the pipeline. Once completed, the pipeline will be owned and operated by the Creeks Pipeline Company. The total project cost is currently estimated to be $105.5 million with completion by 31 October 2009.

Statement of Comprehensive Income
for the year ended 30 June 2009

	Note	**2009 $'000**	2008 $'000
EXPENSES:			
Employee benefit expenses	6	**119 997**	132 695
Supplies and services	7	**68 581**	71 994
Facilitation of infrastructure development	2(ad)	**56 850**	-
Depreciation and amortisation expense	8	**8 223**	9 240
Grants and subsidies	9	**104 513**	85 405
Borrowing costs	10	**192**	280
Net loss from disposal of non-current assets	17	**-**	328
Other expenses	11	**1 061**	1 924
Total expenses		**359 417**	301 866
INCOME:			
Revenues from fees and charges	13	**36 922**	40 001
Advances and grants	14	**113 659**	92 089
Interest revenues	15	**2 530**	3 254
Resources received free of charge	19	**11 719**	323
Sale of goods	16	**3 984**	4 610
Net gain from disposal of non-current assets	17	**89**	-
Other income	18	**6 155**	5 525
Total income		**175 058**	145 802
NET COST OF PROVIDING SERVICES		**184 359**	156 064
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:			
Revenues from SA Government	20	**188 234**	152 137
Payments to SA Government	20	**(10 500)**	-
NET RESULT		**(6 625)**	(3 927)
OTHER COMPREHENSIVE INCOME:			
Changes in property, plant and equipment asset revaluation reserve		**-**	14 560
TOTAL COMPREHENSIVE RESULT		**(6 625)**	10 633

Net result and comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2009

	Note	**2009**	2008
CURRENT ASSETS:		**$'000**	$'000
Cash	21	**80 997**	80 284
Receivables	22	**18 462**	25 357
Inventories	23	**3 069**	3 118
		102 528	108 759
Non-current assets classified as held-for-sale	25	**33**	140
Total current assets		**102 561**	108 899
NON-CURRENT ASSETS:			
Receivables	22	**321**	1 072
Financial assets	24	**4 691**	4 691
Property, plant and equipment	26	**132 679**	135 613
Intangible assets	27	**6 328**	3 249
Inventories	23	**273**	299
Total non-current assets		**144 292**	144 924
Total assets		**246 853**	253 823
CURRENT LIABILITIES:			
Payables	28	**10 512**	12 433
Employee benefits	30	**12 890**	15 172
Financial liabilities/borrowings	29	**1 325**	2 657
Provisions	31	**657**	814
Other current liabilities	32	**8 783**	6 383
Total current liabilities		**34 167**	37 459
NON-CURRENT LIABILITIES:			
Payables	28	**2 528**	2 226
Employee benefits	30	**23 802**	23 526
Financial liabilities/borrowings	29	**-**	346
Provisions	31	**1 344**	1 581
Other non-current liabilities	32	**1 964**	837
Total non-current liabilities		**29 638**	28 516
Total liabilities		**63 805**	65 975
NET ASSETS		**183 048**	187 848
EQUITY:			
Retained earnings	33	**124 917**	127 544
Contributed capital	33	**-**	1 483
Asset revaluation reserve	33	**49 280**	49 625
Committed grants reserve	33	**8 851**	9 196
TOTAL EQUITY		**183 048**	187 848

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	35		
Contingent assets and liabilities	36		

Statement of Changes in Equity
for the year ended 30 June 2009

	Note	Asset revaluation reserve $'000	Retained earnings $'000	Contributed equity $'000	Committed grants reserve $'000	Total $'000
Balance at 30 June 2007		42 017	136 042	1 483	3 699	183 241
Net result for 2007-08		-	(3 927)	-	-	(3 927)
Gain on revaluation of property during 2007-08		14 560		-	-	14 560
Transfer to reserve		-	(5 497)	-	5 497	-
Total comprehensive result for 2007-08		14 560	(9 424)	-	5 497	10 633
Balance at 30 June 2008		56 577	126 618	1 483	9 196	193 874
Prior period correction (1)	4(a)	(6 952)	926	-	-	(6 026)
Restated balance at 30 June 2008		49 625	127 544	1 483	9 196	187 848
Net result for 2008-09		-	(6 625)	-	-	(6 625)
Transfer to reserve		-	345	-	(345)	-
Asset derecognition (revaluation reserve adjustments)		(345)	345	-	-	-
Total comprehensive result for 2008-09		(345)	(5 935)	-	(345)	(6 625)
Transactions with SA Government as owner						
Net assets transferred as a result of an administrative restructure	34	-	3 308	(1 483)	-	1 825
Balance at 30 June 2009		**49 280**	**124 917**	**-**	**8 851**	**183 048**

(1) The 2008 data has been adjusted by $6.026 million, resulting from a number of adjustments. The adjustments are detailed under the respective Notes within the financial statements.

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

Statement of Cash Flows
for the year ended 30 June 2009

	Note	**2009 Inflows (Outflows) $'000**	2008 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Employee benefit payments		**(117 348)**	(128 244)
Supplies and services		**(68 414)**	(73 633)
Facilitation of infrastructure development		**(56 850)**	-
Grants and subsidies		**(105 486)**	(85 002)
Interest paid		**(212)**	(243)
GST paid to suppliers		**(16 108)**	(17 769)
Other payments		**(1 315)**	(643)
Cash used in operations		**(365 733)**	(305 534)
CASH INFLOWS:			
Fees and charges		**38 299**	41 274
Sale of goods		**4 541**	1 953
Advances and grants		**119 180**	87 148
Interest received		**2 615**	3 356
GST receipts from customers		**6 806**	5 976
GST recovered from ATO		**9 527**	9 532
Other receipts		**6 165**	5 536
Cash generated from operations		**187 133**	154 775
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		**188 234**	152 137
Payments to SA Government		**(10 500)**	-
Cash generated from SA Government		**177 734**	152 137
Net cash (used in) provided by operating activities	38	**(866)**	1 378
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of property, plant and equipment		**(6 423)**	(5 385)
Payment of lease liability		**-**	(397)
Purchase of intangibles		**(849)**	(726)
Cash used in investing activities		**(7 272)**	(6 508)
CASH INFLOWS:			
Loans repaid by the rural sector and industry		**2 142**	1 303
Proceeds from the sale of property, plant and equipment		**375**	134
Proceeds from the sale of water licence		**10 500**	-
Lease incentive received		**370**	-
Cash generated from investing activities		**13 387**	1 437
Net cash provided by (used in) investing activities		**6 115**	(5 071)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Repayment of borrowings		**(1 678)**	(993)
Cash transferred as a result of restructuring activities		**(2 858)**	-
Cash used in financing activities		**(4 536)**	(993)
Net cash used in financing activities		**(4 536)**	(993)
NET INCREASE (DECREASE) IN CASH		**713**	(4 686)
CASH AT 1 JULY		**80 284**	84 970
CASH AT 30 JUNE	21	**80 997**	80 284

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2009

(Activities - refer Note 5)	1		2		3		Transfer to DPLG Planning SA[1]	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefits and costs	**18 174**	15 769	**99 273**	97 715	**1 563**	1 470	**-**	14 686
Supplies and services	**8 712**	9 237	**59 000**	55 681	**604**	596	**-**	5 383
Facilitation of infrastructure development	**-**	-	**56 850**	-	**-**	-	**-**	-
Depreciation and amortisation	**534**	1 145	**7 684**	7 778	**5**	4	**-**	313
Grants and subsidies	**5 053**	5 277	**99 441**	78 992	**19**	313	**-**	583
Borrowing costs	**-**	-	**192**	280	**-**	-	**-**	-
Net loss from disposal of non-current assets	**-**	15	**-**	313	**-**	-	**-**	-
Other expenses	**(4)**	498	**1 065**	1 298	**-**	-	**-**	107
Total expenses	**32 469**	31 941	**323 505**	242 057	**2 191**	2 383	**-**	21 072
INCOME:								
Revenues from fees and charges	**10 782**	9 244	**26 132**	24 272	**-**	1	**-**	6 418
Advances and grants	**1 361**	494	**112 249**	90 908	**49**	205	**-**	482
Interest revenues	**-**	-	**2 530**	3 254	**-**	-	**-**	-
Resources received free of charge	**397**	49	**11 322**	274	**-**	-	**-**	-
Sale of goods and services	**69**	102	**3 915**	4 436	**-**	2	**-**	70
Net gain from disposal of non-current assets	**(10)**	-	**99**	-	**-**	-	**-**	-
Other revenue	**184**	1760	**5 968**	3 531	**3**	37	**-**	141
Total income	**12 783**	11 649	**162 215**	126 675	**52**	245	**-**	7111
NET COST OF PROVIDING SERVICES	**19 686**	20 292	**161 290**	115 382	**2 139**	2 138	**-**	13 961
REVENUE FROM (PAYMENTS TO) SA GOVERNMENT:								
Revenue from SA Government	**19 686**	20 292	**165 165**	111 455	**2 139**	2 138	**-**	13 961
Payments to SA Government	**-**	-	**(10 500)**	-	**-**	-	**-**	-
NET RESULT	**-**	-	**(6 625)**	(3 927)	**-**	-	**-**	-

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2009 (continued)

	Transfer to DPLG Southern Suburbs[1]		Transfer to DPLG OSLGR[1]		Total[2]	
	2009	2008	**2009**	2008	**2009**	2008
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefits and costs	**110**	157	**877**	2 898	**119 997**	132 695
Supplies and services	**36**	59	**229**	1 038	**68 581**	71 994
Facilitation of infrastructure development	**-**	-	**-**	-	**56 850**	-
Depreciation and amortisation	**-**	-	**-**	-	**8 223**	9 240
Grants and subsidies	**-**	20	**-**	220	**104 513**	85 405
Borrowing costs	**-**	-	**-**	-	**192**	280
Net loss from disposal of non-current assets	**-**	-	**-**	-	**-**	328
Other expenses	**-**	1	**-**	20	**1 061**	1 924
Total expenses	**146**	237	**1 106**	4 176	**359 417**	301 866
INCOME:						
Revenues from fees and charges	**-**	1	**8**	65	**36 922**	40 001
Advances and grants	**-**	-	**-**	-	**113 659**	92 089
Interest revenues	**-**	-	**-**	-	**2 530**	3 254
Resources received free of charge	**-**	-	**-**	-	**11 719**	323
Sale of goods and services	**-**	-	**-**	-	**3 984**	4 610
Net gain from disposal of non-current assets	**-**	-	**-**	-	**89**	-
Other revenue	**-**	-	**-**	56	**6 155**	5 525
Total income	**-**	1	**8**	121	**175 058**	145 802
NET COST OF PROVIDING SERVICES	**146**	236	**1 098**	4 055	**184 359**	156 064
REVENUE FROM (PAYMENTS TO) SA GOVERNMENT:						
Revenue from SA Government	**146**	236	**1 098**	4 055	**188 234**	152 137
Payments to SA Government	**-**	-	**-**	-	**(10 500)**	-
NET RESULT	**-**	-	**-**	-	**(6 625)**	(3 927)

(1) Effective dates and authorisations for the administrative restructure are referred to in Notes 2(d) and 34.

(2) Comparatives for 2008 have been restated to include prior period adjustments.
(DPLG = Department of Planning and Local Government, OSLGR = Office for the State/Local Government Relations).

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2009

(Activities - refer Note 5)	1		2		3		Transfer to DPLG Planning SA [1]	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
CURRENT ASSETS:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Cash	**-**	-	**53 416**	44 435	**-**	-	**-**	2 338
Receivables	**693**	(111)	**11 453**	9 730	**-**	33	**-**	342
Inventories	**79**	79	**2 990**	3 039	**-**	-	**-**	-
Non-current assets classified as held-for-sale	**-**	-	**33**	140	**-**	-	**-**	-
Total current assets	**772**	(32)	**67 892**	57 344	**-**	33	**-**	2 680
NON-CURRENT ASSETS								
Receivables	**-**	-	**264**	1 020	**-**	-	**-**	-
Financial assets	**-**	-	**4 691**	4 691	**-**	-	**-**	-
Property, plant and equipment	**6 292**	4 202	**103 705**	107 410	**8**	13	**-**	1 130
Intangible assets	**-**	-	**853**	27	**-**	-	**-**	-
Inventories	**-**	-	**273**	299	**-**	-	**-**	-
Total non-current assets	**6 292**	4 202	**109 786**	113 447	**8**	13	**-**	1 130
TOTAL ASSETS	**7 064**	4 170	**177 678**	170 791	**8**	46	**-**	3 810
CURRENT LIABILITIES:								
Payables	**1 683**	259	**3 771**	7 404	**25**	26	**-**	499
Employee benefits	**2 231**	1 731	**9 762**	8 810	**180**	174	**-**	1 371
Financial liabilities/borrowings	**-**	-	**1 325**	2 657	**-**	-	**-**	-
Provisions	**-**	-	**-**	203	**-**	-	**-**	5
Other current liabilities	**2 711**	2 483	**5 592**	3 211	**-**	-	**-**	149
Total current liabilities	**6 625**	4 473	**20 450**	22 285	**205**	200	**-**	2 024
NON-CURRENT LIABILITIES								
Payables	**382**	277	**1 638**	1 280	**29**	30	**-**	206
Employee benefits	**3 968**	2 919	**17 010**	13 537	**305**	319	**-**	2 162
Financial liabilities/borrowings	**-**	-	**-**	346	**-**	-	**-**	-
Provisions	**-**	-	**-**	-	**-**	-	**-**	13
Other non-current liabilities	**-**	-	**-**	-	**-**	-	**-**	-
Total non-current liabilities	**4 350**	3 196	**18 648**	15 163	**334**	349	**-**	2 381
TOTAL LIABILITIES	**10 975**	7 669	**39 098**	37 448	**539**	549	**-**	4 405
NET ASSETS	**(3 911)**	(3 499)	**138 580**	133 343	**(531)**	(503)	**-**	(595)

Disaggregated Disclosures - Assets and Liabilities as at 30 June 2009 (continued)

(Activities - refer Note 5)	Transfer to DPLG OSLGR [1]		General/ Not attributable		Total	
	2009	2008	**2009**	2008	**2009**	2008
CURRENT ASSETS:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Cash	**-**	-	**27 581**	33 511	**80 997**	80 284
Receivables	**-**	-	**6 316**	15 363	**18 462**	25 357
Inventories	**-**	-	**-**	-	**3 069**	3 118
Non-current assets classified as held-for-sale	**-**	-	**-**	-	**33**	140
Total current assets	**-**	-	**33 897**	48 874	**102 561**	108 899
NON-CURRENT ASSETS						
Receivables	**-**	-	**57**	52	**321**	1 072
Financial assets	**-**	-	**-**	-	**4 691**	4 691
Property, plant and equipment	**-**	12	**22 674**	22 846	**132 679**	135 613
Intangible assets	**-**	-	**5 475**	3 222	**6 328**	3 249
Inventories	**-**	-	**-**	-	**273**	299
Total non-current assets	**-**	12	**28 206**	26 120	**144 292**	144 924
TOTAL ASSETS	**-**	12	**62 103**	74 994	**246 853**	253 823
CURRENT LIABILITIES:						
Payables	**-**	44	**5 033**	4 201	**10 512**	12 433
Employee benefits	**-**	276	**717**	2 810	**12 890**	15 172
Financial liabilities/borrowings	**-**	-	**-**	-	**1 325**	2 657
Provisions	**-**	-	**657**	606	**657**	814
Other current liabilities	**-**	-	**480**	540	**8 783**	6 383
Total current liabilities	**-**	320	**6 887**	8 157	**34 167**	37 459
NON-CURRENT LIABILITIES						
Payables	**-**	27	**479**	406	**2 528**	2 226
Employee benefits	**-**	288	**2 519**	4 301	**23 802**	23 526
Financial liabilities/borrowings	**-**	-	**-**	-	**-**	346
Provisions	**-**	-	**1 344**	1 568	**1 344**	1 581
Other non-current liabilities	**-**	-	**1 964**	837	**1 964**	837
Total non-current liabilities	**-**	315	**6 306**	7 112	**29 638**	28 516
TOTAL LIABILITIES	**-**	635	**13 193**	15 269	**63 805**	65 975
NET ASSETS	**-**	(623)	**48 910**	59 725	**184 048**	187 848

(1) Effective dates and authorisations for the administrative restructure are referred to in Notes 2(d) and 34. (DPLG = Department of Planning and Local Government, OSLGR = Office for the State/Local Government Relations).

Note: Southern Suburbs did not have a distinguishing Balance Sheet before 2008, and therefore has not been split out as a separate activity.

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

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

Receivables for 2008-09 have been allocated to activities. Receivables for 2007-08 have not been allocated to activities as it was impracticable to reconstruct invoice obligation data in arrears.

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of the Department of Primary Industries and Resources

The Department of Primary Industries and Resources' (PIRSA or the Department) aim of fostering sustainable and internationally competitive industries is set in targets in South Australia's Strategic Plan. These targets include increasing exports to $25 billion by 2014, maintaining mining exploration investment at (or above) $100 million a year until 2010, and mineral production and processing to reach $4 billion by 2014.

In addition, to assist in achieving South Australia's Strategic Plan targets PIRSA also has the additional objectives of:

- facilitating the development and growth of food, wine, fisheries, aquaculture and forestry sectors
- promoting growth of the mineral, petroleum and geothermal industries
- promoting sustainable resource management across the industry sectors
- facilitating the application of innovative new technologies, services, products and knowledge through its strong partnerships with industry sectors
- providing research and development capability delivering innovation in the agrifood, wine and bioscience industries
- delivering rural and remote community support services.

The principal sources of funds for the Department's programs consists of monies appropriated by Parliament, research grants from Industry Research Corporations, licence receipts, Commonwealth grants and trading operations.

2. Summary of significant accounting policies

(a) Statement of compliance

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and TIs and APSs promulgated under the provisions of the PFAA.

Except for the amendments to AASB 101 including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), which the Department has early-adopted, AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Department for the reporting period ending 30 June 2009 (refer Note 4).

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Department's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable Notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, that have been included in this financial report:

  (a) Revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of $100 000 for separate identification of these items applies.

  (b) Expenses incurred as a result of engaging consultants.

  (c) Employees whose normal remuneration is $100 000 or more (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees.

  (d) Board/Committee member and remuneration information, where a Board/Committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2009 and the comparative information presented.

(c) Reporting entity

The Department is a government department of the State of South Australia, established pursuant to the PSM Act. The Department is an administrative unit acting on behalf of the Crown.

The financial statements and accompanying Notes include all the controlled activities of the Department. Transactions and balances relating to administered resources are not recognised as departmental income, expense, assets and liabilities. As administered items are significant in relation to the Department's overall financial performance and position, they are disclosed in the administered financial statements (schedule of administered items) at the back of the controlled general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

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

(d) Transferred functions

In 2008-09:

- the Public Sector Management (Planning SA) Proclamation 2008 (dated 26 June 2008) proclaimed that effective from 1 July 2008 the former PIRSA business unit 'Planning SA' would be established as a separate administrative unit of the public service. All existing functions were transferred to Planning SA on 1 July 2008
- the Public Sector Management (Department of Planning and Local Government) Proclamation 2008 (dated 16 October 2008) proclaimed that effective from 16 October 2008 the administrative unit title of 'Planning SA' would be altered to the Department of Planning and Local Government
- the Public Sector Management (Department of Planning and Local Government - Transfer of Employees) Proclamation 2008 (dated 30 October 2008) proclaimed that effective from 3 November 2008 the Office for State and Local Government Relations, Office for Southern Suburbs and Office for the Northern Suburbs would transfer to the Department of Planning and Local Government
- in September 2006 the SA Government announced a shared services initiative to streamline and simplify internal corporate and business support services to deliver savings. In late 2007 State Cabinet approved the shared services model developed by the Shared Services Reform Office for the creation of Shared Services SA in the Department of Treasury and Finance.

The business services of SA Government agencies have progressively transferred to Shared Services SA in a series of transition programs known as Tranches. Cabinet approved Tranche 1 services on 15 October 2007. PIRSA's Tranche 1 services, namely accounts payable and accounts receivable, transitioned to Shared Services SA on 14 July 2008, followed by the payroll services, that transitioned on 4 August 2008.

The next Tranche of services to transition was approved by Cabinet on 8 December 2008. PIRSA's Tranche 2 services transitioned to Shared Services SA on 9 June 2009, this included the financial accounting function.

In 2007-08 no functions were transferred.

The amounts of assets, liabilities, income and expenditures relating to all transferred functions are set out in Note 34.

(e) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where adjusted to reflect the early adoption of AASB 101 and specific revised accounting standards and APSs.

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required eg preparation of a single Statement of Comprehensive Income.

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

Comparatives presented in the administered financial statements

The administrative restructuring that occurred during the 2008-09 financial year has had a significant impact on the comparative data presented in the consolidated administered financial statements.

The comparatives for the reported actuals need to be interpreted as under:

	2009	2008
The administered entities of the former PlanningSA business unit consisting of the Planning and Development Fund, Planning Fees Fund and West Beach Trust transferred on 1 July 2009.	**No figures reported**	12 months
The administered entities of the former Office for State/Local Government Relations business unit consisting of the Local Government Tax Equivalents Fund, Outback Areas Community Development Trust and SA Local Government Grants Commission transferred on 3 November 2009	**4 months actuals reported for the period to 03.11.2009**	12 months

Comparatives presented in the administered financial statements (continued)
The administered funds that remain with the Department of Primary Industries and Resources (refer Note A3) have no physical property, plant and equipment or full time labour resources associated with their activities.

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

(g) Taxation
The Department is not subject to income tax. The Department is liable for payroll tax, FBT, GST, emergency services levy, land tax equivalents and local government rate equivalents.

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

- when the GST incurred on a purchase of goods or services is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable

- receivables and payables, which are stated with the amount of GST included.

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

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

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

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

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

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

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

The notes accompanying the financial statements disclose income, expenses, financial assets and financial liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

Revenues from (payments to) SA Government
Appropriations for program funding are recognised as revenues when the Department obtains control over the funding. Control over appropriations is normally obtained upon their receipt.

Where money has been appropriated in the form of a loan, the Department has recorded a loan receivable.

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.

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

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

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

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

- Contributions with unconditional stipulations — this will be when the agreement becomes enforceable ie the earlier of when the receiving entity has formally been advised that the contribution (eg grant application) has been approved; agreement/contract is executed; and/or the contribution is received.

- Contributions with conditional stipulations — this will be when the enforceable stipulations specified in the agreement occur or are satisfied; ie income would be recognised for contributions received or receivable under the agreement.

All contributions received by the Department have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

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

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

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

Administered - royalty receipts
Royalty revenue relates to minerals and petroleum production and is collected pursuant to the *Roxby Downs (Indenture Ratification) Act 1982*, *Whyalla Steel Works Act 1982*, *Mining Act 1971* and the *Petroleum Act 2000*. Royalty revenue is recognised as income when received.

Administered - contributions received from industry
Under the *Primary Industries Funding Scheme Act 1988* certain administered industry funds may impose a levy on industry participants to raise funds for the conduct of approved projects to advance research or development in the industry sector. For each industry fund, regulations under the Act specify the amount and nature of levies payable. Revenue from this source is recognised as income when received.

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

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

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

Borrowing costs
All borrowing costs are recognised as expenses.

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

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

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

Cash is measured at nominal value.

(l) Receivables

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

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

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

(m) Inventories

Biological assets and agricultural produce

Biological assets are livestock, vines and fruit trees and are valued at fair value less estimated point-of-sale costs. Agricultural produce, including wool, fruit and harvested crops, is valued at fair value less estimated point-of-sale costs. Gains and losses resulting from measurement at fair value, and from changes in fair value, are recognised in the Statement of Comprehensive Income.

Other inventories

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

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

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

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

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

(n) Other financial assets

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

(o) Non-current asset acquisition and recognition

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

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

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

In accordance with APF III, APSs 2.15 and 7.2:

- all non-current tangible assets with a value of $2000 or greater are capitalised
- componentisation of complex assets is only performed when the asset's fair value at the time of acquisition is greater than $5 million for infrastructure assets and $1 million for other assets.

(p) Revaluation of non-current assets

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

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

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

(p) *Revaluation of non-current assets (continued)*

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

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

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

(i) Land and buildings

Land, buildings and infrastructure were independently reviewed to fair value as at 30 June 2008. Valuations comprised independent valuations received from Liquid Pacific Pty Ltd who valued the Department's assets located in the metropolitan and near country areas. Valuation increments/decrements were recorded where applicable for land, buildings and infrastructure, which represents roads, fencing, signage etc.

(ii) Leasehold improvements

Leasehold improvements are brought to account at cost and are revalued in accordance with the valuation processes outlined above.

(iii) Core trays

Core trays were independently valued by Liquid Pacific Pty Ltd at 30 June 2008.

(iv) Plant and equipment

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

(q) *Impairment*

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

For revalued assets an impairment loss is offset against the asset revaluation reserve for that class of asset.

(r) *Non-current assets held-for-sale*

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

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

(s) *Depreciation and amortisation of non-current assets*

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

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

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

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

Land, heritage assets including artwork and minerals and assets held-for-sale are not depreciated.

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

Class of asset	*Method*	*Useful life (years)*
Buildings and infrastructure	Straight-line	20-70
Leasehold improvements	Straight-line	10
Plant and equipment	Straight-line	3-20
Intangibles	Straight-line	1-4

(t) Construction and works in progress

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

(u) Intangible assets

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

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

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

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

Water licences that are tradeable in an active open market are valued at fair value by reference to current market values for water trading at the locations where the licences are held. Other water licences are valued at fair value by reference to the current cost of water in the market where the licence is held and the costs incurred to acquire the right to access the resource. Where water use restrictions apply within the year the value of the resource is diminished and an impairment allowance is recognised.

(v) Payables

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

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

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

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

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

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

(w) Employee benefits

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

Wages, salaries, annual leave and sick leave

Liability for salary and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages and annual leave are payable later than 12 months, the liability will be measured at present value.

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

Long service leave

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

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

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

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

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

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

(x) Borrowing / financial liabilities
The Department measures financial assets and debt at historical cost, and interest free loans at the present value of expected repayments.

(y) Financial guarantees
The Department may accept bank guarantees or other forms of securities like mortgages over land as security for loans advanced and receives securities in accordance with Acts administered by the Department for mining and petroleum to ensure that a mine operator rehabilitates a site and complies with all statutory requirements on cessation of a licence.

These financial guarantees and securities are recognised as contingent assets (refer Note 36) as the Department only has claim to the funds in the event that a borrower defaults on the conditions of a loan agreement or a mine licensee fails to perform its legislative requirements with respect to mine rehabilitation.

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

Operating leases
In respect of operating leases, the lessor retains substantially all the risks and rewards incidental to ownership of the leased assets. Operating lease payments are recognised as an expense on a straight-line basis that is representative of the pattern of benefits derived from the leased assets.

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

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

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

(aa) Unrecognised contractual commitments and contingent assets and liabilities
Commitments include those operating, capital and outsourcing commitments arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a Note and, if quantifiable, are measured at nominal value (refer Note 36).

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

(ab) Reserves
The committed grants reserve for Prudential and Rural Financial Services was established to provide for grant commitments which are committed but not advanced as at the end of the financial year.

(ac) Trust funds
The Department has received monies in a trustee capacity for trusts as set out in Note 37. As the Department performs only a custodial role in respect of these monies, and because the monies cannot be used for achievement of the Department's objectives, the revenues and expenditures are only disclosed by way of Note and are not brought to account in the Department's financial statements.

(ad) Facilitation of infrastructure development

The Department has entered into an arrangement with the South Australian Water Corporation, the Department of Water, Land and Biodiversity Conservation (DWLBC) and the Creek's Pipeline Authority for the construction of the Jervois to Langhorne Creek and Currency Creek Irrigation Pipeline.

3. Financial instruments/financial risk management

The Department has significant non-interest bearing assets (cash on hand and on call and receivables) and liabilities (payables) and interest bearing assets (deposits with the Treasurer) and liabilities (borrowings from the SA Government). The Department's exposure to market risk and cash flow interest risk is minimal.

Credit risk

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

The Department has minimal concentration of credit risk. The Department has policies and procedures in place to ensure transactions occur with customers with appropriate credit history.

Liquidity risk

Liquidity risk arises where the Department is unable to meet its financial obligations as they fall due. The continued existence of the Department is dependent on 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 Note 39 represents the Department's maximum exposure to financial liabilities.

Market risk

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

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.

4. Changes in accounting policies

Details of the accounting policies that the Department has changed during 2008-09 are detailed below. In addition, details of the impact, where significant, on the Department's financial statements from new and amended AASs that are applicable for the first time in 2008-09 are also detailed below.

Restructure of administrative arrangements

In accordance with the revised AASB 1004, the Department records restructures of administrative arrangements as transactions with owners in their capacity as owners rather than recording these events as a revenue/expense item.

Other

The Department has early-adopted the AASB 101 including AASB 2007-08 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101) - this includes the preparation of a single Statement of Comprehensive Income. In accordance with the new accounting standard AASB 1052, the amounts of assets and liabilities reliably attributable to each activity has been disclosed.

Standards which have been issued or amended but are not yet effective

Except for the amendments to AASB 101, which the Department has early-adopted, the AASs and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the reporting period ending 30 June 2009. 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 report of the Department.

(a) Effect of changes in accounting estimates and errors

During 2008-09 $6.026 million of prior period adjustments were recognised in the Statement of Comprehensive Income. AASB 108, requires that these be recognised retrospectively by restating opening balances.

The financial statements and notes include the restatement of opening balances for prior period adjustments.

5. Activities of the Department

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

Activity 1: Mineral Resources Development

The vision of the Mineral Resources Development program is to make South Australia a favoured mineral investment destination for private investment with mineral exploration expenditure to be maintained at (or above) $100 million per annum until 2010 and mineral production and processing to reach $4 billion by 2014. The Minerals Resources Development program will also lead the nation in attracting geothermal resource investment with a target of $800 million of investment to establish geothermal energy resources in the term 2002-16.

Activity 2: Agriculture, Food and Fisheries

To deliver specialist services and advice across South Australia, fostering growth and development, prosperity, quality of life, while supporting environmentally sustainable development of the State's resources.

Activity 3: Forestry Policy

Support the sustainable development of an internationally competitive forest industry, regional development and the provision of services from State Government forest reserves.

The following activities were transferred from the Department during 2009 (refer Notes 2(d) and 34):

Urban Development and Planning (Program 2 in 2008)

Guiding and administering the South Australian Planning and Development system. Coordinating a whole of government approach to the Government's policy commitments and contributing to the States' sustainable economic development by developing strategic spatial policies to accommodate population growth and demographic change, facilitate industrial and commercial expansion and meet demand for housing growth and diversity.

Office for the Southern Suburbs (Program 3 in 2008)

To assist in the realisation of the Government's policy commitments to improve economic development, social and environmental outcomes for the communities identified as being of high need in the Southern Suburbs.

State/Local Government Relations (Program 6 in 2008)

Provide policy and other advice to the Government on the constructive relationship between the State Government and Councils and other associated Local Government representative groups; whole-of-government policy and legislative frameworks as they affect Local Government; and the constitution and operations of the Local Government system, including the statutory authorities for which the Minister for State/Local Government Relations is responsible.

6. Employee benefit expenses

	2009	2008
	$'000	$'000
Salaries and wages	**88 983**	97 344
Annual leave	**8 142**	8 839
Long service leave(2)	**3 977**	5 846
Employment on-costs - Superannuation(2)	**11 303**	12 507
Employment on-costs - Other(2)	**5 663**	6 545
Workers compensation(1)	**397**	461
Board and Committee fees	**717**	572
Other employee related expenses	**815**	581
Total employee benefit expenses	**119 997**	132 695

(1) The 2008 comparative has been increased by $117 000 for WorkCover levies that have been reclassified from administrative and operating costs under Note 7.

(2) Included in the 2008 comparative is a prior period adjustment for $951 000 comprising corrections to the long service leave expense under Note 30 ($869 000) and on-costs of $20 000 under Note 28.

Targeted voluntary separation packages

There were no TVSPs paid to employees in 2007-08 or 2008-09.

Remuneration of employees

	2009	2008
The number of employees whose total remuneration received or receivable falls within the following bands:	**Number**	Number
$100 000 - $109 999	**61**	69
$110 000 - $119 999	**37**	25
$120 000 - $129 999	**14**	13
$130 000 - $139 999	**15**	12
$140 000 - $149 999	**7**	9
$150 000 - $159 999	**7**	4
$160 000 - $169 999	**5**	6

Remuneration of employees (continued)	**2009 Number**	2008 Number
$170 000 - $179 999	**1**	2
$180 000 - $189 999	**3**	3
$190 000 - $199 999	**2**	3
$200 000 - $209 999	**2**	3
$210 000 - $219 999	**2**	1
$220 000 - $229 999	**1**	2
$230 000 - $239 999	**1**	2
$240 000 - $249 999	**1**	-
$250 000 - $259 999	**1**	-
$300 000 - $309 999	**1**	1
Total number of employees	**161**	155

The table includes all employees who received remuneration of $100 000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by the above employees for the year was $20.590 million ($19.785 million).

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

	2009 Number	2008 Number
Executives	**36**	46
Non-executive	**125**	109
Total number of employees	**161**	155

The number of executives receiving remuneration of $100 000 or more decreased by 10 during 2008-09 primarily due to the transfer of nine staff to the Department of Planning and Local Government, six retirements/resignations with offsetting effects from full year payments to executives appointed during 2007-08 whose aggregate annual earnings now exceed the threshold.

The number of non-executives receiving remuneration of $100 000 or more increased by 16 in 2009 compared to 2008 due to government enterprise bargaining outcomes which have resulted in the inclusion of employees previously beneath the $100 000 remuneration level, and the payment of retention allowances to key staff to facilitate knowledge and expertise retention.

7. Supplies and services

	2009	2008
Supplies and services provided by entities within SA Government:	**$'000**	$'000
Professional and technical services(1)	**1 327**	1 253
Administrative and operating costs	**6**	-
Utility and property costs	**2 905**	5 398
Computing and communications costs	**1 988**	2 935
Shared services costs(4)	**2 313**	-
Fleet SA vehicle lease and operating costs(8) (10)	**5 342**	4 953
Operating lease costs - accommodation costs(8) (6)	**5 280**	6 042
Other vehicle and equipment operating costs	**69**	94
Property and risk insurance(9)	**527**	537
Total supplies and services - SA Government entities	**19 757**	21 212
Supplies and services provided by entities external to the SA Government:		
Professional and technical services(1)	**16 389**	16 913
Administrative and operating costs(7)	**12 303**	13 741
Utilities and property costs	**4 699**	5 119
Computing and communications costs	**5 929**	6 351
Travel(2)	**5 717**	5 091
Vehicle and equipment operating costs(3) (5)	**1 379**	1 334
Staff development and safety(2)	**2 155**	2 119
Operating lease costs	**253**	114
Total supplies and services - non-SA Government entities	**48 824**	50 782
Total supplies and services	**68 581**	71 994

(1) Includes consultancies costs which are further broken down below and audit fees payable to the Auditor-General (refer Note 12).

(2) Includes payments to SA Government entities totalling less than $100 000.

(3) The accounting treatment for recognising rebates received on distillate purchases was amended during the year requiring the 2008 comparative to be restated. The offset to this adjustment appears under Note 18.

(4) In accordance with Cabinet policy the Department's financial transaction processing transferred to Shared Services SA from 11 July 2008.

(5) The 2008 comparative has been restated to recognise an adjustment to fuel inventory valuations of $26 000. The balance sheet effect of this adjustment is reflected under Note 23.

7. Supplies and services (continued)

(6) The 2008 comparative has been restated to recognise an accommodation lease incentive of $120 000 for Level 13, 25 Grenfell Street. The balance sheet effect of this adjustment is reflected under Note 32.

(7) The 2008 comparative has been reduced by $117 000 for WorkCover levies that have been reclassified as workers compensation costs under Note 6.

(8) SA Government 'Operating lease costs' has been disaggregated into its component elements of vehicle and accommodation leases. The 2008 comparatives have been adjusted to reflect this change.

(9) SA Government 'Administrative and operating costs' has been disaggregated to separately report 'property and risk insurance'. The 2008 comparatives have been adjusted to reflect this change.

(10) Includes all payments to Fleet SA for leasing, operating and maintaining vehicles under short and long-term hire agreements.

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	**2009 Number**	**2009 $'000**	2008 Number	2008 $'000
Below $10 000	**7**	**21**	31	105
Between $10 000 and $50 000	**19**	**481**	23	596
Above $50 000	**7**	**1 565**	8	1 038
Total paid/payable to the consultants engaged	**33**	**2 067**	62	1 739

8. Depreciation and amortisation expense

	2009	2008
Depreciation:	**$'000**	$'000
Plant and equipment	**3 691**	4 450
Buildings and infrastructure	**2 556**	2 342
Core trays	**110**	640
Total depreciation	**6 357**	7 432
Amortisation:		
Leasehold improvements	**169**	397
Intangibles	**1 697**	1 395
Amortisation of loan	**-**	16
Total amortisation	**1 866**	1 808
Total depreciation and amortisation expense	**8 223**	9 240

Change in accounting estimates

As a result of the revaluation of property, plant and equipment assets and core tray library assets in 2007-08, the remaining effective lives of these assets were reviewed. This had a consequential reduction in the annual depreciation raised within the current period, estimated at $1.8 million and $159 000.

9. Grants and subsidies

	2009	2008
Grants and subsidies paid/payable to entities within the SA Government	**$'000**	$'000
The major grant programs paid to entities within the SA Government:		
Rural Assistance Programs	**50**	50
State Drought Assistance Programs	**4 146**	5 703
All other payments individually values at less than $500 000	**1 085**	1 064
Total grants and subsidies - SA Government entities	**5 281**	6 817
The major grant programs paid to entities external to the SA Government:		
Rural Assistance programs	**943**	1 564
Exceptional circumstances (interest rate subsidies)	**70 217**	49 038
State Drought Assistance programs	**10 962**	6 563
Plan for Accelerated Exploration (PACE) programs	**1 649**	2 918
Roxby Downs Council subsidy	**800**	725
MISA investment (redevelopment of the biological containment facility)	**2 600**	-
Geoscience Assistance Program	**750**	-
Minerals Skills Centre	**620**	255
Soil for yield and quality	**587**	347
Food industry development	**554**	628
National genetic resources	**-**	868
Food industry market development	**-**	780
Aquafin Cooperative Research Centre contributions	**-**	500
Planning and development review	**-**	500
All other payments individually valued at less than $500 000	**9 550**	13 902
Total grants and subsidies - non-SA Government entities	**99 232**	78 588
Total grants and subsidies	**104 513**	85 405

2008 comparatives have been restated to reflect the revised presentation of this Note.

10. Borrowing costs

	2009	2008
	$'000	$'000
Interest payable on borrowings	**181**	265
Guarantee fees	**11**	15
Total borrowing costs	**192**	280

11. Other expenses

	2009	2008
Other expenses paid/payable to entities external to the SA Government:		
Publications, seed and miscellaneous stocks - cost of sales	**360**	473
Write-down of stocks and assets to realisable value[(3)]	**44**	435
Contributions to external bodies	**1**	-
Deemed cost of produce consumed[(2)]	**767**	244
Property, plant and equipment write-offs	**8**	2
Bad debts and allowances for doubtful debts[(4)]	**-**	143
Royalty payments	**116**	147
Workers compensation revaluation	**(244)**	409
Other[(1)]	**9**	71
Total other expenses	**1 061**	1 924

(1) Includes payments to SA Government entities totalling less than $100 000.

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

(3) The value of publications at the Roseworthy Information Centre ($15 000) and property, plant and equipment assets ($29 000) at the ACML/SASPAS laboratory have been written down to realisable value recognising the impending discontinuation of these services during 2009-10. Refer Note 40.

(4) The provision for doubtful debts was reduced during the year. Refer Note 18.

12. Auditor's remuneration

	2009	2008
	$'000	$'000
Audit fees paid/payable to the Auditor-General's Department	**257**	318
Total auditor's remuneration	**257**	318

Other services

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

13. Revenues from fees and charges

	2009	2008
User fees and charges received/receivable from entities within SA Government:		
Agriculture and Fisheries, consultancies and services	**345**	1 249
Rural Solutions, consultancies and services	**9 389**	6 275
South Australian Research and Development Institute, consultancies and services	**129**	179
Other	**613**	1 084
Total revenues from fees and charges - SA Government entities	**10 476**	8 787
User fees and charges received/receivable from entities external to SA Government:		
Agriculture and Fisheries, consultancies and services	**2 367**	2 204
Rural Solutions, consultancies and services	**9 684**	10 437
South Australian Research and Development Institute, consultancies and services	**2 753**	2 643
Planning and development fees[(1)]	**-**	6 418
Mining and petroleum application fees, rentals and licences	**10 728**	9 202
Other	**914**	310
Total revenues from fees and charges non-SA Government entities	**26 446**	31 214
Total revenues from fees and charges	**36 922**	40 001

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

(1) Planning and development fees relate to industry regulated fees collected by former business unit, Planning SA. This administrative unit was established as a separate administrative entity on 1 July 2008. Refer Note 34.

14. Advances and grants

	2009	2008
	$'000	$'000
State grants[(1)]	**65 904**	20 496
Commonwealth grants	**26 021**	51 455
Industry grants	**21 734**	20 138
Total advances and grants revenue	**113 659**	92 089

14. Advances and grants (continued)

The above advances and grants are allocated to a large range of projects involving the Commonwealth, other State Government departments and industry groups. Advances and grants were applied to the following business sectors.

	2009	2008
Advances and grants received/receivable from entities within SA Government	$'000	$'000
Fisheries[1]	6 539	6 577
South Australian Research and Development Institute[1]	10 495	8 846
Agriculture and wine	2 505	2 534
Aquaculture[1]	1 007	1 129
Prudential and Rural Financial Services	43 016	716
Biosecurity	-	37
Minerals and Petroleum	1 218	275
Planning and development	-	298
Other	818	84
Total advances and grants revenue - SA Government entities	**65 598**	20 496
Advances and grants received/receivable from entities external to SA Government:		
Fisheries	135	35
South Australian Research and Development Institute	23 577	20 787
Agriculture and wine	306	268
Aquaculture	14	-
Prudential and Rural Financial Services	23 371	49 704
Minerals and Petroleum	137	216
Planning and development	-	227
Rural Solutions	483	125
Other	38	231
Total advances and grants revenue - non-SA Government entities	**48 061**	71 593
Total advances and grants revenue	**113 659**	92 089

(1) Costs recovered from the Fisheries Research and Development Fund and the Aquaculture Resource Management Fund for the administration of licences are applied to the delivery of projects in compliance, research and fishing industry development in the Divisions of Fisheries, South Australian Research and Development Institute and Aquaculture. In 2008-09 the amount received from the Fisheries Research and Development Fund and the Aquaculture Resource Management Fund was $12.072 million ($11.963 million).

The major contributions received during 2008-09, with a value exceeding $500 000, were for the following projects and programs:	2009 $'000
Exceptional Circumstances/Drought Assistance	67 483
Branched Broomrape	775
Fishwatch Management	4 637
SA Integrated Marine Observation System (SAIMOS)	1 523
NCRIS Photobioreactor Facility	1 512
SA Abalone Fishery	1 278
Industry Development and Fisheries Management	1 057
Rock Lobster Fishery	956
National variety Trials	798
Marine Scale Fishery	764
Resource Planning and Policy	757
National Oat Breeding Program	750
Soil for Yield and Quality	685
Minerals Skills Centre	620
Irrigation Research and Technical Diffusion	600
Chowilla Fish Plant	560
Olympic Dam Expansion Valuation Model and Advice	506
All other projects with an individual value of less than $500 000	28 398
Total advances and grants revenue	**113 659**

15. Interest revenues

	2009	2008
	$'000	$'000
Interest from entities within the SA Government	2 297	2 897
Loans to the rural sector	233	357
Total interest revenues	**2 530**	3 254

16. Sale of goods

	2009	2008
Sale of goods received/receivable from entities external to SA Government:		
Publications, books, maps and compact discs	359	520
Livestock	1 354	1 267
Agriculture produce [2]	1 855	2 224
Other	416	599
Total sale of goods [1]	**3 984**	4 610

16. Sale of goods (continued)

(1) Includes revenues from SA Government entities totalling less than $100 000.

(2) Included in the 2008 comparative is a prior period adjustment for $118 000 representing a reduction in revenue arising from a GST correction on milk sales for the period July 2005 to June 2008. The balance sheet effect of this adjustment is reflected under Note 31.

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

	2009 $'000	2008 $'000
Land and buildings:		
Proceeds from disposal	**251**	-
Net book value of assets disposed	**140**	346
Net gain (loss) from disposal of land and buildings	**111**	(346)
Plant and equipment:		
Proceeds from disposal	**124**	134
Net book value of assets disposed	**146**	116
Net (loss) gain from disposal of plant and equipment	**(22)**	18
Total assets:		
Total proceeds from disposal	**375**	134
Total value of assets disposed	**286**	462
Total net gain (loss) from disposal of non-current assets	**89**	(328)

(a) Net gain (loss) from disposal of other assets

	2009 $'000	2008 $'000
Other		
Proceeds from disposal	**10 500**	-
Net book value of assets disposed (1)	**(10 500)**	-
Total net gain (loss) from disposal of other assets	**-**	-

(1) Proceeds from the sale of a 4.2 GL water licence to the Department of Water, Land and Biodiversity Conservation to complete South Australia's water recovery target of 35 GL under The Living Murray initiative. The proceeds from the sale were returned to the Consolidated Account, refer Note 20.

18. Other income

	2009 $'000	2008 $'000
Other income received/receivable from entities within SA Government:		
Reimbursements/recoveries	**-**	207
Total other income - SA Government entities	**-**	207
Other income received/receivable from entities external to SA Government:		
Seed and other royalties	**627**	729
Reimbursements/recoveries(4)	**4 853**	4 070
Sponsorship contributions (5)	**166**	195
Gains (losses) from changes in fair value of biological assets(2)	**64**	(109)
Reduction in provision for doubtful debts	**38**	-
Diesel fuel rebates (3)	**104**	61
Other	**303**	372
Total other income - non-SA Government entities(1)	**6 155**	5 318
Total other income	**6 155**	5 525

(1) Includes revenue transactions with SA Government entities totalling less than $100 000.

(2) The changes in fair values of livestock is reconciled along with the movement in inventory in Note 23.

(3) The accounting treatment for recognising rebates received on distillate purchases was amended during the year requiring the 2008 comparative to be restated. The offset to this adjustment appears under Note 7.

(4) Includes Ausaid reimbursements during 2008-09 of $1.274 million for delivery of training programs and courses conducted for overseas entities and $1.331 million in reimbursements from Flinders University for contributions to the development of the Lincoln Marine Science Centre.

(5) Sponsorship contributions have been disclosed separately for the first time in 2008-09. The 2008 comparative has been transferred from 'Reimbursements/recoveries.

19. Resources received free of charge

	2009 $'000	2008 $'000
Other income received/receivable from entities within SA Government:		
Fair value of assets acquired free of charge (1)	**10 500**	-
Total other income - SA Government entities	**10 500**	-
Other income received/receivable from entities external to SA Government:		
Fair value of assets acquired free of charge (2)	**1 219**	323
Total fair value of assets acquired free of charge - non-SA Government entities	**1 219**	323
Total resources received free of charge	**11 719**	323

19. Resources received free of charge (continued)

(1) First time recognition of a 4.2 GL water licence held by the Department to facilitate sale of the licence to the Department of Water, Land and Biodiversity Conservation to complete South Australia's water recovery target of 35 GL under The Living Murray initiative. The proceeds from the sale are reflected in Note 17(a). The proceeds were returned to the Consolidated Account, refer Note 20.

(2) First time recognition of water licences for the research farms operated by the South Australian Research and Development Institute at Nuriootpa ($100 000) and Struan ($759 000). The rights are valued at fair value by reference to the current cost of water in the market where the licence is held, the cost incurred to acquire the right to access the resource and the value of infrastructure levy contributions to facilitate the development of the service. The Department also received plant and equipment valued at $360 000 made available through Auscope/CSIRO and the National Collaborative Research Infrastructure Strategy (NCRIS) participation agreements.

20. Revenues from (payments to) SA Government

	2009	2008
	$'000	$'000
Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the *Appropriation Act*	**188 234**	152 137
Total revenues from SA Government	**188 234**	152 137
Payments to SA Government		
Other payments to the Consolidated Account[1]	**(10 500)**	-
Total payments to SA Government	**(10 500)**	-

(1) Return to the Consolidated Account of the proceeds received from the sale of a 4.2 GL water licence to the Department of Water, Land and Biodiversity Conservation to complete South Australia's water recovery target of 35 GL under The Living Murray initiative. The proceeds from the sale are reflected in Note 17(a) and the first time recognition of the asset is recognised under Note 27.

Total original revenue from Government for operational and capital funding consisted of $152.487 million ($151.961 million) appropriated to the Department under the annual *Appropriation Act*. The original amount appropriated to the Department under the annual *Appropriation Act* was reduced during the year from administrative restructures. The Department of Planning and Local Government received as appropriation $18.024 million from the amount recognised in the annual *Appropriation Act*. The original amount appropriated to the Department under the annual *Appropriation Act* was further reduced during the year by $9 million subsequently received through the Treasurer's Contingency Fund. Additional amounts were received during the year from the Treasurer via the Governor's Appropriation Fund of $53.628 million and a further $9.143 million ($176 000) was received from the Treasurer's Contingency Fund.

21. Cash

	2009	2008
	$'000	$'000
Deposits with the Treasurer	**80 430**	80 260
Imprest account and cash on hand	**19**	24
Foreign currencies held with SAFA[1]	**548**	-
Total cash	**80 997**	80 284

(1) The Department established during the year a forward rate foreign exchange contract to acquire a HF Ocean Radar from an overseas supplier. At 30 June 2009 the agreement had expired and the SAFA held Euros for the Department with an Australian equivalent of $548 000 to meet the final contract payments due to the supplier. The contractual capital commitment is reflected under Note 35.

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

	2009	2008
	$'000	$'000
Funds held in the accrual appropriation excess funds account. The balance of these funds is not available for general use (ie the funds can only be used in accordance with the Treasurer's/Under Treasurer's approval)	**17 653**	21 093
Funds held pursuant to the *Rural Industry Adjustment and Development Act 1985* and other State and Commonwealth Schemes for rural financial assistance	**52 869**	44 733
External funds held in the nature of grants or under cooperative agreements where unspent funds may be returned to the funder	**5 799**	5 506
Cash securities held for mining remediation. The Department only has claims to these funds if the licencee fails to perform its legislative requirements. Refer Note 32.	**1 919**	1 701
Deposits with the Treasurer held as working capital, but subject to Department of Treasury and Finance budget and cash alignment policies	**2 190**	7 227
Total deposits with the Treasurer	**80 430**	80 260

Interest rate risk

Cash on hand is non-interest bearing. Deposits at call and with the Treasurer are bearing a floating interest rate between 2.99 percent and 7.10 percent. The carrying amount of cash and cash equivalents approximates fair value.

22. Receivables

	2009	2008
Current:	**$'000**	$'000
Receivables	**10 232**	10 687
Allowance for doubtful debts	**(114)**	(204)
	10 118	10 483
Loans receivable	**1 335**	2 721
Allowance for doubtful debts	**-**	-
	1 335	2 721
Workers compensation recoveries	**16**	16
Accrued interest on loans and deposits	**146**	231
Other accrued revenue	**1 761**	6 961
GST receivable	**4 502**	4 820
Prepayments	**584**	125
	7 009	12 153
Total current receivables	**18 462**	25 357
Non-current:		
Loans receivable	**264**	1 020
Allowance for doubtful debts	**-**	-
	264	1 020
Workers compensation recoveries	**57**	52
Total non-current receivables	**321**	1 072
Total receivables	**18 783**	26 429
Receivables from SA Government entities:		
Receivables	**4 206**	4 110
Accrued interest revenues	**131**	183
Other accrued revenue	**841**	126
Other	**7**	-
Total receivables from SA Government entities	**5 185**	4 419
Receivables from non-SA Government entities:		
Receivables	**5 912**	6 373
GST receivables	**4 502**	4 820
Other accrued revenues	**920**	6 835
Accrued interest revenues	**15**	48
Loan receivables	**1 599**	3 741
Other	**650**	193
Total receivables from non-SA Government entities	**13 598**	22 010
Total receivables	**18 783**	26 429

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

(a) Maturity analysis of receivables - refer Note 39.
(b) Categorisation of financial instruments and risk exposure information **-** refer Note 39.

In accordance with the APSs contained in the APF IV, the Department measures loans at historical cost, except for interest free loans (measured at the present value of expected repayments). Where there is objective evidence that a loan is impaired, provision equal to the difference between the carrying value and the present value of expected future repayments is made.

Allowance for doubtful debts

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

	2009	2008
	$'000	$'000
Carrying amount at 1 July	**204**	74
(Decrease) Increase in the allowance	**(38)**	136
Amounts written off	**(52)**	(6)
Carrying amount at 30 June	**114**	204

Bad and doubtful debts

The Department has recognised in other income a reduction in the provision for doubtful debt expense of $38 000. The Department has written off debts of $52 000 during the year against provisions created in previous years. AASB 139 requires that there be objective evidence of impairment before an allowance for loss can be recognised.

23. Inventories

	2009	2008
Current inventories:	**$'000**	$'000
Biological assets:		
Livestock (at fair value less estimated point of sale costs)	**2 706**	2 736
Agricultural produce (at fair value less estimated point of sale costs)	**223**	206
	2 929	2 942
Other inventories:		
Publications and maps (at the lower of cost and realisable value)	**117**	146
Plants and related items (at the lower of cost and realisable value) (1)	**23**	30
	140	176
Total current inventories	**3 069**	3 118
Non-current inventories:		
Orchards and vineyards (at fair value less estimated point of sale costs)	**273**	299
Total non-current inventories	**273**	299
Total inventories	**3 342**	3 417

	2009	
	Orchards, Vineyards & Agricultural Produce $'000	**Livestock $'000**
Balance at 1 July	**505**	**2 736**
Increase due to acquisitions	**847**	**252**
Decrease due to sales	**(233)**	**(976)**
Used as feed stock	**(975)**	**-**
Harvests transferred to inventories	**378**	**-**
Increase due to natural accretion	**-**	**528**
Inventory changes (biological growth)	**-**	**102**
Change in fair value less estimated point of sale costs	**-**	**64**
Reduction in hectares under planting	**(26)**	**-**
Balance at 30 June	**496**	**2 706**
Current	**223**	**2 706**
Non-current	**273**	**-**
	496	**2 706**

(1) The 2008 comparative has been restated to recognise an adjustment to fuel inventory valuations of $26 000. The operating effect of this adjustment is reflected under Note 7.

Agricultural activities are carried on to assist with research, but are conducted on a commercial basis. At 30 June 2009 inventory included 10 321 sheep, 1551 cattle, 667.23 tonnes of crops and grain and 44.3 hectares of vines and fruit trees.

Production for the year included 2.524 million litres of milk, 266.16 tonnes of grapes and fruit, 7363 lambs, 547 calves, 31 bales of wool plus an additional 31.8 tonnes of wool and 13 773.30 tonnes of other grain crops.

24. Financial assets

	2009	2008
Non-current:	**$'000**	$'000
Investments in shares (1)	**4 691**	4 691
Total financial assets	**4 691**	4 691

(1) The Department acquired in 2000-01 an allocation of shares in Barossa Infrastructure Limited ($12 500) to secure a water entitlement for its research farm located at Nuriootpa. This investment is being recognised for the first time, and its value has been reflected in 2009 and the 2008 comparative. The investment has an associated 15 year water infrastructure levy payable ($81 750), under a fixed schedule until 2014-15, per megalitre of water allocated under the scheme. The remaining commitment under the schedule is reflected under Note 35 'Other commitments'.

The Department holds ordinary shares in Australian Grain Technologies Pty Ltd, a joint venture entity involved in research to assist wheat breeding programs. The purchase consideration for these shares consisted of a mixture of cash and leased facilities.

The Department holds joint control along with the University of Adelaide, Grains Research and Development Corporation and SunPrime. The Department's 18 percent shareholding has been recognised at cost.

24. Financial assets (continued)

Other investments includes shares in Provisor Pty Ltd, purchased in 2003-04 ($189 800), a grape and wine research company. The Department's shareholding in Provisor does not give it a controlling interest in the company. This investment is also recorded at cost.

	2009	2008
Movement in financial assets:	**$'000**	$'000
Carrying amount at 1 July	**4 691**	4 678
Shares acquired	**-**	13
Carrying amount at 30 June	**4 691**	4 691

(a) Maturity analysis of financial assets - refer Note 39.

(b) Categorisation of financial instruments and risk exposure information - refer Note 39.

	2009	2008
25. Non-current assets classified as held-for-sale	**$'000**	$'000
Land	**-**	140
Plant and equipment	**33**	-
Total property held-for-sale	**33**	140

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

Reconciliation of non-current assets classified as held-for-sale

The following table shows the movement of non-current assets held-for-sale during 2008-09:

	2009	2008
	$'000	$'000
Carrying amount at 1 July:	**140**	50
Additions	**-**	-
Disposals	**(140)**	-
Revaluation increment (decrement)	**-**	90
Transfer from Property plant and equipment	**33**	-
Carrying amount at 30 June	**33**	140

26. Property, plant and equipment

	2009	2008
Land and buildings:		
Land at fair value	**32 146**	31 906
Buildings and infrastructure at fair value	**76 617**	75 886
Accumulated depreciation	**(2 809)**	(680)
Total land and buildings	**105 954**	107 112
Leasehold improvements:		
Leasehold improvements at fair value	**6 443**	6 578
Accumulated amortisation	**(4 326)**	(4 156)
Total leasehold improvements	**2 117**	2 422
Plant and equipment:		
Core trays at fair value	**4 598**	5 748
Accumulated depreciation - core trays	**(110)**	(1 197)
Plant and equipment at cost (deemed fair value)	**49 583**	48 610
Accumulated depreciation - plant and equipment	**(30 717)**	(31 190)
Constructions and works in progress	**1 201**	4 055
Total plant and equipment	**24 555**	26 026
Heritage assets:		
Heritage assets at fair value	**53**	53
Total heritage assets	**53**	53
Total property, plant and equipment	**132 679**	135 613

Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during 2008-09:

2009	**Land $'000**	**Bldgs & infra-structure $'000**	**Leasehld imprve-ments $'000**	**Core trays $'000**	**Plant & equipmt $'000**	**Construc-tions & works in progress $'000**	**Heritage assets $'000**	**2009 Total $'000**
Carrying amount at 1 July	**31 906**	**79 008**	**160**	**7 721**	**17 236**	**4 055**	**53**	**140 139**
Assets transferred from administered financial statements (1)					**184**			**184**
Correction of omitted assets from the 2008 revaluation (2)	**-**	**(590)**	**-**	**-**	**-**	**-**	**-**	**(590)**
Correction of core tray/core library valuations 2003 (3)	**-**	**(1 798)**	**-**	**(3 170)**	**-**	**-**	**-**	**(4 968)**
Reclassification of Struan House from building and improvements to leasehold improvements (4)	**-**	**(1 410)**	**1 062**	**-**	**-**	**-**	**-**	**(348)**
Pinnaroo Road block (5)		**(4)**						**(4)**
Leasehold improvements 101 Grenfell Street (6)	**-**	**-**	**1 200**	**-**	**-**	**-**	**-**	**1 200**
Carrying amount at 1 July after prior period correction	**31 906**	**75 206**	**2 422**	**4 551**	**17 420**	**4 055**	**53**	**135 613**
Additions	**105**	**762**	**87**	**37**	**4 411**	**687**	**-**	**6 089**
Disposals	**-**	**-**	**-**	**-**	**(146)**	**-**	**-**	**(146)**
Write down of assets to recoverable amount (8)	**-**	**-**	**-**	**-**	**(24)**	**-**	**-**	**(24)**
Depreciation/amortisation expense	**-**	**(2 556)**	**(169)**	**(110)**	**(3 691)**	**-**	**-**	**(6 526)**
Disposal through restructuring (7)	**-**	**-**	**-**	**-**	**(681)**	**-**	**-**	**(681)**
Transfer between property, plant and equipment and intangibles	**-**	**-**	**-**	**-**	**-**	**(1 603)**	**-**	**(1 603)**
Transfer between asset classes	**135**	**396**	**147**	**10**	**1 250**	**(1 938)**	**-**	**-**
Transfer to assets held for resale - plant & equipment disposal group	**-**	**-**	**-**	**-**	**(33)**	**-**	**-**	**(33)**
Reduction in value of leasehold improvement for cash received under the lease incentive package from the lessor of 101 Grenfell Street (6)	**-**	**-**	**(370)**	**-**	**-**	**-**	**-**	**(370)**
Assets acquired free of charge	**-**	**-**	**-**	**-**	**360**	**-**	**-**	**360**
Carrying amount at 30 June	**32 146**	**73 808**	**2 117**	**4 488**	**18 866**	**1 201**	**53**	**132 679**

(1) 2008 comparative restated for the transfer of compliance (surveillance) equipment to the controlled financial statements. The assets were recognised as administered during the conduct of a performance trial.

(2) During the year a number of assets that were omitted from revaluation at 30 June 2008 were reviewed. Consequential adjustments have been made as a prior period adjustment to reflect the correct asset position and values for the Department as at 30 June 2008.

(3) An overstatement of the valuation of core tray/library assets was detected during the year. Over-statement related to the use of incorrect quantities in the 2003 valuation methodology. The reported capital and carrying values of this asset class have been reworked back to 2003 and the corrections have been reflected as prior period adjustments.

(4) Legal ownership of Struan House was reviewed during the year. Ownership and control of the asset vests with DTEI. The carrying value of leasehold improvements undertaken by the Department has been reclassified from 'Buildings and infrastructure' to 'Leasehold improvements' and depreciation on the leasehold improvements has been restructured over the remaining lease term. The correction has been made as a prior period adjustment to reflect the correct asset position and values for the Department as at 30 June 2008.

(5) The 2008 comparative has been restated to include depreciation charges for completed infrastructure development works at Pinaroo Road block that were completed in 2008.

(6) The Department entered into an accommodation lease agreement for 101 Grenfell Street in 2006 which included a lease incentive package valued at $1.2 million. The package provided for capital improvements capped to the level of the package with a return to the lessee, as a cash payment, any residual amount not spent. Leasehold improvements assumed by the lessee as part of the lease incentive arrangement, and to be amortised over the remaining term of the lease, were $830 000.

(7) Refer Note 34.

(8) The ACML/SASPAS laboratory services will wind down and cease operations on 30 September 2009. Property, plant and equipment has been written down to its estimated recoverable amount from disposal in 2009-10.

Valuation of land, buildings and infrastructure

During 2007-08 land, buildings and infrastructure were reviewed and revalued to fair value as at 30 June 2008 in accordance with AASB 116. Valuations comprised independent valuations received from Liquid Pacific Pty Ltd who valued the Department's assets located in the metropolitan and near country areas. The valuer arrived at fair value based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

Valuation of land, buildings and infrastructure (continued)
A desktop review of the movement in property, building and infrastructure values was also undertaken by Liquid Pacific Pty Ltd as at 30 June 2009. Asset values were estimated to have decreased by less than 1 percent on aggregate 2007-08 values. The downward movement has not been reflected in the financial statements.

Heritage assets (include artworks and precious metals)
In 2005 the Department sponsored an art commission with the Tjunga Palya art group in the Anangu Pitjantjatjara Yankunyjatjara Lands (APY) through the PACE program. Three paintings were presented to the Department in 2007-08. These were valued by independent qualified valuer Harold E Gallasch of Tineriba Tribal Gallery.

Precious metals include medallions of historical significance and specimen stones. These were valued by Platinum Diagnostics at current replacement value from an antique or specialist coin dealer in the South Australian market.

Impairment
There were no indications of impairment of property, plant and equipment, infrastructure and intangible assets at 30 June 2009.

Resources received free of charge
The Department received plant and equipment valued at $360 000 made available through Auscope/CSIRO and the National Collaborative Research Infrastructure Strategy (NCRIS) participation agreements.

Carrying amount of property, plant and equipment
Property, plant and equipment includes $32.4 million of fully depreciated assets still in use.

Change in accounting estimates
As a result of the revaluation of property, plant and equipment assets and core tray library assets in 2007-08, the remaining effective lives of these assets were reviewed. This had a consequential reduction in the annual depreciation raised within the current period, estimated at $1.8 million and $159 000 respectively.

27. Intangible assets

	2009	2008
Software:	**$'000**	$'000
Computer software [(1)]	**10 080**	9 479
Accumulated amortisation [(2)]	**(6 459)**	(6 230)
Total software	**3 621**	3 249
Computer software development (works in progress)	**314**	-
Water and convertible accommodation lease rights:		
Water and convertible accommodation lease rights at fair value	**2 399**	-
Impairment losses against water right	**(6)**	-
Total water and convertible accommodation lease rights at fair value	**2 393**	-
Total intangible assets	**6 328**	3 249

Reconciliation of intangibles
The following table shows the movement of Intangibles during 2008-09:

	Computer software	Computer software development	Water and convertible accomm lease rights	Total $'000
Carrying amount at 1 July:	3 627	17	-	3 644
Assets transferred from administered financial statements[(1)]	27	-	-	27
Records management (objective) software - amortisation[(2)]	(422)	-	-	(422)
Carrying amount at 1 July after prior period correction	3 232	17	-	3 249
Additions	487	297	1 540	2 324
Disposals	-	-	(10 500)	(10 500)
Amortisation expense	(1 697)	-	-	(1 697)
Transfer between intangibles and property, plant and equipment	1 603	-	-	1 603
Impairment loss recognition against the water right[(3)]	-	-	(6)	(6)
Write down of recoverable amount of RSSA-ACML software[(5)]	(4)	-	-	(4)
First time recognition of water licence at Struan and Nuriootpa[(3)]	-	-	859	859
First time recognition of 4.2 GL water licence subsequently sold to DWLBC)[(4)]	-	-	10 500	10 500
Carrying amount at 30 June	3 621	314	2 393	6 328

Reconciliation of intangibles (continued)

(1) Ownership and control of computer software developed for the Fisheries Research and Development Fund vests with the PIRSA controlled entity. The carrying amount of this software, previously recorded as an Administered Asset under Note A22, has been transferred as a prior period adjustment to the controlled financial statements.

(2) A prior period adjustment for $422 000 has been made for amortisation charges in relation to the Department's records management (Objective) software. Commissioning of the software occurred in 2006 and prior period depreciation charges for the software licences has been recognised for the period 2006 through 2008.

(3) An intangible asset has been recognised for water licences held by the Department. These include:

A grant in the early 1980's to land holders that were active irrigators. Water allocation was based on the irrigation equivalent land area. The licence is being recognised for the first time at 30 June 2009 and is valued at fair value by reference to current market values for water trading at the locations where the licences are held (Struan farm licence $759 000).

An agreement secures access to water resources for the research farm operated by the South Australian Research and Development Institute at Nuriootpa. This provides a perpetual right to an annual water allocation. This right is being recognised for the first time at 30 June 2009 and is valued at fair value by reference to the current cost of water in the market where the licence is held, the cost incurred to acquire the right to access the resource and the value of infrastructure levy contributions to facilitate the development of the service. Where water use restrictions apply within the year the value of the resource is diminished and an impairment allowance is recognised. The water allocation in 2009-10 will be restricted to two percent and therefore an impairment allowance of 98 percent is recognised.

Only water licences that are capable of being traded in an active market are recognised by the Department. Water licences are also held with the Department of Water, Land and Biodiversity Conservation that indicate the source and the per annum allocation. These licences are generally not traded and include payment for actual consumption, service and access charges and other levies. These are expensed in the period to which the consumption applies and this is reflected in Note 7.

(4) First time recognition of a 4.2 GL water licence held by the Department to facilitate sale of the licence to the Department of Water, Land and Biodiversity Conservation to complete South Australia's water recovery target of 35 GL under The Living Murray initiative. The proceeds from the sale are reflected in Note 17(a). The proceeds were also returned to the Consolidated Account, refer Note 20.

(5) The ACML/SASPAS laboratory services will wind down and cease operations on 30 September 2009. Software has been written down to its estimated recoverable amount from disposal in 2009-10.

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

28. Payables

	2009	2008
Current:	**$'000**	$'000
Creditors	**1 820**	2 542
Accrued expenses	**5 244**	6 362
Accrued interest on borrowings	**17**	37
GST payable	**1 386**	1 167
Employment on-costs	**2 045**	2 325
Total current payables	**10 512**	12 433
Expected to be paid more than 12 months after reporting date:		
Employment on-costs [(1)]	**2 528**	2 226
Total expected to be paid more than 12 months after reporting date	**2 528**	2 226
Total payables	**13 040**	14 659

Government/non-Government payables

Payables to SA Government entities:		
Creditors	**197**	869
Accrued expenses	**1 431**	1 843
Accrued interest on borrowings	**17**	37
Employment on-costs	**4 573**	4 551
Total payables to SA Government entities	**6 218**	7 300
Payables to non-SA Government entities:		
Creditors	**1 623**	1 673
Accrued expenses	**3 813**	4 519
GST payable	**1 386**	1 167
Total payables to non-SA Government entities	**6 822**	7 359
Total payables	**13 040**	14 659

Government/non-Government payables (continued)

(1) Included in the 2008 comparative is a prior period adjustment for $82 000, correcting the on-costs component associated with the long service leave entitlements for executive officers reflected under Note 30.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave has changed from the 2008 rate of 35 percent to 45 percent and the average factor for the calculation of employer superannuation cost on-cost has changed from the 2008 rate of 12.3 percent to 12.01 percent. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of $309 000.

Interest rate risk

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

(a) Maturity analysis of payables - refer Note 39.

(b) Categorisation of financial instruments and risk exposure information - refer Note 39.

29. Financial liabilities/borrowings

	2009	2008
(a) Borrowings consists of:	**$'000**	$'000
Indebtedness to SAFA	**225**	1 257
Indebtedness to the Treasurer	**1 100**	1 746
Total financial liabilities/borrowings	**1 325**	3 003
(b) Balance of borrowings outstanding classifications:		
Current	**1 325**	2 657
Non-current	**-**	346
Total financial liabilities/borrowings	**1 325**	3 003

Borrowings have no maturity date and are recognised at cost in accordance with APF IV APS 2.1.
The interest rate is determined by the Treasurer at the time of settling the loan approval and remains fixed over its term.

The weighted average interest rate for borrowings as at 30 June 2009 is 7.640 percent (7.204 percent).

(i) Maturity analysis of borrowings - refer Note 39.

(ii) Categorisation of financial instruments and risk exposure information - refer Note 39.

(iii) Defaults and breaches - there were no defaults or breaches on any of the above liabilities throughout the year.

30. Employee benefits

	2009	2008
Current:	**$'000**	$'000
Annual leave	**7 376**	8 063
Long service leave	**2 894**	4 642
Accrued salaries and wages	**2 620**	2 467
Total current employee benefits	**12 890**	15 172
Non-current:		
Long service leave (1)	**23 802**	23 526
Total non-current employee benefits	**23 802**	23 526
Total employee benefits	**36 692**	38 698

(1) Included in the 2008 comparative is a prior period adjustment for $869 000, correcting the long service leave entitlements for executive officers with salary sacrifice arrangements, including private superannuation contributions and motor vehicle packaging, where a lower hourly rate was used based only on the cash component of the package. The associated adjustment to on-costs component is reflected under Note 28.

The total current and non-current employee expense (ie aggregate employee benefit in Note 30 plus related on-costs in Note 28) for 2009 is $41.26 million ($43.25 million).

Based on an actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of the long service leave liability is 6.5 years (6.5 years).

An actuarial assessment performed by the Department of Treasury and Finance revised the salary inflation rate to 4 percent (4.5 percent). The net financial effect of the changes in the current financial year is a decrease in the annual leave liability of $36 000.

31. Provisions

	2009	2008
Current:	**$'000**	$'000
Provision for workers compensation	**454**	611
Other provisions [(1)]	**203**	203
Total current provisions	**657**	814
Non-current:		
Provision for workers compensation	**1 344**	1 581
Total non-current provisions	**1 344**	1 581
Total provisions	**2 001**	2 395
Carrying amount at 1 July	**2 395**	2 192
(Decrease) Increase in the provision	**(244)**	203
Restructuring transfer [(2)]	**(150)**	-
Carrying amount at 30 June	**2 001**	2 395

(1) Included in the 2008 comparative is a prior period adjustment for $203 000 representing GST payable on milk produce for the period July 2005 to June 2008. The operating effect of this adjustment is $118 000 in 2008 reflected under Note 16, and $85 000 in earlier periods.

(2) Amount of the 2008 provision for workers compensation relating to the business units that transferred to the Department of Planning and Local Government. Refer Note 34.

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

32. Other liabilities

	2009	2008
Current:	**$'000**	$'000
Lease incentive [(1)]	**274**	153
Unearned revenue	**6 595**	4 529
Security deposits	**1 914**	1 701
Total current other liabilities	**8 783**	6 383
Non-current:		
Other liabilities	**48**	47
Lease incentive [(1)]	**1 916**	790
Total non-current other liabilities	**1 964**	837
Total other liabilities	**10 747**	7 220

(1) The 2008 comparative has been restated to reflect the remaining accommodation lease incentive from an agreement with the property owner established in 2006, for Level 13, 25 Grenfell Street. The adjustment comprised incentive recognition of $790 000 (non-current) and $120 000 (current). The operating effect of this adjustment is reflected under Note 7 (utilities and property costs).

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

Securities deposits are obtained to ensure that a mine operator rehabilitates a site and complies with all statutory requirements on cessation of a licence. Cash deposits are classified as 'Security deposits'. The value of securities held in the form of bank guarantees are reflected as a contingent asset (refer Note 36) as the Department only has a claim on these funds if the licensee fails to perform its legislative requirements.

33. Equity

	2009	2008
	$'000	$'000
Contributed capital	**-**	1 483
Retained earnings[(1)]	**124 917**	127 544
Asset revaluation reserve	**49 280**	49 625
Committed grants reserve	**8 851**	9 196
Total equity	**183 048**	187 848

(1) The 2008 comparative has been adjusted by $27 000 and $184 000 for the transfer of intangible assets and compliance (surveillance) equipment from the administered financial statements. In addition, the 2008 comparative has been adjusted for a total of $6.949 million resulting from a number of adjustments primarily related to property, plant and equipment. Each adjustment is detailed under the respective Notes within the financial statements.

The asset revaluation reserve is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is disposed of or assets are transferred to another SA Government entity upon an administrative restructure.

34. Transferred functions

Transfers out

The Public Sector Management (Planning SA) Proclamation 2008 (dated 26 June 2008) proclaimed that effective from 1 July 2008 the former PIRSA business unit 'Planning SA' would be established as a separate administrative unit of the public service. All existing functions were transferred to Planning SA on 1 July 2008.

The Public Sector Management (Department of Planning and Local Government - Transfer of Employees) Proclamation 2008 (dated 30 October 2008) proclaimed that effective from 3 November 2008 the Office for State and Local Government Relations (OSLGR), Office for Southern Suburbs and Office for the Northern Suburbs would transfer to the Department of Planning and Local Government (DPLG).

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

The business services of SA Government agencies have progressively transferred to Shared Services SA in a series of transition programs known as Tranches. Cabinet approved Tranche 1 services on 15 October 2007, which comprised accounts payable, accounts receivable and payroll services. PIRSA's Tranche 1 services, namely accounts payable and accounts receivable, transitioned to Shared Services SA on 14 July 2008, followed by the payroll services, that transitioned on 4 August 2008.

The next Tranche of services to transition was approved by Cabinet on 8 December 2008. PIRSA's Tranche 2 services transitioned to Shared Services SA on 9 June 2009, this included the financial accounting function.

No transfers occurred in 2008.

	Transfer to DPLG PlanningSA	Transfer to DPLG OSLGR	Transfer to DPLG Southern Suburbs	Transfer to Shared Services	Total $'000
Assets:					
Current:					
Cash	**2 339**	**-**	**-**	**519**	**2858**
Receivables	**342**	**4**	**-**	**-**	**346**
	2 681	**4**	**-**	**519**	**3 204**
Non-current:					
Receivables	**-**	**3**	**-**	**-**	**3**
Property, plant and equipment	**663**	**13**	**5**	**-**	**681**
	663	**16**	**5**	**-**	**684**
Total assets	**3 344**	**20**	**5**	**519**	**3 888**
Liabilities:					
Current:					
Payables	**499**	**29**	**3**	**25**	**556**
Employee benefits	**1 371**	**201**	**17**	**192**	**1 781**
Provisions	**5**	**31**	**5**	**-**	**41**
Other	**149**	**-**	**-**	**-**	**149**
	2 024	**261**	**25**	**217**	**2 527**
Non-current:					
Payables	**206**	**34**	**2**	**25**	**267**
Employee benefits	**2 162**	**258**	**13**	**277**	**2 810**
Provisions	**13**	**82**	**14**	**-**	**109**
	2 381	**474**	**29**	**302**	**3 186**
Total liabilities	**4 405**	**735**	**54**	**519**	**5 713**
Equity:					
Contributed capital	**1 483**	**-**	**-**	**-**	**1 483**
Total net assets transferred	**(2 544)**	**(715)**	**(49)**	**-**	**(3 308)**

Net assets transferred by the Department as a result of an administrative restructure were at the carrying amount. The net assets transferred were treated as a distribution to the Government as owner.

35. Unrecognised contractual commitments

Operating lease commitments	**2009 $'000**	2008 $'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	**4 906**	5 759
Later than one year and not later than five years	**18 369**	21 989
Later than five years	**14 048**	18 755
Total operating lease commitments	**37 323**	46 503
Representing:		
Non-cancellable operating leases	**37 323**	46 503
Total operating lease commitments	**37 323**	46 503

Operating lease commitments (continued)
Operating leases relate to property, which are non-cancellable leases, with rental payable monthly in advance. Contingent rental provisions within the lease agreements allow for the review of lease payments every two years. Any changes in lease payments would be based on market rates. Options exist to renew the leases at the end of their terms.

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

Capital commitments
Capital expenditure contracted for at the reporting date but are not yet recognised as liabilities in the financial report, are payable as follows:

	2009	2008
	$'000	$'000
Within one year	**763**	127
Total capital commitments	**763**	127

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

Included in the total are final contract payments to acquire an HF Ocean Radar from an overseas supplier. The Department established during the year a forward rate foreign exchange contract and at 30 June 2009 SAFA held for the Department Euros with an Australian dollar equivalent of $548 000 to meet the payment. The cash equivalent held is reflected under Note 21.

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

	2009	2008
	$'000	$'000
Within one year	**6 344**	7 156
Later than one year but not later than five years	**14 935**	15 787
Total remuneration commitments	**21 279**	22 943

Amounts disclosed include commitments arising from executive and other service contracts. The Department does not offer fixed-term remuneration contracts greater than five years.

Other commitments

Within one year	**3 017**	3 266
Later than one year but not later than five years	**2 798**	2 366
Later than five years	**4**	-
Total other commitments	**5 819**	5 632

The Department's other commitments include agreements with Fleet SA for long-term hire of light vehicles and other amounts owing under fixed price contracts outstanding at the end of the reporting period.

Committed grants	**2009**	2008
	$'000	$'000
Grants committed but not advanced at the end of the year	**8 851**	9 196
Total committed grants	**8 851**	9 196

Grants committed in support of rural projects contain conditions to be met before payments are made.

36. Contingent assets and contingent liabilities

Contingent assets
The Department owns intangible assets consisting of intellectual property which includes core samples provided by the mineral and petroleum industries, which are stored by the Department. These assets are not recognised in the financial statements due to difficulties in determining reliable fair values.

The Department receives securities in accordance with Acts administered by the Department for mining and petroleum. These are obtained to ensure that a mine operator rehabilitates a site and complies with all statutory requirements on cessation of a licence. The amount held as security deposits at 30 June 2009 is $52.8 million in bank guarantees. The Department only has a claim on these funds if the licensee fails to perform its legislative requirements.

The Department may also accept bank guarantees or other forms of securities like mortgages over land as security for loans advanced. Bank guarantees held at 30 June 2009 is $1.7 million ($3 million). The Department may claim on these funds if the borrower defaults on the conditions of the loan agreement.

Contingent liabilities

The nature of activities that the Department is involved in can create potential exposure to environmental, fisheries and mining matters, which the Department may be required to remedy in the future. The Department has some potential outstanding litigation in a number of these areas, specifically resulting from interpretation of past mining practices and petroleum exploration.

Certain matters associated with contaminants such as contaminated land and hazardous materials have been identified and are managed in accordance with recognised standards. This includes the environmental liabilities of past mining practices where there is no longer an active licence. For new activities, it is a lease condition that rehabilitation be undertaken by the leaseholder before a lease is surrendered. The Department's responsibility is to ensure that a lease is not surrendered before appropriate rehabilitation has occurred, thus minimising the likelihood of future environmental risks to Government. Work is progressing to determine any liabilities that may be associated with this role. At this time, the financial impact cannot be reliably estimated.

37. Trust Funds

The Trust Funds of the Department are:

Pleuro Pneumonia Fund

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

Extractive Areas Rehabilitation Fund

This Fund is credited with amounts by way of royalty on extractive minerals and is used for the rehabilitation of land disturbed by mining operations. The funds collected are used to limit damage to any aspect of the environment by such mining operations in addition to the promotion of research into methods of mining engineering and practice by which environmental damage might be reduced.

Aggregate details of the transactions and balances relating to these Trust Funds for the year ended 30 June are as follows:

	Pleuro Pneumonia Fund	Extractive Areas Rehabilitation Fund	Total 2009	Total 2008
	$'000	**$'000**	**$'000**	$'000
Operations:				
Revenue	**4**	**3 625**	**3 629**	3 269
Expenditure	**-**	**(943)**	**(943)**	(813)
Net operating surplus	**4**	**2 682**	**2 686**	2 456
Net assets:				
Cash at bank	**86**	**12 810**	**12 896**	10 132
Payables	**-**	**(78)**	**(78)**	-
Net assets	**86**	**12 732**	**12 818**	10 132
Funds:				
Balance of funds at 1 July	**82**	**10 050**	**10 132**	7 676
Net receipts	**4**	**2 682**	**2 686**	2 456
Fund balance 30 June	**86**	**12 732**	**12 818**	10 132
Commitments in place at 30 June	**-**	**6 130**	**6 130**	1 234

38. Cash flow reconciliation

	2009	2008
Reconciliation of cash - cash at 30 June as per:	**$'000**	$'000
Statement of Cash Flows	**80 997**	80 284
Statement of Financial Position	**80 997**	80 284

Reconciliation of net cash (used in) provided by operating activities to net cost of providing service:

	2009	2008
Net cash provided by operating activities	**(866)**	1 378
Revenue from SA Government	**(188 234)**	(152 137)
Return to Consolidated Account	**10 500**	-
Add (Less): Non-cash items:		
Depreciation and amortisation	**(8 223)**	(9 240)
Loss on disposal of assets	**89**	(328)
Doubtful debts write off	**52**	6
Other non-cash items	**13**	323
Changes in assets/liabilities (net of restructure transfer):		
Increase in receivables	**4 741**	10 136
Decrease in inventories	**(75)**	(444)
Decrease in payables and provisions	**2 296**	24
Increase in employee benefits	**(2 585)**	(4 329)
Increase in other liabilities	**(2 067)**	(1 453)
Net cost of providing services	**(184 359)**	(156 064)

39. Financial instruments/financial risk management

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

	2009		2008	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets	**$'000**	**$'000**	$'000	$'000
Cash	**80 997**	**80 997**	80 284	80 284
Loans and receivables - at cost:				
Loans and receivables[1]	**7 511**	**7 511**	10 114	10 114
Investments - at cost:				
Other financial assets	**4 691**	**4 691**	4 691	4 691
Total financial assets	**93 199**	**93 199**	95 089	95 089
Financial liabilities				
Financial liabilities - at Cost:				
Payables[1]	**1 623**	**1 623**	1 673	1 673
Interest bearing liabilities	**1 325**	**1 325**	3 003	3 003
Total financial liabilities	**2 948**	**2 948**	4 676	4 676

(1) Amount of receivables and payables disclosed here excludes statutory receivables and payables (amounts owing from/to SA Government and GST input tax credit payable and recoverable). They are carried at cost.

Currently the Department does not hold any collateral as security to any of its financial assets. At reporting date, there is no evidence to indicate that any of the financial assets are impaired.

Ageing analysis of financial assets

	Past Due By			
	Overdue for less than 30 Days	**Overdue for 30-60 Days**	**Overdue for more than 60 Days**	**Total**
2009	**$'000**	**$'000**	**$'000**	**$'000**
Not impaired:				
Receivables	**5 502**	**780**	**1 229**	**7 511**
Other financial assets	**4 691**	**-**	**-**	**4 691**
Impaired:				
Receivables	**-**	**-**	**114**	**114**
Total financial assets	**10 193**	**780**	**1 343**	**12 316**
2008				
Not impaired:				
Receivables	8 053	449	1 411	9 913
Other financial assets	4 678	-	-	4 678
Impaired:				
Receivables	-	-	171	171
Total financial liabilities	12 731	449	1 582	14 762

Maturity analysis of financial assets and liabilities

	Contractual Maturities			
	Carrying amount	**Less than 1 year**	**1-5 years**	**More than 5 years**
2009	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets:				
Cash	**80 997**	**80 997**	**-**	**-**
Loans and receivables	**7 511**	**7 246**	**265**	**-**
Other financial assets	**4 691**	**4 691**	**-**	**-**
Total financial assets	**93 199**	**92 934**	**265**	**-**
Financial liabilities:				
Payables	**1 623**	**1 623**	**-**	**-**
Interest bearing liabilities	**1 325**	**1 325**	**-**	**-**
Total financial liabilities	**2 948**	**2 948**	**-**	**-**
2008				
Financial assets:				
Cash	80 284	80 284	-	-
Loans and receivables	10 114	9 094	477	543
Other financial assets	4 691	4 691	-	-
Total financial assets	95 089	94 069	477	543
Financial Liabilities:				
Payables	1 673	1 673	-	-
Interest bearing liabilities	3 003	2 657	207	139
Total financial liabilities	4 676	4 330	207	139

40. Events after balance date

At 30 June 2009 the Department had made decisions to discontinue certain business functions and services. These include winding down and closure on 30 September 2009 of the ACML and SASPAS laboratory services for seed sampling and testing, and closure of the Roseworthy Information Centre on the 2 October 2009.

41. Remuneration of Board and Committee members

Members that were entitled to receive remuneration during the 2008-09 financial year are listed below in the following summary table:

The number of members whose remuneration received or receivable falls within the following bands:	**2009 Number**	2008 Number
$0	**197**	223
$1 - $9 999	**158**	193
$10 000 - $19 999	**3**	7
$20 000 - $29 999	**2**	2
$30 000 - $39 999	**1**	2
$50 000 - $59 999	**2**	1
$80 000 - $89 999	**2**	-
$100 000 - $109 999	**1**	-
Total number of members	**366**	428

The 2008 comparative has been restated to remove expense reimbursement payments paid to members.

Remuneration of members reflects all costs of performing Board/Committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was $701 987 ($543 953).

Amounts paid to a superannuation plan for members was $20 212 ($25 082).

Membership details of the Boards/Committees that transferred to the Department of Planning and Local Government have been excluded from the 2009 figures in the table above. Remuneration paid to members of these Committees while they were the responsibility of the Department was $79 710 and amounts paid into superannuation plans for those members was $6794. Membership details of the transferred Department of Planning and Local Government Boards and Committees is now presented in the Department of Planning and Local Government financial statements.

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

* Members retired during the year.

Advisory Board of Agriculture

Baldock H L
Correll Y A
Dennis M
Ferme N W
Konzag R B
Loffler A R
Meissner A D
Murdoch R G
Pledge S R
Ridgway J E
Rose P F
Teakle L M*
Walter V L
Wheaton P
Wilksch T J
Maddocks S*
Rathjen A
Colliver P H
Knight G R
Lewis R K

Aquaculture Tenure Allocation Board

Hill M K
Davis G*
Bradsen J
Vanco J*
Gillanders B M
O'Loughlin J M
Prince D A
Rigg C L

Board of Examiners for Mine Managers

Coker J J
Farley R*
Van Leuven MA
Reynolds P J
Marshall G

Deer Advisory Group

Barnes K A*
Delaine M J
Morley J R
Phillips J M
Stevens M S
Thonard J*
Varcoe J R
Schulz J L
Tuckwell C D
Stott L
Van Wijk J

41. Remuneration of Board and Committee members (continued)

Goat Advisory Group

Lauterbach P C	Nolan R S
Evans C*	Stokes A E
Carter L Z	Van Stavernen K A
Gossip A J L	

Alpaca Advisory Group

Bentley J H*	Warland SL
Gouldie T A*	Sadler L
Lang R A	Peters M
Porter J R	Mossop W
Pridham L*	

Aquaculture Advisory Committee

Carthew S M*	Stehr H
Jeffriess B C	Zeidler W
Marshall J R	Zippel B L
Mitchell M P	Stone S*
Nowak B F	Nightingale I*
Pedler F W	Dolan P

Beverley Environmental Consultative Committee

Dickman V	Whitworth T
Caplygin S	Power N
Nominee (Heathgate Resources)	Taylor M
Baldry K	Heithersay P S

Brukunga Minesite Remediation Board

MacDonald H C	Stuart A
MacDonald R A	Jenke E C
Vincent C	Tyne E D
Johnson D	

GM Crops Advisory Committee

Baldock H L	Annison G
Bowden M S	Spranz U B
Cummins L K	Kemp N
Harvey H M	Cornish J G
Levy J A W	Masters G A
Richards R H	

Barley Exporting Advisory Committee

Andrew J N	Murdoch S K
Coldrey M E	Roberts K
Cooper C S	Treloar P A
Hill J H L	

Horse Industry Advisory Group

Haynes R H	Rolton G
Horridge P S	Hale S
Fieldler J	Dickason C
Hunt A*	Baltussen M K
Toole B J*	Arnott JA

Resources Industry Development Board

Carter D N	Yeeles R
Goldsworthy E R	Carr P F
Gould I G	Agius A
Roberts J B	Yates K R
Guglielmo T	Heithersay P S
McKenzie G (Finlaysons Law Firm)	McMillen IC

Mining Act Review Steering Group

Vincent C	Mills L
Austin S	Moyle D
Beckworth A	Roberts J
Dalton P	Windle B
Freeman P	Tyne ED

41. Remuneration of Board and Committee members (continued)

PIRSA Risk and Audit Committee

Cooper C S*
Blencowe S G M
Mooney P
Montgomerie H
Zacharin W*
Heithersay P S
Archer S J

SA Meat Food Safety Advisory Committee

Ackland T M
Kidman S A
Knoll F P
Lloyd M J*
Marinos M C
Martin G L
Pedler B J*
Robinson J O
Wedd R B
Zammit L O
Wintulich J H*
Jenkins F
Wayne E*
Sandercock P
Hindson D*
Rock M
Sharman A
Raven G D
Wigg A P
Smith G R
Bourne S L

SA Fisheries Research Advisory Board

Jeffriess B C
Pennington R T
Nightingale I*
Doroudi M
Zacharin W
Cheshire A
Montgomerie H
Gillanders B M

Horticulture Industry Development Board

Cox J B
Demasi A
Walker C J
Warhurst E A
Fraser M B
Stafford C R
Tobin P J
Zerella C D
Ross J
Mooney P A

Olympic Dam Community Consultative Forum

Baldry K
Whitworth T
Yeeles R
Brake L
Farrow M
Forbes M
Ludby N
McGrath I
Mitchell M
Oag D
Harris F
Walsh S
Wilson G
Heithersay PS

Olympic Dam Environmental Consultative Committee

Palmer G
Caplygin S
Power N
Yeeles R
Forbes M
Harris F
Laird A
Lock E
Reilly P
Heithersay P S

Rural Solutions SA Board

Cooper C S
Filby S M
Hills D G W
Goodes W T
Sneddon Y
Knight G R*
McLaren L D M*
Young E M*
Archer S J

Strathalbyn Community Consultative Committee

Irwin C W
Brazzalotto B
Currie J
Davis B
Farrier M
Jettner S
Murphy K
Rusby T
Pederick A
Riches T*
Twartz R
Woolford A
Karrangis F
Sheldon T

Yumbarra Ministerial Advisory Committee

Moyle D W

Forest Industry Development Board

Barnett C J
Bull L M
Dunstone A S
Peterson C
Pinder L K
McCormack R J
Fargher J D

41. Remuneration of Board and Committee members (continued)

Animal Ethics Committee

Craven E	Baker R
McNicholl J E	Jones D
Bartlett D B	Glatz P
Cooper J G	Hocking-Edwards J
Henderson W R	Lewis P
McGrath K	Wyatt S

Fish Council of SA

Cooper C S	Pennington R T
Deane C H	Sherriff R J
Evans B J	Watts T J
McShane P E	Wright L
Morison J B	Zacharin W

Horticulture Plant Health Consultative Committee

Demasi A	Hannay J
Fuller G C	Nguyen M*
Armstrong I L	Ranford T
Dalwood G W	Sparnon I
Cartwright D	Nankivell A
Chown M	Redmond M L
Feutrill C	Green A S

Horticulture Industry Charges Panel

Dalwood G W	Ranford T M
Potts C J	Scalzi P G
Singer A J	Redmond M L
Stepien E A	Green A S
Hathaway S L	

FarmBis III State Planning Group

Fell L A*	Walker C J*
Jericho D G*	Tegan S*
Murphy K E*	

Rural Assistance Appeals Committee

Davison W M	Hollands D J
Hylton-Keele L	

Brunkunga Technical Advisory Group

Williams D	Brett D (GHD P/L)
Dr Taylor J (Earth Systems)	O'Kane M (O'Kane Consulting)
Scott P (ENSR Australia P/L)	

Resources & Energy Sector Infrastructure Council

Guglielmo T	Kuchel J
Carter B	Nelson R
Dowd P	Robert J
Garrand R	Umlauff H
Hallion J	White J
Hook R	Wilkes M
Hunt G*	Heithersay P S
Jenkins R	

Eyre Peninsula Farming System Board

Kulmann P	Hunt E
Dunn M	Lymn C
Heddle B	James CR & EL
Cronin B	Willmott D
Bates A	

Beef Industry Development Board

Bainger M T C	Bell A K
Buckley A L	Ogilvie A D
Zammit L O	Maddocks S
Maguire T	Treloar B G A
Umberger W J	Smith G R

41. Remuneration of Board and Committee members (continued)

Pork Industry Development Board

Hamann R K
McLean L N
Parish I G W
Starick S R
Lewis B
Hampel G T
McMahon J
Sapwell C M
Burford L K

Extractive Areas Rehabilitation Fund Project Assessment Panel

Lello D M*
O'Neill H E
Marshall G
Falland S G
Linou S A
Miller C M
Whiffen P
Crimes A
Heithersay P S

Sheep Industry Development Board

Amey L J
Dalla H M V
Ryan B G
Wedd R B
Maddocks S
Blake M L
Pfeiffer I G
Stephan C R
Tegen S
Black Sheep Meat Co. (Gunner L)

Dairy Industry Development Board

Basham D K B
Gilbert G J
Lloyd K
Pfeiffer J L
Ewing V
Kourou A G
MacDonald V F
Scott A R*

Statement of Administered Comprehensive Income
for the year ended 30 June 2009

	Note	**2009**	2008
		$'000	$'000
EXPENSES:			
Employee benefits cost	A4	**815**	1 695
Supplies and services	A5	**1 264**	4 628
Depreciation	A6	**60**	162
Grants and subsidies	A7	**59 515**	179 098
Levies payments	A8	**841**	573
Payment of Royalties to Consolidated Account		**152 413**	143 049
Other expenses	A9	**2 179**	2 895
Total expenses		**217 087**	332 100
INCOME:			
Revenue from fees and charges	A11	**21 333**	36 971
Advances and grants	A12	**37 231**	143 912
Interest revenue		**716**	2 185
Levies collection	A13	**955**	697
Royalties	A16	**152 413**	143 004
Sale of goods		**3**	6
Net gain from disposal of assets	A14	**-**	30
Other income	A15	**2 333**	1 902
Total income		**214 984**	328 707
NET COST OF PROVIDING SERVICES		**(2 103)**	(3 393)
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:			
Revenues from SA Government	A17	**4 699**	5 543
Payments to SA Government	A17	**(26)**	-
NET RESULT		**2 570**	2 150
OTHER COMPREHENSIVE INCOME			
Changes in property, plant and equipment asset revaluation reserve		**(2 809)**	1 839
TOTAL COMPREHENSIVE RESULT		**(239)**	3 989

Net result and comprehensive result are attributable to the SA Government as owner

Statement of Administered Financial Position
as at 30 June 2009

	Note	2009	2008
		$'000	$'000
CURRENT ASSETS:			
Cash	A18	**34 793**	53 752
Receivables	A19	**972**	816
Inventories	A20	**-**	20
Total current assets		**35 765**	54 588
NON-CURRENT ASSETS:			
Land acquired under planning strategies	A21	**-**	3 478
Property, plant and equipment	A22	**-**	3 774
Total non-current assets		**-**	7 252
Total assets		**35 765**	61 840
CURRENT LIABILITIES:			
Payables	A23	**18 919**	25 308
Employee benefits	A24	**-**	92
Other current liabilities	A24	**95**	54
Total current liabilities		**19 014**	25 454
NON-CURRENT LIABILITIES:			
Payables	A23	**-**	12
Employee benefits	A25	**-**	128
Total non-current liabilities		**-**	140
Total liabilities		**19 014**	25 594
NET ASSETS		**16 751**	36 246
EQUITY:			
Retained earnings	A26	**16 751**	33 437
Asset revaluation reserve	A26	**-**	2 809
TOTAL EQUITY		**16 751**	36 246

Total Equity is attributable to the SA Government as owner

Unrecognised contractual commitments	A28
Contingent assets and liabilities	A29

Statement of Administered Changes in Equity
for the year ended 30 June 2009

	Note	Asset revaluation reserve $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2007		970	31 498	32 468
Net result for 2007-08		-	2 150	2 150
Gain on revaluation of property during 2007-08		1 839	-	1 839
Total comprehensive result for 2007-08		1 839	2 150	3 989
Transactions with SA Government as owner				
Balance at 30 June 2008		2 809	33 648	36 457
Prior period correction	A2	-	(211)	(211)
Restated balance at June 2008		2 809	33 437	36 246
Net Result for 2008-09		-	2 570	2 570
Revaluation reserve adjustment as a result of administrative restructure	A27	(2 809)	-	(2 809)
Total comprehensive result for 2008-09		(2 809)	2 570	(239)
Transactions with SA Government as owner				
Net assets transferred as a result of an administrative restructure	A27	-	(19 256)	(19 256)
Balance at 30 June 2009		**-**	**16 751**	**16 751**

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

Statement of Administered Cash Flows
for the year ended 30 June 2009

	Note	2009 Inflows (Outflows) $'000	2008 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Employee benefit payments		**(855)**	(1 614)
Supplies and services		**(373)**	(4 861)
Grants and subsidies		**(59 745)**	(178 756)
Payment of royalties to Consolidated Account		**(158 445)**	(141 031)
Levy payments		**(841)**	(573)
Other payments		**(2 729)**	(2 778)
Cash used in operations		**(222 988)**	(329 613)
CASH INFLOWS:			
User fees and charges		**21 448**	37 373
Sale of goods		**3**	6
Advances and grants		**37 253**	143 684
Interest received		**862**	2 145
Levy collections		**955**	697
Royalties		**152 413**	143 410
Other receipts		**2 331**	1 880
Cash generated from operations		**215 265**	329 195
CASH FLOWS FROM (PAYMENTS TO) SA GOVERNMENT:			
Receipts from SA Government		**4 699**	5 543
Payments to SA Government		**(26)**	-
Cash generated from SA Government		**4 673**	5 543
Net cash (used in) provided by operating activities	A30	**(3 050)**	5 125
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of property, plant and equipment		**(46)**	(389)
Cash used in investing activities		**(46)**	(389)
CASH INFLOWS:			
Proceeds from the sale of property, plant and equipment		**-**	41
Cash generated from investing activities		**-**	41
Net cash used in investing activities		**(46)**	(348)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Repayment of borrowings		**-**	(37)
Payments from restructuring activities		**(15 863)**	-
Cash used in financing activities		**(15 863)**	(37)
Net cash used in financing activities		**(15 863)**	(37)
NET (DECREASE) INCREASE IN CASH		**(18 959)**	4 740
CASH AT 1 JULY		**53 752**	49 012
CASH AT 30 JUNE	A18	**34 793**	53 752

Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2009

	2009						
(Activities - refer Note A3)	1	2	3	4	5	6	7
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
EXPENSES:							
Employee benefits and costs	-	-	-	-	-	-	-
Supplies and services	8	35	43	59	18	16	45
Depreciation and amortisation	-	-	-	-	-	-	-
Grants and subsidies	10	531	413	350	250	274	180
Levies payments	-	-	-	-	-	-	-
Royalties payments	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-
Total expenses	18	566	456	409	268	290	225
INCOME:							
Revenue from fees and charges	52	707	541	591	212	251	299
Advances and grants	-	-	-	-	-	-	-
Interest revenues	3	17	8	12	10	7	5
Levies collection	-	-	-	-	-	-	-
Royalties	-	-	-	-	-	-	-
Sale of goods and services	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
Total income	55	724	549	603	222	258	304
Net cost of providing services	(37)	(158)	(93)	(194)	46	32	(79)
Revenue from government	-	-	-	-	-	-	-
Payments to government	-	-	-	-	-	-	-
NET RESULT	37	158	93	194	(46)	(32)	79

	2009						
(Activities - refer Note A3)	8	9	10	11	12	13	14
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
EXPENSES:							
Employee benefits and costs	4	-	-	-	-	1	-
Supplies and services	6	6	508	-	3	14	2
Depreciation and amortisation	-	-	-	-	-	-	-
Grants and subsidies	23	141	11 760	4	-	662	-
Levies payments	-	-	-	630	-	-	-
Royalties payments	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-
Total expenses	33	147	12 268	634	3	677	2
INCOME:							
Revenue from fees and charges	230	128	12 348	-	1	291	1
Advances and grants	-	-	-	-	-	-	-
Interest revenues	116	1	-	6	-	90	6
Levies collection	-	-	-	808	-	-	-
Royalties	-	-	-	-	-	-	-
Sale of goods and services	-	-	-	-	-	-	-
Other revenue	-	-	21	-	-	197	-
Total income	346	129	12 369	814	1	578	7
Net cost of providing services	(313)	18	(101)	(180)	2	99	(5)
Revenue from government	-	-	-	-	-	-	-
Payments to government	-	-	-	-	-	-	-
NET RESULT	313	(18)	101	180	(2)	(99)	5

Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2009 (continued)

2009							
(Activities - refer Note A3)	15	16	17	18	19	20	21
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
EXPENSES:							
Employee benefits and costs	27	-	-	-	-	-	-
Supplies and services	90	6	101	3	-	-	-
Depreciation and amortisation	-	-	-	-	-	-	-
Grants and subsidies	1 341	214	576	37	1 969	3 150	-
Levies payments	-	-	-	-	-	-	-
Royalties payments	-	-	-	-	-	-	152 413
Other expenses	-	-	-	-	-	-	-
Total expenses	1 458	220	677	40	1 969	3 150	152 413
INCOME:							
Revenue from fees and charges	2 913	190	522	23	2 005	-	-
Advances and grants	-	-	-	-	15	-	-
Interest revenues	300	7	20	11	17	-	-
Levies collection	-	-	-	-	-	-	-
Royalties	-	-	-	-	-	-	152 413
Sale of goods and services	-	-	-	-	-	-	-
Other revenue	-	-	-	-	1	-	-
Total income	3 213	197	542	34	2 038	-	152 413
Net cost of providing services	(1 755)	23	135	6	(69)	3 150	-
Revenue from government	-	-	-	-	-	3 176	-
Payments to government	-	-	-	-	-	-	-
NET RESULT	1 755	(23)	(135)	(6)	69	26	-

2009						
(Activities - refer Note A3)	22	23 (1)	24 (1)	25 (1)	26 (2)	**Total**
	$'000	$'000	$'000	$'000	$'000	**$'000**
EXPENSES:						
Employee benefits and costs	482	-	166	135	-	**815**
Supplies and services	32	-	244	25	-	**1 264**
Depreciation and amortisation	-	-	60	-	-	**60**
Grants and subsidies	-	1 269	119	36 242	-	**59 515**
Levies payments	211	-	-	-	-	**841**
Royalties Payments	-	-	-	-	-	**152 413**
Other expenses	2 179	-	-	-	-	**2 179**
Total expenses	2 904	1 269	589	36 402	-	**217 087**
INCOME:						
Revenue from fees and charges	24	-	4	-	-	**21 333**
Advances and grants	-	340	328	36 548	-	**37 231**
Interest revenues	-	15	3	62	-	**716**
Levies collection	147	-	-	-	-	**955**
Royalties	-	-	-	-	-	**152 413**
Sale of goods and services	3	-	-	-	-	**3**
Other revenue	2 033	-	81	-	-	**2 333**
Total income	2 207	355	416	36 610	-	**214 984**
Net cost of providing services	697	914	173	(208)	-	**2 103**
Revenue from government	510	1 013	-	-	-	**4 699**
Payments to government	-	-	-	-	(26)	**(26)**
NET RESULT	(187)	99	(173)	208	(26)	**2 570**

(1) Transferred to DPLG = Department of Planning and Local Government.

(2) During the year the Gulf of St Vincent Prawn Fisheries Levy Fund was closed and the residual funds held in the account were returned to Consolidated Revenue.

NOTES TO AND FORMING PART OF THE ADMINISTERED ITEMS FINANCIAL STATEMENTS

A1. Summary of significant accounting policies

Department of Primary Industries and Resources accounting policies are contained in Note 2. The Policies in Note 2 apply to both the controlled and administered financial statements.

A2. Effect of changes in accounting policies, changes in accounting estimates and errors

During 2008-09 ($211 000) of prior period adjustments were recognised in the Statement of Comprehensive Income. AASB 108 requires that these be recognised retrospectively by restating opening balances.

A3. Administered funds of the Department

The Activity Schedule provides details of expenses and revenues applicable to the administered funds of the Department.

Information about the Department's administered funds is set out below.

Activity 1: Clare Valley Wine Industry Fund

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

Activity 2: Barossa Wine Industry Fund

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

Activity 3: SA Grape Growers Industry Fund

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

Activity 4: Eyre Peninsula Grain Growers Rail Fund

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

Activity 5: Adelaide Hills Wine Industry Fund

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

Activity 6: McLaren Vale Wine Industry Fund

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

Activity 7: Rock Lobster Fishing Industry Fund

The fund was established under the *Primary Industry Funding Schemes Act 1998* on 19 June 2008. The primary purposes of the Fund are to collect industry funds for use by industry organisations to implement or facilitate research projects, industry development and management projects, and marketing projects for the benefit of the rock lobster fishing industry, in accordance with the strategic plan developed by the South Australian Rock Lobster Advisory Council Incorporated.

Activity 8: SA Pig Industry Fund

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

Activity 9: Citrus Growers Fund

The fund was established under the *Primary Industry Funding Schemes Act 1998* on 20 October 2005. The primary purposes of the Fund are to collect industry funds for use by industry organisations to undertake or facilitate research and development and encourage communication and co-operation between participants in the citrus industry.

Activity 10: Fisheries Research & Development Fund

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

Activity 11: Grains Industry Levy Fund

Two voluntary levies are collected from grain producers under the *Commonwealth Wheat Marketing Act 1989*. A five-cent levy is collected and returned quarterly to the South Australian Farmers Federation. A sixteen-cent levy is collected and returned quarterly to the South Australian Grains Industry Trust Fund.

Activity 12: Olive Industry Fund

The fund was established under the *Primary Industry Funding Schemes Act 1998* on 26 February 2009. The primary purposes of the Fund are to collect industry funds for use by industry organisations to undertake market development, branding and promotion activities, to facilitate research and development, and to promote the South Australian olive industry or olive products.

Activity 13: SA Cattle Industry Fund

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

Activity 14: Deer Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 29 August 2002. The primary purposes of the Fund are to undertake programs relating to deer, deer products or any other aspect of the deer industry, and payment of compensation and other amounts in line with Regulations.

Activity 15: SA Sheep Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998*. The purposes of the Fund are to make financial assistance or ex gratia payments to farmers in line with the Regulations, undertake projects as recommended by the South Australian Sheep Advisory Group (SASAG) and provide contributions to the Dog Fence Board towards the maintenance or improvement of the dog-proof fence.

Activity 16: Langhorne Creek Wine Industry Fund

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

Activity 17: Riverland Wine Industry Fund

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

Activity 18: SA Apiary Industry Fund

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

Activity 19: Aquaculture Resource Management Fund

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

Activity 20: ForestrySA Community Service Obligations

The Department receives appropriation to make payment to ForestrySA representing Community Service Obligations for the provision of management of native forests for biodiversity conversation, community use of forest reserves, forest research programs and provision of community fire protection services near the forest reserves.

Activity 21: Royalties

The Department receives royalties levied on minerals and petroleum production on behalf of the State Government. The royalties received are deposited into the Consolidated Account.

Activity 22: Other Funds

This is the total of all other administered funds including the payment of the Minister's salary and allowances, and production receipts from companies for forwarding to native title claimants.

A3. Administered funds of the Department (continued)

The following administered funds were transferred to the Department of Planning and Local Government during the year, but recorded revenues and expenditure prior to their transfer.

Activity 23: Local Government Taxation Equivalents Fund

The Fund was established under the *Local Government Finance Authority Act 1983*, and requires the Local Government Finance Authority of South Australia to make taxation equivalents payments into the Fund. Moneys from the fund are applied for local government development purposes.

Activity 24: Outback Areas Community Development Trust

The Fund was established under the *Outback Areas Community Development Trust Act 1978*. The Trust is recognised as a local government authority by the South Australian Local Government Grants Commission and, as such, receives an annual grant allocation from the Commission.

Activity 25: SA Local Government Grants Commission

The Fund was established under the *South Australian Local Government Grants Commission Act 1992*. The primary purposes of the Fund are to distribute untied Commonwealth Local Government Financial Assistance Grants to South Australian Local Government authorities. The Commission's operating costs are predominantly funded by State Parliamentary appropriations.

The following administered funds were discontinued during the year:

Activity 26: Gulf of St Vincent Prawn Fishery Levy

This fund was established for the purpose of facilitating transactions associated with the voluntary buy-back of Prawn Fishery Licences in the Gulf of St Vincent under the Fisheries (*Gulf St Vincent Prawn Fishery Rationalisation) Act 1987*.

A4. Employee benefits costs

	2009	2008
	$'000	$'000
Salaries and wages	**719**	1 385
Annual leave	**19**	66
Long service leave	**7**	49
Employment on-costs - superannuation	**23**	71
Employment on-costs - other	**15**	45
Board fees	**32**	79
Total employee benefits costs	**815**	1 695

Remuneration of employees

The number of employees whose total remuneration received or receivable falls within the following bands:	**2009 Number**	2008 Number
$110 000 - $119 999	**-**	1
Total number of employees	**-**	1

Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. One employee in receipt of remuneration of $100 000 or more for the year 2008 ($112 000), applied to an executive position in the SA Local Government Grants Commission, which has transferred as part of the restructure to the Department of Planning and Local Government.

The above table of 'Remuneration of employees' categorised by the number of executive and non-executive employees is provided below:	**2009 Number**	2008 Number
Executive	**-**	1
Total number of employees	**-**	1

A5. Supplies and services

	2009	2008
Supplies and services provided by entities within the SA Government:	**$'000**	$'000
Professional and technical services[(1)]	**108**	1 897
Utility and property costs	**1**	51
Computing and communications costs	**3**	13
Vehicle and equipment operating costs	**-**	3
Operating lease costs	**5**	38
Total supplies and services - SA Government entities	**117**	2 002
Supplies and services provided by entities external to the SA Government:		
Professional and technical services	**535**	1 567
Administrative and operating costs	**473**	542
Utility and property costs	**82**	398
Computing and communications costs	**7**	24
Travel	**24**	49
Vehicle and equipment operating costs	**14**	26
Staff development and safety	**12**	20
Total supplies and services - non-SA Government entities	**1 147**	2 626
Total supplies and services	**1 264**	4 628

A5. Supplies and services (continued)

(1) Includes audit fees paid/payable to the Auditor-General (refer Note A10.) Also includes consultancies costs which are further broken down below.

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	**2009 Number**	**2009 $'000**	2008 Number	2008 $'000
Between $10 000 and $50 000	**-**	**-**	1	47
Total paid / payable to the consultants engaged	**-**	**-**	1	47

A6. Depreciation and amortisation expense

Depreciation and amortisation:	**2009 $'000**	2008 $'000
Plant and equipment	**15**	48
Buildings and infrastructure	**14**	31
STED systems	**31**	83
Total depreciation and amortisation expense	**60**	162

A7. Grants and subsidies

Grants and subsidies paid/payable to entities within the SA Government:		
The major grant programs paid to entities within the SA Government:		
Planning and Development Fund	**-**	725
SA Grape Growers Industry Fund	**173**	305
Eyre Peninsula Grain Growers	**350**	401
Pig Industry Fund	**23**	10
Fisheries Research and Development Fund	**11 065**	10 897
Grain Industry levy	**4**	(1)
Cattle Industry Fund	**633**	476
Sheep Industry Fund	**1 208**	1 077
Apiary Industry Fund	**37**	5
Aquaculture Resource Management Fund	**1 007**	1 066
West Beach Trust	**-**	952
Outback Areas Community Development Trust	**-**	8
ForestrySA - Community Service Obligation payment	**3 150**	3 081
Total grants and subsidies - SA Government entities	**17 650**	19 002
Grants and subsidies paid/payable to entities external to the SA Government:		
The major grant programs paid to entities external to the SA Government:		
Planning and Development Fund	**-**	13 079
Barossa Wine Industry Fund	**531**	-
SA Grape Growers Industry Fund	**240**	-
Adelaide Hills Wine Industry Fund	**250**	160
McLaren Vale Wine Industry Fund	**274**	205
Rock Lobster Fishing Industry Fund	**180**	-
Pig Industry Fund	**-**	9
Citrus Growers Fund	**141**	171
Fisheries Research & Development Fund	**694**	706
Cattle Industry Fund	**29**	80
Sheep Industry Fund	**132**	190
Langhorne Creek Wine Industry Fund	**214**	146
Riverland Wine Industry Fund	**576**	410
Aquaculture Resource Management Fund	**962**	846
Office of Local Government Administered Items	**1 269**	1 654
Outback Areas Community Development Trust	**119**	651
SA Local Government Grants Commission	**36 242**	141 789
Other industry funds	**12**	-
Total grants and subsidies - non-SA Government entities	**41 865**	160 096
Total grants and subsidies	**59 515**	179 098

A8. Levies payments

Commonwealth levy payments	**630**	486
Organisation for Economic Cooperation and Development Report levy	**211**	87
Total levy payments	**841**	573

A9. Other expenses

Other expenses paid/payable to entities external to the SA Government:		
Native Title - royalty payments	**2 179**	1 317
Planning fees	**-**	1 512
Other	**-**	66
Total other expenses	**2 179**	2 895

A10. Auditor's remuneration

	2009 $'000	2008 $'000
Audit fees paid/payable to the Auditor-General's Department	**61**	114
Total auditor's remuneration	**61**	114

Other services

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

A11. Revenue from fees and charges

	2009 $'000	2008 $'000
User charges and fees received/receivable from entities within the SA Government:		
Planning related fees	**-**	346
Consultancy and service	**-**	20
Total fees and charges - SA Government entities	**-**	366
User charges and fees received/receivable from entities external to the the SA Government:		
Planning and development fees	**-**	14 892
Industry contribution	**7 636**	6 982
Fishing licences	**11 227**	11 386
Other fees and levies	**2 388**	3 293
Other	**82**	52
Total fees and charges - non-SA Government entities	**21 333**	36 605
Total fees and charges	**21 333**	36 971

A12. Advances and grants

	2009 $'000	2008 $'000
Commonwealth grants	**36 774**	142 201
Industry grants	**340**	1 465
Intra-government transfer	**117**	246
Total advances and grants	**37 231**	143 912

A13. Levies collection

	2009 $'000	2008 $'000
Commonwealth levy collection	**808**	540
Organisation for Economic Cooperation and Development Report levy collection	**147**	157
Total levies collection	**955**	697

A14. Net gain (loss) from the disposal of assets

	2009 $'000	2008 $'000
Land and buildings:		
Proceeds from disposal	**-**	41
Netbook value of assets disposed	**-**	-
Net gain from disposal of land and buildings	**-**	41
Water, sewerage and drainage:		
Proceeds from disposal	**-**	-
Net book value of assets disposed	**-**	(11)
Net loss from disposal of plant and equipment	**-**	(11)
Total assets:		
Total proceeds from disposal	**-**	41
Total value of assets disposed	**-**	(11)
Total net gain from disposal of assets	**-**	30

A15. Other income

	2009 $'000	2008 $'000
Other income received/receivable from entities external to SA Government:		
Reimbursements/recoveries	**259**	145
Reduction in provision for doubtful debts	**1**	-
Fair value of assets acquired free of charge	**-**	8
Native Title - royalty receipts(2)	**2 034**	1 602
Other	**39**	147
Total other income (1)	**2 333**	1 902

(1) Includes revenues from SA Government entities totalling less than $100 000.

(2) Royalties are received from producers party to Native Title agreements. The revenue received is subsequently paid to claimants (refer Note A9). The revenue has been separately disclosed together with its 2008 comparative due to its materiality.

A16. Royalties

	2009 $'000	2008 $'000
Royalties	**152 413**	143 004
Total royalties received from non-SA Government entities	**152 413**	143 004

A16. Royalties (continued)

Royalty revenue relates to minerals and petroleum production and are collected pursuant to the *Roxby Downs (Indenture Ratification) Act 1982*, *Whyalla Steel Works Act 1982, Mining Act 1971* and the *Petroleum Act 2000*. Royalty revenue for the year comprised:

	2009 $'000	2008 $'000
Minerals production	**84 766**	73 456
Petroleum production	**67 647**	69 548
Total royalties received from non-SA Government entities	**152 413**	143 004

A17. Revenues from SA Government

	2009	2008
Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the *Appropriation Act*(1)	**4 189**	4 794
Reimbursements received for Parliamentary salaries and expense allowances	**510**	749
Total revenues from SA Government	**4 699**	5 543
Payments to SA Government		
Other payments to the Consolidated Account(2)	**(26)**	-
Total payments to SA Government	**(26)**	-
Total revenues from Government	**4 673**	5 543

(1) The Department receives appropriation for its administered funds in accordance with the *Appropriation Act* for the financial year. Appropriation is received for forestry related community service obligations that are delivered by ForestrySA and for Parliamentary salaries and electorate expense allowances. In 2008, and in respect of the administered entities of Planning SA and the Office for State/Local Government Relations the appropriation was received into special deposit accounts and subsequently paid across as an intra-government transfer to each fund controlled by those administrative units, these include the Outback Areas Community Development Trust, Local Government Grants Commission and West Beach Trust.

(2) During the year the Gulf of St Vincent Prawn Fisheries Levy Fund was closed and the residual funds held in the account were returned to Consolidated Revenue.

A18. Cash

	2009 $'000	2008 $'000
Deposits with the Treasurer	**34 793**	53 752
Total cash	**34 793**	53 752

Interest rate risk

Cash on hand is non-interest bearing. Deposits at call and with the Treasurer are bearing a floating interest rate between 2.99 percent and 7.10 percent. The carrying amount of cash and cash equivalents approximates fair value.

A19. Receivables

	2009 $'000	2008 $'000
Current:		
Receivables	**898**	616
Allowance for doubtful debts	**(7)**	(8)
	891	608
Accrued interest on deposits	**34**	180
Other accrued revenue	**47**	28
	81	208
Total current receivables	**972**	816
Total receivables	**972**	816
Receivables from SA Government entities:		
Receivables	**55**	-
Accrued interest revenues	**34**	180
Total receivables from SA Government entities	**89**	180
Receivables from non-SA Government entities:		
Receivables	**836**	608
Other accrued revenues	**47**	28
Total receivables from non-SA Government entities	**883**	636
Total receivables	**972**	816

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the provision for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. In addition, there is no concentration of credit risk.

Allowance for doubtful debts

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

	2009	2008
	$'000	$'000
Carrying amount at 1 July	**8**	16
Amounts written off	**-**	8
Carrying amount at 30 June	**8**	8

Bad and doubtful debts

The Department has not recognised a change in its bad and doubtful debt expense in the Statement of Comprehensive Income, and no debts were written off during the year. AASB 139 requires that there be objective evidence of impairment before an allowance for loss can be recognised.

A20. Inventories

	2009	2008
Current inventories	**$'000**	$'000
Other inventories:		
Raw materials and stores (at the lower of cost and realisable value)	**-**	20
Total inventories	**-**	20

A21. Land acquired under planning strategies

Land	**-**	3 478
Total land held under planning strategies	**-**	3 478

2008:

The Planning and Development Fund operates under the *Development Act 1993* and provides a means for the Government to implement open and public space programs and urban regenerations programs across South Australia pursuant to planning strategy. Land acquired by the fund is not held as a fixed property asset in the furtherance of the business operations of the Fund. The land may be transformed to open space and public use, undergo remediation or be returned to Crown land. The land is periodically revalued. The last valuation was undertaken as at 30 June 2008. The land may be vested to other State or Local Government authorities for future management or it may be sold on the open market.

Reconciliation of land acquired under planning strategies	**2009**	2008
The following table shows the movement of land during 2008-09:	**$'000**	$'000
Carrying amount at 1 July	**3 478**	2 576
Disposal through restructuring [(2)]	**(3 478)**	-
Revaluation increment [(1)]	**-**	902
Carrying amount at 30 June	**-**	3 478

(1) During 2007-08 the land holdings were reviewed and revalued to fair value as at 30 June 2008 by Liquid Pacific Pty Ltd (refer Note A22).

(2) the carrying value of assets of the administered entities of the Department of Planning and Local Government were transferred during the year. Refer Note 2(d) and Note A27.

A22. Property, plant and equipment

	2009	2008
Land and buildings:	**$'000**	$'000
Land at fair value	**-**	15
Buildings and infrastructure at fair value	**-**	1 491
Accumulated depreciation	**-**	(22)
Total land and buildings	**-**	1 484
Water, sewerage and drainage:		
Water, sewerage and drainage assets at fair value	**-**	1 884
Total water, sewerage and drainage	**-**	1 884
Plant and equipment:		
Plant and equipment at fair value	**-**	361
Accumulated depreciation	**-**	(136)
Work in progress	**-**	181
Total plant and equipment	**-**	406
Total property, plant and equipment	**-**	3 774

Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during 2008-09:

	Land $'000	Buildings and Infra-structure $'000	Water Sewerage and Drainage $'000	Plant and Equipment $'000	Construct-ions and WIP $'000	**2009 Total $'000**
Carrying amount 1 July	15	1 469	1 884	409	181	**3 958**
Fisheries research and development fund (1)	-	-	-	(184)	-	**(184)**
Carrying amount at 1 July after prior period correction	15	1 469	1 884	225	181	**3 774**
Additions	-	-	-	-	2	**2**
Transfer between asset classes	-	-	-	184	(184)	**-**
Depreciation/amortisation expense	-	(14)	(31)	(15)	-	**(60)**
Assets acquired free of charge	-	-	-	-	-	**-**
(Disposal)/acquisition through restructuring (2)	(15)	(1 455)	(1 853)	(394)	1	**(3 716)**
Carrying amount at 30 June	-	-	-	-	-	**-**

(1) 2008 comparative restated for the transfer of compliance (surveillance) equipment to the controlled financial statements. The assets were recognised as administered during the conduct of a performance trial.

(2) The carrying value of assets of the administered entities of the Department of Planning and Local Government were transferred during the year. Refer Notes 2(d) and A27.

Valuation of land and water, sewerage and drainage assets

During 2007-08 land, buildings and infrastructure were reviewed and revalued to fair value as at 30 June 2008 in accordance with AASB 116. Valuations comprised independent valuations received from Liquid Pacific Pty Ltd who valued the Department's assets located in the metropolitan and near country areas and Maloney Field Services who valued the Department's assets located in the remote communities managed by the Outback Areas Community Development Trust.

The valuer arrived at fair value based on recent market transactions for similar land, buildings and infrastructure in the area taking into account zoning and restricted use.

Impairment

There were no indications of impairment of property, plant and equipment, infrastructure and intangible assets at 30 June 2009.

Resources received free of charge

Nil.

A23. Payables

	2009 $'000	2008 $'000
Current:		
Creditors	**334**	473
Accrued expenses	**787**	1 659
Employment on-costs	**-**	16
Royalties payable to the Consolidated Account	**15 838**	21 870
Other	**1 960**	1 290
Total current payables	**18 919**	25 308
Non-Current:		
Employment on-costs	**-**	12
Total non-current payables	**-**	12
Total payables	**18 919**	25 320

Government/non-Government payables

Payables to SA Government entities:		
Accrued expenses	**320**	795
Royalties	**15 838**	21 870
Employment on-costs	**-**	28
Total payables to other SA Government entities	**16 158**	22 693
Payables to non-SA Government entities:		
Creditors	**334**	473
Accrued expenses	**467**	864
Other	**1 960**	1 290
Total payables to non-SA Government entities	**2 761**	2 627
Total payables	**18 919**	25 320

Interest rate risk

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

A24. Employee benefits

	2009	2008
Current:	$'000	$'000
Annual leave	-	69
Long service leave	-	9
Accrued salaries and wages	-	14
Total current employee benefits	-	92
Non-current:		
Long service leave	-	128
Total non-current employee benefits	-	128
Total employee benefits	-	220

The total current and non-current employee expense (ie aggregate of the employee benefit in Note A24 plus related on-costs in Note A23) for 2009 is $nil ($248 000).

Based on an actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of the long service leave liability is 6.5 years (6.5 years).

A25. Other liabilities

	2009	2008
Current:	$'000	$'000
Unearned revenue	**95**	54
Total other liabilities	**95**	54

A26. Equity

Retained earnings(1)	**16 751**	33 437
Asset revaluation reserve	-	2 809
Total equity	**16 751**	36 246

(1) The 2008 comparative have been adjusted by $211 000 for the transfer of intangible assets ($27 000) and the transfer of compliance (surveillance) equipment ($184 000) to the controlled financial statements.

The asset revaluation reserve is used to record increments and decrements in the fair value of land, buildings and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is disposed of or when assets are transferred to another SA Government entity upon an administrative restructure.

A27. Transferred functions

Transfers out:

The Public Sector Management (Planning SA) Proclamation 2008 (dated 26 June 2008) proclaimed that effective from 1 July 2008 the former PIRSA business unit 'Planning SA' would be established as a separate administrative unit of the public service. All existing functions were transferred to Planning SA on 1 July 2008.

The Public Sector Management (Department of Planning and Local Government) Proclamation 2008 (dated 16 October 2008) proclaimed that effective from 16 October 2008 the administrative unit title of 'Planning SA' would be altered to the Department of Planning and Local Government.

The Public Sector Management (Department of Planning and Local Government - Transfer of Employees) Proclamation 2008 (dated 30 October 2008) proclaimed that effective from 3 November 2008 the Office for State and Local Government Relations, Office for Southern Suburbs and Office for the Northern Suburbs would transfer to the Department of Planning and Local Government.

As a result of the above proclamations the following administered activities were transferred to the new Department of Planning and Local Government:

- The administrative entities of the former Planning SA business unit consisting of the Planning and Development Fund, Planning Fees Fund and West Beach Trust transferred on 1 July 2008.
- The administrative entities of the former Office for State/Local Government Relations business unit consisting of the Local Government Tax Equivalents Fund, Outback Areas Community Development Trust (OACDT) and SA Local Government Grants Commission transferred on 3 November 2008.

No transfers occurred in 2008.

Transfers out: (continued)

CURRENT ASSETS:	1 $'000	2 $'000	3 $'000	4 $'000	5 $'000	6 $'000	Total $'000
Cash	12 503	550	43	18	767	1 982	15 863
Receivables	93	-	-	-	178	-	271
Inventories	-	-	-	-	20	-	20
Total current assets	12 596	550	43	18	965	1 982	16 154
NON-CURRENT ASSETS:							
Property, plant and equipment	3 478	-	-	-	3 716	-	7 194
Total non-current assets	3 478	-	-	-	3 716	-	7 194
Total assets	16 074	550	43	18	4 681	1 982	23 348
CURRENT LIABILITIES:							
Payables	16	550	460	-	24	14	1 064
Employee benefits	-	-	-	-	36	45	81
Total current liabilities	16	550	460	-	60	59	1 145
NON-CURRENT LIABILITIES:							
Payables	-	-	-	-	8	5	13
Employee benefits	-	-	-	-	74	51	125
Total non-current liabilities	-	-	-	-	82	56	138
Total liabilities	16	550	460	-	142	115	1 283
EQUITY:							
Asset revaluation reserve	1 406	-	-	-	1 403	-	2 809
TOTAL NET ASSETS TRANSFERRED	14 652	-	(417)	18	3 136	1 867	19 256

1. Planning and Development Fund
2 Administered Planning Fees
3 West Beach Trust
4 Local Government Administered Items
5 OACDT
6 Local Government Grants Commission

Net assets transferred by the Department as a result of an administrative restructure were at the carrying amount. The net assets transferred were treated as a distribution to the Government as owner.

A28. Unrecognised contractual commitments

Operating lease commitments	**2009 $'000**	2008 $'000
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	-	55
Later than one year and not later than five years	-	111
Total operating lease commitments	-	166
Representing:		
Non-cancellable operating leases	-	166
Total operating lease commitments	-	166

2008:
Operating leases relate to property and accommodation occupied by the Outback Areas Community Development Trust and the Local Government Grants Commission. These leases are non-cancellable, with rental payable monthly in advance. Contingent rental provisions within the lease agreements allow for the review of lease payments every two years. Any changes in lease payments would be based on market rates. Options exist to renew the leases at the end of their terms.

The Local Government Grants Commission is charged a proportional sum of the lease rent charged to the Office of Local Government who is the principal lessor of the accommodation.

Other commitments	**2009 $'000**	2008 $'000
Within one year	-	3 868
Later than one year and not later than five years	-	7 816
Later than five years	-	1 400
Total other commitments	-	13 084

2008:
Other commitments include agreements with FleetSA for Long Term Hire of light vehicles; and committed funding from the Planning and Development Fund. The government entered into several open and public space, and urban regeneration initiatives including the South Australian Water Corporation aqueduct, one million trees program, River Torrens linear park upgrade (Underdale) and the Cheltenham Open Space program.

Remuneration Commitments

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

	2009	2008
	$'000	$'000
Within one year	-	136
Later than one year but not later than five years	-	474
Total remuneration commitments	-	610

2008:

Amounts disclosed include commitments arising from executive and other service contracts. The Department does not offer fixed-term remuneration contracts greater than five years.

A29. Contingent assets and contingent liabilities

The Department is not aware of any contingent assets or liabilities affecting the Administered entities comprising the consolidated financial report as at 30 June 2009.

A30. Cash flow reconciliation

	2009	2008
Reconciliation of cash - cash at 30 June as per:	$'000	$'000
Statement of Administered Cash Flows	34 793	53 752
Statement of Administered Financial Position	34 793	53 752

Reconciliation of net cash (used in) provided by operating activities to net cost of providing services:

	2009	2008
Net cash (used in) provided by operating activities	(3 050)	5 125
Revenue from SA Government	(4 699)	(5 543)
Payments to SA Government	26	-
Add (Less): Non-cash items:		
Depreciation and amortisation	(60)	(162)
Gain on disposal of assets	-	30
Prior period adjustments	-	(38)
Doubtful debts expense reduction	1	8
Other non-cash items	-	(19)
Changes in assets/liabilities (net of restructure transfer):		
Increase in inventories	-	20
Increase in receivables	427	11
Decrease (Increase) in payables and provisions	5 279	(2 956)
Decrease (Increase) in employee benefits	14	(72)
(Increase) Decrease in other liabilities	(41)	203
Net cost of providing services	(2 103)	(3 393)

A31. Events after balance date

Nil.

A32. Remuneration of Board and Committee members

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

The number of members whose remuneration received or receivable falls within the following bands:	2009 Number of Members	2008 Number of Members
$0	13	16
$1 - $9 999	31	34
$10 000 - $19 999	-	4
Total number of members	44	54

The 2008 comparative has been restated to remove expense reimbursements paid to members, and the transfer of some committees from administered to controlled.

Remuneration of members reflects all costs of performing Board/Committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was $24 924 ($88 596).

Amounts paid to a superannuation plan for board/committee members was $563 ($5414).

Membership details of the Boards/Committees that transferred to the Department of Planning and Local Government have been excluded from the 2009 figures in the table above. Remuneration paid to members of these Committees while they were the responsibility of the Department was $18 927 and amounts paid into superannuation plans for those members was $1703. Membership details of the transferred Department of Planning and Local Government Boards and Committees is now presented in the Department of Planning and Local Government financial statements.

In accordance with the Department of the Premier and Cabinet Circular 16, Government employees do not receive any remuneration for Board/Committee duties during the financial year.

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

A32. Remuneration of Board and Committee members (continued)

* Member retired during the year

Ovine Johnes Disease Committee

Altschwager P R	Pocock M J
Gogel L D	Hammat T S
Harris J W	Trengrove Dr C
Hassell G M	Perkins W D
Heinrich A S	

Pig Industry Advisory Group

Brechin P M*	Moses C*
Fyfe A R	Sapwell C M
Hamann R K	Gierke S
Lloyd B R	Starick M J
McLean L N	Flight K M
McMahon J	Schmidt P

SA Sheep Advisory Group

Andrews F G	Symons J B
Hall J M	Walden W J*
Hassell G M	Buchanan N*
Kidman S A	Kellock J
Pfeiffer I G	Mills L J
Power G M	Petrenas E

SA Cattle Advisory Board

Hassell G M	Honner T J
Ogilvie A D	Smith K R
Withers I A S	Young S M
Oldfield A S	Buchanan N*
Slape K	Dennis K I
Anderson M J	

SOUTH AUSTRALIA POLICE

FUNCTIONAL RESPONSIBILITY

Establishment

The South Australia Police (SAPOL) is an administrative unit established under the PSM Act. SAPOL is responsible to the Minister for Police.

Functions

The functions of SAPOL are to:

- uphold the law
- preserve the peace
- prevent crime
- assist the public in emergency situations
- coordinate and manage responses to emergencies
- regulate road use and prevent vehicle collisions.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Subsection 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of SAPOL for each financial year.

Assessment of controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by SAPOL in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of audit

The audit program covered major financial systems to obtain sufficient evidence to form an opinion on the financial statements and internal controls.

During 2008-09, areas of review included:

- costing of capital works projects
- financial accounting
- property management system
- payroll and workers compensation
- firearm system and fees charged
- accounts payable
- expiation revenue
- mainframe computer processing environment.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the South Australia Police as at 30 June 2009, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the South Australia Police in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities except for the matters raised in relation to workers compensation as outlined under 'Communication of audit matters' are sufficient to provide reasonable assurance that the financial transactions of the South Australia Police have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Commissioner of Police. Responses to the management letters were generally considered to be satisfactory. The matters raised are summarised hereunder:

Workers compensation

The audit identified the need for management to ensure that:

- a reconciliation between IDEA (previous workers compensation system) and SIMS (current workers compensation system) is completed
- a fortnightly reconciliation between SIMS and HRMS (payroll system) for income maintenance payments and a monthly reconciliation between SIMS and the accounts payable system for worker compensation payments is completed
- a control is implemented to ensure the 'Claiming Report' is reviewed and payments updated to SIMS in a timely manner.

Mainframe computer processing environment

During the year, Audit reviewed the SYSB mainframe at the Glenside Data Centre and compliance aspects of selected clauses in contracts established between SAPOL and third party infrastructure service providers.

The focus of this review was the cash receipting and payroll financial systems. It addressed security and control aspects of the infrastructure service provider's management of the SYSB mainframe partition environment at Glenside, particularly in relation to these financial systems. The control areas addressed were information security, information system operations, business continuity planning, disaster recovery, application systems implementation and maintenance, database implementation and support, systems software support and network support.

Further, Audit reviewed certain contract clauses for compliance between SAPOL and the infrastructure service providers for the Mainframe Computing Services and the Managed Network Services contracts. The areas of focus within the contracts included information security and compliance with the government mandated Information Security Management Framework, service continuity including backup and recovery, disaster recovery, network connectivity, and firewall management.

Matters arising from the review and raised with SAPOL were the need to:

- classify, in terms of importance of confidentiality, integrity and availability to SAPOL, information residing within the SYSB mainframe partition, including information entering and leaving via network connections
- identify, construct and implement a standard set of security reports suitable for monitoring the overall security environment of SAPOL
- review the use of a certain user account with privileges that could result in a compromise of the security of the SYSB mainframe partition
- update database management and operating system software to the latest supported versions.

Financial accounting

The audit identified the need for management to ensure that:

- no unauthorised employees are approving manual journals
- controls are consistently performed to ensure all employees on extended leave or transferred to another position have had their access to Masterpiece removed.

Payroll

Opportunities for improvement were identified, notably:

- implementing an effective control over leave for commissioned officers
- some leave forms which are not being submitted or followed up in a timely manner
- the procedure covering human resource delegations needs to be updated
- implementing a check over central HR section corrections made to timesheets after being approved by the supervisor but prior to disbursement.

Accounts payable

The audit identified the need for management to ensure that all expenditure reports are received timely from Shared Services SA and reviewed by SAPOL.

Response to matters raised

Satisfactory responses have been received which indicated that action had been taken or was in progress to address the matters raised. In particular, for the workers compensation matters, SAPOL is implementing procedures to ensure the accuracy of SIMS data and the reconciliation of injury management payments between existing systems and SIMS.

Implementation of the revised TIs 2 and 28

SAPOL has updated its policies and procedures contained in its procedure manual. It has allocated responsibility for compliance testing, and established a compliance program. It has an up to date version of a compliance checklist. This check list is in accordance with procedural guidance promulgated by the Department of Treasury and Finance. Its purpose is to assist in the assessment of the adequacy of the control environment. SAPOL has reported the results of the assessment and compliance to the Audit Committee.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

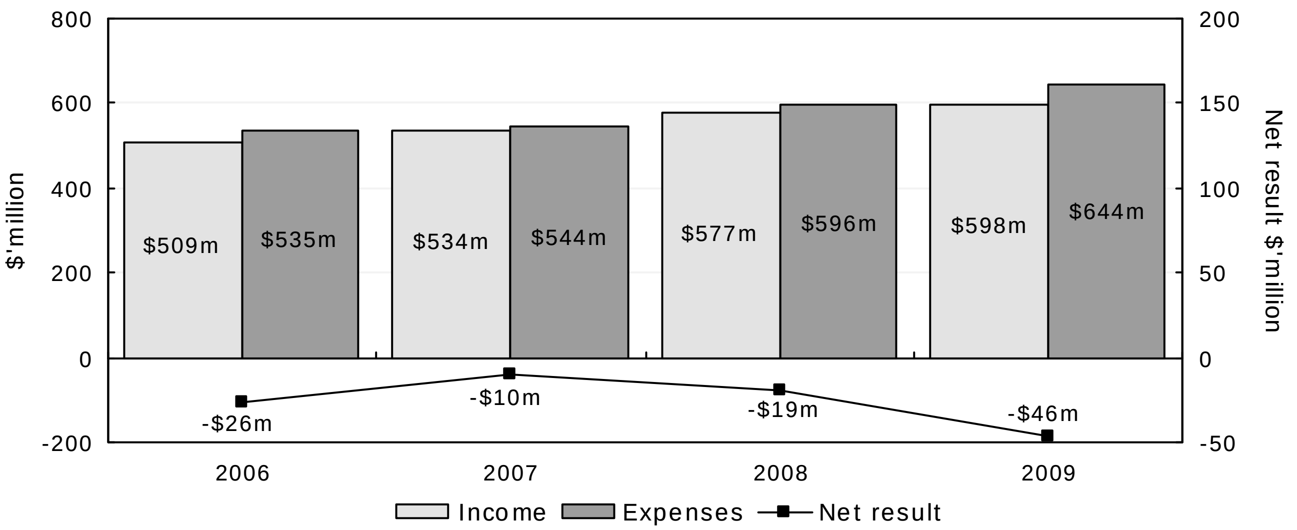
Highlights of the financial statements

	2009	2008
	$'million	$'million
EXPENSES		
Employee benefit expenses	**516**	474
Supplies and services	**110**	107
Other expenses	**18**	15
Total expenses	**644**	596
INCOME		
Revenue from fees and charges	**18**	17
Other revenue	**10**	9
Total income	**28**	26
NET COST OF PROVIDING SERVICES	**616**	570
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT		
Revenues from SA Government	**574**	553
Payments to SA Government	**(4)**	(2)
Net result	**(46)**	(19)
OTHER COMPREHENSIVE INCOME		
Gain on revaluation of non-current assets	**-**	64
Total comprehensive result	**(46)**	45

	2009	2008
	$'million	$'million
NET CASH (USED IN) PROVIDED FROM OPERATING ACTIVITIES	**(1)**	22
ASSETS		
Current assets	**45**	62
Non-current assets	**244**	242
Total assets	**289**	304
LIABILITIES		
Current liabilities	**87**	76
Non-current liabilities	**201**	180
Total liabilities	**288**	256
EQUITY	**1**	48

Statement of Comprehensive Income

The following chart shows the income, expenses and net result for the four years to 2009.



Net result

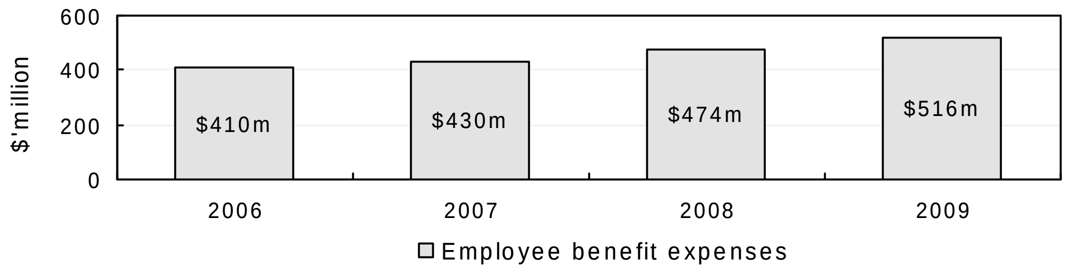
The net result was a deficit of $46 million representing a $27 million increase in the deficit recorded in 2008. That deficit increase reflects increases in employee related costs.

Income

SAPOL receives government funding based on annual budgeted expenditure, less estimated revenues from fees and charges and other sources. Net revenues from the State Government increased by $19 million (3.4 percent) to $570 million.

Expenses

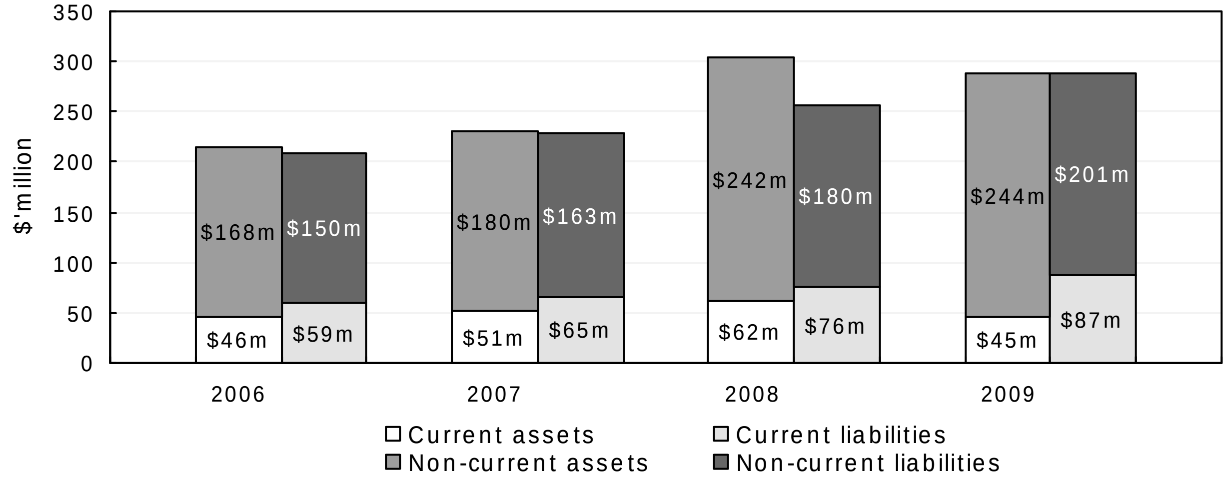
The following chart shows the employee benefit expenses for the four years to 2009.



The first chart showing income, expenses and net result indicates that total expenses increased by $48 million from the 2008 to the 2009 financial year. That increase was largely attributed to an increase in employee benefit expenses of $42 million or 9 percent as shown in the above chart. Factors accounting for the increase were increases associated with the Enterprise Bargaining Agreement for police officers and a small increase in employees. There were also increases in related employee benefit expenses for annual leave, superannuation and workers compensation.

Statement of Financial Position

For the four years to 2009, a structural analysis of assets and liabilities is shown in the following chart.



Assets

Current assets decreased by $17 million to $45 million during 2009 due to a decrease in cash and cash equivalents of $18 million. This decrease has contributed to a larger negative liquidity position as current assets of $45 million are exceeded by current liabilities of $87 million.

SAPOL's non-current assets have increased by $2 million to $244 million reflecting no major change from the previous year.

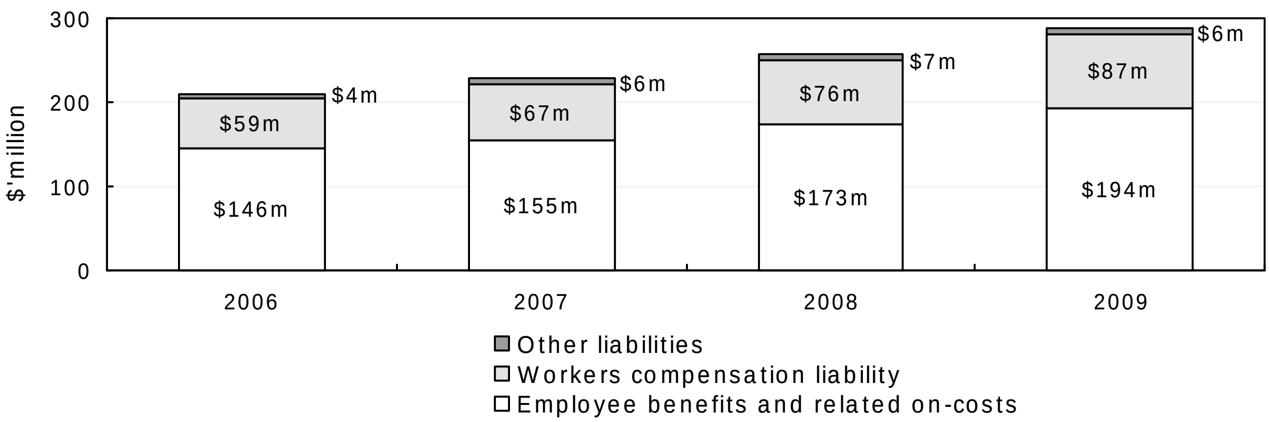
Liabilities

Non-current liabilities have increased each year due mainly to increases in employee benefit liabilities and the provision for workers compensation. The increase in employee benefit entitlements, consistent with the increase in employee expenses, results mainly from the impact of the implementation of the Enterprise Bargaining Agreement for police officers.

Employee benefits and workers compensation

Employee benefits, related on-costs and workers compensation liabilities totalled $281 million ($249 million) and represent 98 percent (97 percent) of total liabilities. At June 2009, the workers compensation liability of $87 million ($76 million) represented 30 percent (30 percent) of total liabilities of $288 million ($256 million).

The significance of employee related liabilities compared to total liabilities is shown in the following chart.



Total equity

Total equity and net assets have decreased by $47 million to $1 million. The increase in revenues from the SA Government have not matched the increase in the net cost of providing services, hence the fall in total equity. SAPOL is dependent on continued funding from the SA Government to meet its obligations.

Statement of Cash Flows

The following table summarises the net cash flows for the four years to 2009.

	2009 $'million	2008 $'million	2007 $'million	2006 $'million
Net flows				
Operating	**(1)**	22	20	4
Investing	**(17)**	(12)	(15)	(9)
Financing	**-**	-	-	(6)
Change in cash	**(18)**	10	5	(11)
Cash at 30 June	**35**	53	43	38

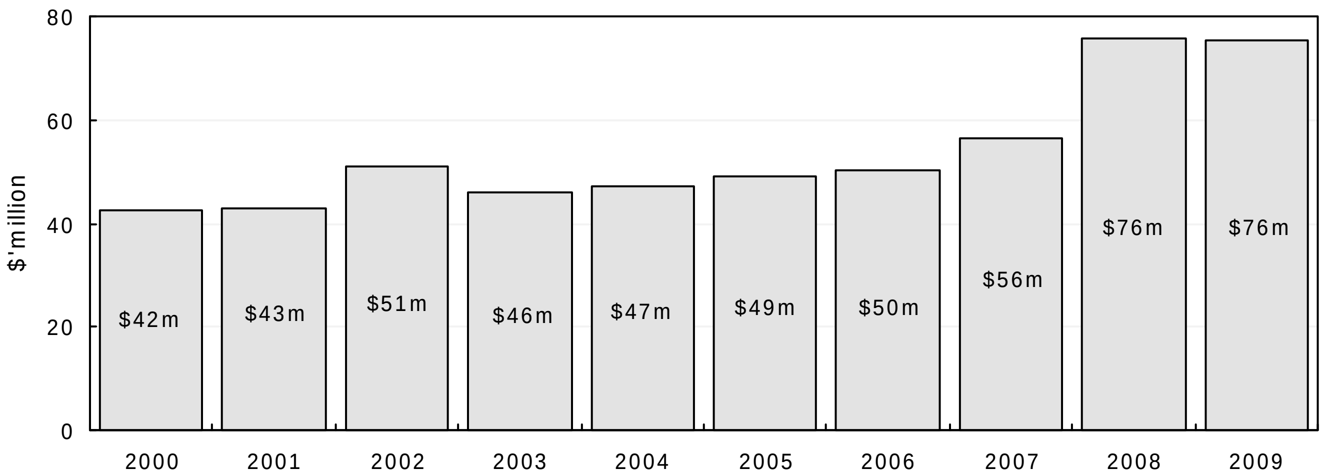
The table shows that significant cash funds have been held over the past four years.

For 2008-09, cash flow from operating activity was negative $1 million. This indicates that funding received from the SA Government in 2008-09 was not sufficient to cover all operating and investing activities. The cash balance was used to fund investing activities and resulted in a reduction in cash held at 30 June.

Administered items

Expiation fees

Expiation fees are collected by SAPOL on behalf of the Government. SAPOL treats the collection of expiation revenue pursuant to the requirements of the *Expiation of Offences Act 1996* and pays them to the Consolidated Account. The following chart shows the expiation fees collected and paid over 10 years.



SAPOL has in previous years identified a range of factors which have contributed to variations in the level of expiation fee revenue year to year. SAPOL's reasons include changes in:

- legislation (eg the introduction of the 50 km/hr speed zone in metropolitan areas)
- the number and type of speed detection devices
- driver behaviour in response to road safety strategies.

For 2009, the expiation fees collected were consistent with the previous year.

Statement of Comprehensive Income
for the year ended 30 June 2009

	Note	2009 $'000	2008 $'000
EXPENSES:			
Employee benefit expenses	4	**515 526**	474 055
Supplies and services	5	**110 336**	106 679
Depreciation and amortisation expense	6	**17 166**	15 026
Write down of non-current assets		**986**	638
Total expenses		**644 014**	596 398
INCOME:			
Revenue from fees and charges	8	**18 263**	16 777
Interest revenues	9	**25**	12
Commonwealth revenue	10	**1 771**	2 112
Net gain from disposal of assets	11	**281**	551
Other revenue	12	**7 281**	6 954
Total income		**27 621**	26 406
NET COST OF PROVIDING SERVICES		**616 393**	569 992
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:			
Revenues from SA Government	13	**519 900**	500 089
Contributions from the Community Emergency Services Fund	13	**17 986**	17 564
Contributions from Community Road Safety Fund	13	**34 700**	34 700
Intra-government transfers	13	**1 415**	322
Payments to SA Government	13	**(3 817)**	(1 834)
Net revenues from SA Government		**570 184**	550 841
NET RESULT		**(46 209)**	(19 151)
OTHER COMPREHENSIVE INCOME:			
Changes in asset revaluation reserve		**-**	63 728
TOTAL COMPREHENSIVE RESULT		**(46 209)**	44 577

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

Statement of Financial Position
as at 30 June 2009

	Note	**2009 $'000**	2008 $'000
CURRENT ASSETS:			
Cash and cash equivalents	14	**35 242**	53 542
Receivables	15	**9 525**	7 376
Inventories		**313**	344
		45 080	61 262
Non-current assets classified as held-for-sale	16	**286**	286
Total current assets		**45 366**	61 548
NON-CURRENT ASSETS:			
Property, plant and equipment	17	**221 296**	227 617
Capital works in progress		**8 545**	3 764
Intangible assets	18	**12 949**	10 546
Receivables	15	**1 080**	615
Total non-current assets		**243 870**	242 542
Total assets		**289 236**	304 090
CURRENT LIABILITIES:			
Payables	19	**16 280**	15 056
Employee benefits	20	**55 062**	47 458
Provisions	21	**15 485**	14 125
Total current liabilities		**86 827**	76 639
NON-CURRENT LIABILITIES:			
Payables	19	**17 956**	14 616
Employee benefits	20	**110 588**	102 930
Provisions	21	**72 404**	62 235
Total non-current liabilities		**200 948**	179 781
Total liabilities		**287 775**	256 420
NET ASSETS		**1 461**	47 670
EQUITY:			
Retained earnings	22	**(84 144)**	(37 935)
Asset revaluation reserve	22	**85 605**	85 605
TOTAL EQUITY		**1 461**	47 670

Total equity is attributable to the SA Government as owner

Commitments	24
Contingent liabilities	25

Statement of Changes in Equity
for the year ended 30 June 2009

	Note	Asset revaluation reserve $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2007		21 877	(26 567)	(4 690)
Changes in accounting policies and error corrections		-	7 783	7 783
Restated balance at 30 June 2007		21 877	(18 784)	3 093
Net result for 2007-08		-	(19 151)	(19 151)
Gain on revaluation of plant, property and equipment during 2007-08		63 728	-	63 728
Total comprehensive result for 2007-08		63 728	(19 151)	44 577
Balance at 30 June 2008	22	85 605	(37 935)	47 670
Net result for 2008-09		-	(46 209)	(46 209)
Total comprehensive result for 2008-09		-	(46 209)	(46 209)
Balance at 30 June 2009	22	**85 605**	**(84 144)**	**1 461**

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

Statement of Cash Flows
for the year ended 30 June 2009

	Note	**2009 Inflows (Outflows) $'000**	2008 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Employee benefit payments		**(483 216)**	(447 208)
Supplies and services		**(111 984)**	(106 527)
GST payments on purchases		**(12 300)**	(10 692)
Cash used in operations		**(607 500)**	(564 427)
CASH INFLOWS:			
Fees and charges		**17 795**	15 877
Interest received		**25**	12
GST receipts from sales		**1 997**	2 271
GST input tax credits		**9 743**	8 505
Other receipts		**6 560**	9 002
Cash generated from operations		**36 120**	35 667
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		**574 086**	552 675
Payments to SA Government		**(3 817)**	(1 834)
Cash generated from SA Government		**570 269**	550 841
Net cash (used in) provided by operating activities	28	**(1 111)**	22 081
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH OUTFLOWS:			
Purchase of property, plant and equipment		**(17 722)**	(13 675)
Cash used in investing activities		**(17 722)**	(13 675)
CASH INFLOWS:			
Proceeds from sale of property, plant and equipment		**705**	1 615
Cash generated from investing activities		**705**	1 615
Net cash used in investing activities		**(17 017)**	(12 060)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Cash transferred as a result of restructuring activities	27	**(172)**	-
Cash used in financing activities		**(172)**	-
Net cash used in financing activities		**(172)**	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(18 300)**	10 021
CASH AND CASH EQUIVALENTS AT 1 JULY		**53 542**	43 521
CASH AND CASH EQUIVALENTS AT 30 JUNE	14	**35 242**	53 542

Disaggregated Disclosures - Expenses and Income for the year ended 30 June 2009

(Activities - refer Note 3)	1		2		3	
	2009	2008	**2009**	2008	**2009**	2008
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**208 604**	161 037	**159 333**	167 191	**57 971**	57 398
Supplies and services	**40 415**	35 406	**36 173**	36 439	**13 304**	14 412
Depreciation and amortisation expense	**6 241**	5 119	**5 026**	4 392	**2 383**	2 379
Write down of non-current assets	**395**	235	**318**	213	**151**	117
Total expenses	**255 655**	201 797	**200 850**	208 235	**73 809**	74 306
INCOME:						
Revenue from fees and charges	**12 976**	11 851	**1 007**	898	**3 117**	2 954
Interest revenues	**11**	4	**8**	4	**3**	2
Commonwealth revenues	**746**	764	**586**	789	**215**	282
Net gain from disposal of assets	**73**	203	**112**	184	**53**	101
Other revenue	**3 031**	2 532	**2 395**	2 562	**938**	961
Total income	**16 837**	15 354	**4 108**	4 437	**4 326**	4 300
Net cost of providing services	**238 818**	186 443	**196 742**	203 798	**69 483**	70 006
Revenues from SA Government	**222 082**	180 630	**183 594**	197 795	**64 654**	67 864
Payments to SA Government	**(1 607)**	(621)	**(1 263)**	(640)	**(464)**	(228)
NET REVENUES FROM SA GOVERNMENT	**220 475**	180 009	**182 331**	197 155	**64 190**	67 636
NET RESULT	**(18 343)**	(6 434)	**(14 411)**	(6 643)	**(5 293)**	(2 370)

(Activities - refer Note 3)	4		5		Total	
	2009	2008	**2009**	2008	**2009**	2008
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefit expenses	**27 377**	28 620	**62 241**	59 809	**515 526**	474 055
Supplies and services	**7 912**	8 728	**12 532**	11 694	**110 336**	106 679
Depreciation and amortisation expense	**1 588**	1 603	**1 928**	1 533	**17 166**	15 026
Write down of non-current assets	**-**	-	**122**	73	**986**	638
Total expenses	**36 877**	38 951	**76 823**	73 109	**644 014**	596 398
INCOME:						
Revenue from fees and charges	**-**	-	**1 163**	1 074	**18 263**	16 777
Interest revenues	**-**	-	**3**	2	**25**	12
Commonwealth revenues	**-**	-	**224**	277	**1771**	2 112
Net gain from disposal of assets	**-**	-	**43**	63	**281**	551
Other revenue	**-**	-	**917**	899	**7 281**	6 954
Total income	**-**	-	**2 350**	2 315	**27 621**	26 406
Net cost of providing services	**36 877**	38 951	**74 473**	70 794	**616 393**	569 992
Revenues from SA Government	**34 227**	37 699	**69 444**	68 687	**574 001**	552 675
Payments to SA Government	**-**	(120)	**(483)**	(225)	**(3 817)**	(1 834)
NET REVENUES FROM SA GOVERNMENT	**34 227**	37 579	**68 961**	68 462	**570 184**	550 841
NET RESULT	**(2 650)**	(1 372)	**(5 512)**	(2 332)	**(46 209)**	(19 151)

SAPOL has applied the trends from the February 2009 activity survey that reflects movements in resource allocations mainly from Crime Prevention and Road Safety to Public Order. This movement represents the increased emphasis in the last few years on enhanced police accessibility, response to calls for assistance and proactively ensuring public areas and streets are safe for community use and business activity through the targeted use of patrols and other measures. This approach has been successful in continuing the reduction of crime in South Australia and improving road safety outcomes as directed by the relevant South Australia's Strategic Plan targets. The 2007-08 actuals are based on the previous activity survey undertaken three years ago.

A Disaggregated Disclosure - Assets and Liabilities has not been produced as that information is not readily attributable to activities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of South Australia Police

The South Australia Police Department (SAPOL) operates within the *Police Act 1998,* the Police Regulations 1999 and the PSM Act.

The mission statement of SAPOL as set out in the Corporate Business Plan 2008-09 is 'working together to reassure and protect the community from crime and disorder'. This mission statement is reflected in the following core functions:

- Uphold the law
- Preserve the peace
- Prevent crime
- Assist the public in emergency situations
- Coordinate and manage responses to emergency incidents
- Regulate road use and prevent vehicle collisions.

2. Summary of significant accounting policies

2.1 Statement of Compliance

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with:

- TIs and APSs promulgated under the provisions of the PFAA
- applicable AASs
- other mandatory professional reporting requirements in Australia.

Except for the amendments to AASB 101 including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101) which SAPOL has early adopted AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by SAPOL for the reporting period ending 30 June 2009.

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying SAPOL's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable Notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures that have been included in these financial statements:

  (a) Revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date classified according to their nature.

  (b) Expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income).

  (c) Employees whose normal remuneration is $100 000 or more (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees.

  (d) Board/Committee member and remuneration information, where a Board/Committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

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

The continued existence of SAPOL in its present form and with its present activities is dependent on government policy and on continuing appropriations by Parliament for SAPOL's administration and outputs.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2009 and comparative information.

2.3 *Reporting entity*

SAPOL produces both departmental and administered financial statements. SAPOL's financial statements details the income, expenses, assets and liabilities controlled or incurred by SAPOL in its own right. The administered financial statements detail the income, expenses, assets and liabilities which SAPOL administers on behalf of the SA Government but does not control.

SAPOL's principal source of funds consists of monies appropriated by Parliament.

2.4 *Administered items*

SAPOL administers on behalf of the Government of South Australia certain resources over which it does not have control. Although accountable for the transactions relating to these administered resources SAPOL does not have the control or discretion to apply these resources to achieve its objectives.

Transactions and balances relating to these administered items are not recognised as SAPOL's income, expenses, assets or liabilities but are disclosed in separate financial statements.

Refer to Notes to the administered items financial statements for further details.

2.5 *Transferred functions*

The Public Sector Management (Shared Services SA (6)) Proclamation 2008 (dated 16 October 2008) declared that the payroll, accounts receivable and accounts payable functions were transferred from SAPOL's Business Service to the Department of Treasury and Finance effective from 20 October 2008 (refer Note 27).

2.6 *Comparative figures*

The presentation and classification of items in the financial statements are consistent with prior periods except where adjusted to reflect the early adoption of AASB 101 and specific revised AASs and APSs.

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required eg preparation of a single Statement of Comprehensive Income.

2.7 *Rounding*

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

2.8 *Taxation*

SAPOL is not subject to income tax. SAPOL is liable for payroll tax, FBT, GST, emergency services levy, land tax equivalents and local government rate equivalents.

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

- the amount of GST incurred by SAPOL as a purchaser that is not recoverable from the ATO in which case the amount is recognised as part of the cost of acquisition of an asset or as part of an item of expense
- receivables and payables are stated with the amount of GST included.

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

Cash flows are reported on a gross basis in the Statement of Cash Flows. The GST component of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO have however been classified as operating cash flows.

GST recoverable from or payable to the ATO associated with administered items transactions are included in the SAPOL statements.

2.9 *Income*

Income is recognised in SAPOL's Statement of Comprehensive Income to the extent that it is probable that the inflow of economic benefits to the entity will occur and can be reliably measured.

Income has been classified according to their nature in accordance with APF II, APS 3.2 and has not been offset unless required or permitted by a specific accounting standard.

In accordance with APF II, APS 4.1 the Notes to the financial statements disclose incomes where the counterparty/transaction is with an entity within the SA Government as at the reporting date classified according to their nature.

The following are specific recognition criteria:

Fees and charges

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

Fees and charges (continued)
Fees and charges controlled by SAPOL are recognised as revenues in the SAPOL financial statements. Fees and charges are deemed to be controlled where they can be deployed for the achievement of SAPOL objectives. Such amounts are not required to be paid to the Consolidated Account or other Funds not controlled by SAPOL.

Fees and charges collected by SAPOL but not controlled by it are not recognised as revenues in the SAPOL financial statements but are reported as administered revenues in the administered items financial statements. Such amounts are required to be paid to the Consolidated Account or other Funds not controlled by SAPOL. Refer Note A4.

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

Generally SAPOL has obtained control or the right to receive for:

- contributions with unconditional stipulations – this will be when the agreement becomes enforceable ie the earlier of when SAPOL has formally been advised that the contribution (eg grant application) has been approved; agreement/contract is executed; and/or the contribution is received
- contributions with specific stipulations – this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for the contributions received or receivable under the agreement.

All contributions received by SAPOL have been contributions with unconditional stipulations attached and have been recognised as an asset and income on receipt.

Resources received free of charge
Resources received free of charge are recorded as revenue in the Statement of Financial Position at their fair value in accordance with the APF III, APS 2.12.

Net gain from disposal of assets
Net gain on income for the disposal of non-current assets is recognised when control of the asset has passed to the buyer and determined by the comparing proceeds with the carrying amount. When revalued assets are sold the revaluation reserve is transferred to retained earnings in accordance with APF III, APS 3.11.

Any gain (loss) on disposal is recognised at the date of control of the asset passed to the buyer and is determined after the deduction from proceeds of the asset at that time.

Revenues from SA Government
Appropriations for program funding are recognised as revenue when SAPOL obtains control over the funding. Control over appropriations is normally obtained upon their receipt and are accounted for in accordance with TI 3.

Other income
Other income consists of donations, recoveries of employee benefits (ie where employees are seconded to Commonwealth programs and SAPOL continues to provide the ongoing salary for the employees) and goods and services (ie where SAPOL incurs expenditure on goods and services and later recovers the expenditure).

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

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

The notes accompanying the financial statements disclose expenses where the counterparty/transaction is with an entity within the SA Government as at the reporting date classified according to their nature.

The following are specific recognition criteria:

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

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

Payments to the SA Government
Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy. Expiation fees received on behalf of the government are an Administered Item and paid directly to the Department of Treasury and Finance Consolidated Account. This payment is recognised in the administered items financial statements.

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

The residual values, useful lives and amortisation methods of all major assets held by SAPOL are reviewed and adjusted if appropriate on an annual basis.

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

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

Land and assets held for sale are not depreciated.

Depreciation is calculated on a straight-line basis to write off the net cost or revalued amount of each depreciable non-current asset over its expected useful life as follows:

Class of assets	*Depreciation/ amortisation method*	*Useful life (years)*
Buildings	Straight-line	15-60
Vehicles and transport vessels	Straight-line	3-10
Computers and communications	Straight-line	3-7
Other	Straight-line	5-10
Leasehold improvements	Straight-line	life of lease
Intangibles	Straight-line	3-7

2.11 Current and non-current classification
Assets and liabilities are characterised as either current or non-current in nature. SAPOL has a clearly identifiable operating cycle of 12 months. Assets and liabilities that are sold consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

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

The Notes accompanying the financial statements disclose financial assets where the counterparty/ transaction is with an entity within the SA Government as at the reporting date classified according to their nature.

Cash and cash equivalents
For the purposes of the Statement of Cash Flows cash includes cash at bank and deposits at call that are readily converted to cash and are used in the cash management function on a day-to-day basis. Administered cash is shown in Administered Items financial schedules. Cash is measured at nominal value.

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

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

Other debtors arise outside the normal course of selling goods and services to other agencies and to the public.

Inventories
SAPOL holds inventories generally for internal distribution. Inventories held for distribution are measured at lower of cost and replacement value.

Inventories include stationery, capsicum sprays and police horses.

Non-current assets held-for-sale
Non-current assets held for sale are classified as held-for-sale and stated at the lower of their carrying amount and fair values less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Non-current assets classified as held-for-sale are presented separately from other assets in the Statement of Financial Position.

Non-current asset acquisition and recognition
Assets are initially recorded at cost plus any incidental cost involved with the acquisition.

Non-current assets are subsequently measured at fair value less accumulated depreciation.

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

SAPOL capitalises all non-current physical assets with a value of $10 000 or greater in accordance with APF III, APSs 2.15 and 7.2. All other plant and equipment purchases are expensed in the year of purchase.

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

Revaluation of non-current assets
In accordance with APF III:

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

The Statement of Financial Position includes all property, plant and equipment controlled by SAPOL.

Land, buildings and leasehold improvements controlled by SAPOL were last revalued as at 30 June 2008 following an independent valuation prepared by Valcorp Australia Pty Limited using the fair value methodology. Other non-current assets have been valued at their written down historic cost. SAPOL revalues land, buildings and leasehold improvements every three years.

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

Any revaluation increment is credited to the asset revaluation reserve except to the extent that it reverses a revaluation decrease for the same asset class previously recognised in the Statement of Comprehensive Income.

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

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

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

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

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

Impairment is generally limited to where an asset's depreciation is materially understated or where the replacement cost is falling.

Intangible assets
An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost.

The acquisition of, or the internal development of software, is capitalised only when the expenditure meets the definition and recognition criteria of an intangible asset outlined in AASB 138 and when the amount of expenditure is greater than or equal to $10 000 in accordance with APF III, APS 2.15.

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

2.13 Liabilities

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

The notes accompanying the financial statements disclose financial liabilities where the counterparty/ transaction is with an entity within the SA Government as at the reporting date classified according to their nature.

Payables
Payables include creditors, accrued expenses and employee benefit on-costs.

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

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

All payables are measured at their nominal amount and are normally settled within 30 days in accordance with TI 11 after SAPOL receives an invoice.

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

SAPOL makes contributions to several SA Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as the Police Superannuation Board (PSB) and the South Australian Superannuation Board (SASB) and externally managed superannuation schemes have assumed these. The only liability outstanding at balance date relates to any contributions due but not yet paid to the PSB and the SASB.

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

Salary and wages
Liability for salary and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

Annual leave
The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. Liabilities for annual leave are recognised and are measured as the amount unpaid at the reporting date at the rate of pay expected to be paid when the leave is taken in respect of employee's services up to that date.

Sick leave
No provision has been made for sick leave as entitlements are non-vesting and it is considered that sick leave is taken from the current year's entitlement.

Long service leave
A provision is raised at the end of the reporting period to reflect employee entitlements to long service leave. The provision for long service leave represents the amount which SAPOL has a present obligation to pay resulting from employees' services provided up to the reporting date.

The provision has been calculated at nominal amounts based on current salaries and wages rates using an independent actuarial assessment benchmark of 8.5 years (9 years) service as a shorthand estimation of long service leave liability. The Department of Treasury and Finance provided the actuarial benchmark.

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

Provisions
Provisions are recognised when SAPOL has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

Workers compensation
A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision which is based on an actuarial assessment, prepared by Taylor Fry Consulting Actuaries, was provided by the Public Sector Workforce Relations Division of the Department of the Premier and Cabinet (refer Note 21).

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

Civil actions against police
A liability has been reported to reflect unsettled actions against SAPOL.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation its carrying amount is the present value of those cash flows.

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

SAPOL has entered into a number of operating lease agreements for buildings and vehicles where the lessors effectively retain all of the risks and benefits incidental to ownership of the items. Operating lease payments are representative of the pattern of benefits to be derived from the leased items and accordingly are charged to the Statement of Comprehensive Income in the period in which they are incurred.

Public Private Partnership (PPP)
In May 2005 Cabinet approved the execution of a 25 year service contract with Plenary Justice Pty Ltd (Plenary) for regional police stations for SAPOL and courts for Courts Administration Authority (CAA).

In June 2005 the Minister of Infrastructure signed a Project Agreement.

The PPP includes police stations at Mt Barker and Gawler, police stations and courts facilities at Port Lincoln, Victor Harbor and Berri and court facilities at Port Pirie.

For accounting purposes the lease is an operating lease.

Under the PPP agreement SAPOL is responsible for paying lease payments to Plenary for sites occupied by both SAPOL and CAA. SAPOL invoices CAA for the sites that they occupy.

Lease expenditure and payables related to the facilities occupied by SAPOL is recognised in the SAPOL Financial Statements. Lease expenditure revenue and associated payables and receivables related to the facilities occupied by CAA is recognised in the Administered Items financial statements.

2.15 Professional indemnity and general public liability insurance
SAPOL is a participant in the SA Government's Insurance Program. SAPOL pays a premium to the South Australian Government Financing Authority, SAICORP Division and is responsible for the payment of claim amounts up to an agreed amount (the deductible). SAICORP provides the balance of the funding for claims in excess of the deductible.

3. Activities of SAPOL
SAPOL has identified five activities that it delivers to the community and the Minister for Police. The identity and description of each SAPOL activity during the year ended 30 June is summarised below. Financial information relating to each activity is reported in the Disaggregated Disclosures - Expenses and Income.

Activity 1: Public Order
In support of South Australia's Strategic Plan Objective 2: 'Improving Wellbeing', provision of police services to the community, the investigation and management of public order offences and the management of major events in the state. The outcome is a community that is reassured and protected from crime and disorder, making South Australia a safe place to live, visit and conduct business.

Activity 2: Crime Prevention
In support of South Australia's Strategic Plan Objective 2: 'Improving Wellbeing', the provision of crime prevention services through the investigation and management of crimes against the person and property and illegal drug activity together with community programs and education. The outcome is that the incidence and effects of crime are reduced, making South Australia a safe place to live, visit and conduct business.

Activity 3: Road Safety

In support of South Australia's Strategic Plan Objective 2: 'Improving Wellbeing', provision of road safety services such as the regulation of road use, education and vehicle collision prevention. The outcomes contribute to a reduced road toll of fatalities and serious injuries, improved road safety and efficient traffic movement. This provides personal and economic benefits to the community, making South Australia a safe place to live, visit and conduct business.

Activity 4: Emergency Response and Management

In support of South Australia's Strategic Plan Objective 2: 'Improving Wellbeing', provision of rapid and effective management and response services to reduce the incidence and effects of emergencies, thereby maximising the capacity to receive and manage calls for assistance. The outcome is that the effects on individuals and the community from emergency and disaster situations are minimised, making South Australia a safe place to live, visit and conduct business.

Activity 5: Criminal Justice Services

In support of South Australia's Strategic Plan Objective 2: 'Improving Wellbeing', provision of services that promote public confidence in the judicial system through the enforcement of court orders and execution of warrants, prosecution services and the safekeeping and supervision of persons in police custody. The outcome is an efficient, effective, safe and fair support service to the judicial system, making South Australia a safe place to live, visit and conduct business.

4. Employee benefit expenses

	Note	**2009 $'000**	2008 $'000
Salaries and wages		**343 510**	314 032
Long service leave		**18 124**	19 130
Annual leave		**46 248**	40 780
Employee on-costs - superannuation		**55 925**	51 952
Employee on-costs - other		**23 240**	22 080
Other employee benefit costs		**911**	706
Workers compensation	21	**27 568**	25 375
Total employee benefit expenses		**515 526**	474 055

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:	**2009 Number**	2008 Number
$100 000 - $109 999	**645**	524
$110 000 - $119 999	**404**	248
$120 000 - $129 999	**141**	107
$130 000 - $139 999	**76**	31
$140 000 - $149 999	**24**	11
$150 000 - $159 999	**10**	3
$160 000 - $169 999	**3**	2
$180 000 - $189 999	**-**	2
$190 000 - $199 999	**1**	5
$200 000 - $209 999	**-**	2
$210 000 - $219 999	**1**	1
$220 000 - $229 999	**3**	-
$230 000 - $239 999	**5**	-
$300 000 - $309 999	**1**	-
$310 000 - $319 999	**-**	2
$350 000 - $359 999	**1**	-
Total number of employees	**1 315**	938

Remuneration of employees by category

Executive	**12**	13
Non-executive	**1 303**	925
Total number of employees	**1 315**	938
Police	**1 293**	924
Public servant	**22**	14
Total number of employees	**1 315**	938

The total remuneration paid or payable to these employees was $149.7 million ($105.6 million).

The increase in remuneration is caused by the implementation of the Enterprise Bargaining Agreement for police officers resulting in an increase in the number of police ranks entering the greater than $100 000 remuneration category.

This table represents employees remunerated from SAPOL and administered items. The table includes all employees who received remuneration of $100 000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits.

5. Supplies and services

	SA Government		Non-SA Government		Total	
	2009	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Accommodation and property related	**17 174**	16 066	**3 032**	4 389	**20 206**	20 455
Administration	**1 691**	1 733	**14 923**	14 764	**16 614**	16 497
Communication and computing	**10 825**	12 069	**11 728**	10 805	**22 553**	22 874
Consultants	**-**	-	**62**	33	**62**	33
Utilities	**848**	1 017	**2 490**	2 044	**3 338**	3 061
Employee related	**6 051**	5 888	**2 835**	2 088	**8 886**	7 976
Insurance	**865**	801	**-**	-	**865**	801
Legal	**1 759**	1 351	**375**	130	**2 134**	1 481
Minor equipment	**75**	33	**4 017**	3 298	**4 092**	3 331
Motor vehicle related	**10 285**	9 671	**11 968**	12 297	**22 253**	21 968
Shares Services SA	**1 175**	-	**-**	-	**1 175**	-
Uniforms	**-**	-	**2 100**	2 078	**2 100**	2 078
Other	**1 393**	1 220	**4 665**	4 904	**6 058**	6 124
Total supplies and services	**52 141**	49 849	**58 195**	56 830	**110 336**	106 679

Pursuant to the contract arrangements with Plenary, the PPP partner, SAPOL pays lease charges to Plenary for sites occupied by both SAPOL and the CAA. SAPOL on-charges the CAA for lease costs associated with CAA sites. The income and expenditure associated with the sites occupied by CAA are recognised as administered items. The resulting revenue is not off-set against the expenditure.

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

The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands:	**2009** Number	**2009** $'000	2008 $'000
Below $10 000	**4**	**10**	5
Between $10 000 - $50 000	**-**	**-**	28
Above $50 000	**1**	**52**	-
Total paid/payable to the consultants engaged	**5**	**62**	33

6. Depreciation and amortisation expense

	2009	2008
Depreciation:	**$'000**	$'000
Buildings	**4 753**	3 577
Plant and equipment	**8 441**	8 184
Total depreciation	**13 194**	11 761
Amortisation:		
Leasehold improvements	**1 733**	1 085
Intangible assets	**2 239**	2 180
Total amortisation	**3 972**	3 265
Total depreciation and amortisation expense	**17 166**	15 026

7. Auditor's remuneration

Audit fees paid/payable to the Auditor-General's Department	**191**	158
Total audit fees	**191**	158

Other services

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

8. Revenues from fees and charges

	SA Government		Non-SA Government		Total	
	2009	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Escorts - wide load/other	**3**	6	**2 317**	2 196	**2 320**	2 202
Firearms licence and registration fees	**-**	-	**3 994**	3 515	**3 994**	3 515
Hoon legislation recoveries	**-**	-	**210**	-	**210**	-
Police information requests	**256**	411	**3 098**	2 793	**3 354**	3 204
Police security services	**6 902**	6 424	**98**	100	**7 000**	6 524
Prosecution and other court fees	**-**	-	**602**	568	**602**	568
Other fees	**10**	5	**773**	759	**783**	764
Total revenue from fees and charges	**7 171**	6 846	**11 092**	9 931	**18 263**	16 777

9. Interest revenues

	2009	2008
	$'000	$'000
Interest from entities within the SA Government	**-**	1
Other	**25**	11
Total interest received	**25**	12

10. Commonwealth revenue

	2009 $'000	2008 $'000
Commonwealth revenue	**1 771**	2 112
Total Commonwealth revenue	**1 771**	2 112

During 2008-09 SAPOL recovered costs associated with resources provided at the request of the Commonwealth Government in relation to:

- 2003-04 Handgun buy back
- CrimTrac - National police data exchange
- CrimTrac - Jurisdictional criminal history referrals
- Unified Policing Model Adelaide Airport
- Operation Themis.

During 2007-08 SAPOL recovered costs associated with resources provided at the request of the Commonwealth Government in relation to:

- International Deployment Group
- CrimTrac - Jurisdictional criminal history referrals
- Unified Policing Model Adelaide Airport
- Operation Themis.

11. Net gain from disposal of assets

	2009 $'000	2008 $'000
Land and buildings:		
Proceeds from disposal	**5**	1 277
Net book value of assets disposed	**(1)**	(564)
Net gain from disposal of land and buildings	**4**	713
Plant and equipment:		
Proceeds from disposal	**700**	338
Net book value of assets disposed	**(423)**	(500)
Net gain (loss) from disposal of plant and equipment	**277**	(162)
Total assets:		
Proceeds from disposal	**705**	1 615
Net book value of assets disposed	**(424)**	(1 064)
Net gain from disposal of total assets	**281**	551

In 2007-08 SAPOL reported expenditure associated with the non-current assets written off as part of the Net loss from disposal of assets. This expenditure is now reported separately under write down of non-current assets. The total expense associated with non-current assets written off recognised in 2007-08 was $638 000. The 2007-08 reported net loss from disposal of assets was $87 000.

12. Other revenues/income

	SA Government		Non-SA Government		Total	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Contributed (donated) asset revenue	**1 733**	822	**-**	-	**1 733**	822
Employee benefits recoveries	**570**	578	**1 139**	286	**1 709**	864
Goods and services recoveries	**275**	189	**110**	873	**385**	1 062
Grants	**1 067**	696	**36**	267	**1 103**	963
Rent revenue	**1**	-	**305**	245	**306**	245
Sundry receipts	**124**	52	**859**	2 072	**983**	2 124
Other	**73**	73	**989**	801	**1 062**	874
Total other revenues/income	**3 843**	2 410	**3 438**	4 544	**7 281**	6 954

During 2008-09 SAPOL recognised contributed assets related to road safety (fixed red light/speed cameras) ($1.033 million) transferred from the Department for Transport, Energy and Infrastructure (DTEI) and land related to the establishment of a new police facility at Roxby Downs from the Department for Environment and Heritage ($700 000).

During 2007-08 SAPOL recognised contributed assets related to road safety (fixed red light/speed cameras) ($822 000) transferred from DTEI.

13. Revenues from (payments to) SA Government

	2009 $'000	2008 $'000
Revenues from SA Government:		
Appropriation from Consolidated Account pursuant to the *Appropriation Act*	**519 900**	500 089
Contributions from the Community Emergency Services Fund	**17 986**	17 564
Contributions from the Community Road Safety Fund	**34 700**	34 700
Intra-Government transfers	**1 415**	322
Total revenues from SA Government	**574 001**	552 675

13. Revenues from (payments to) SA Government (continued)

	2009 $'000	2008 $'000
Payments to SA Government:		
Other payments to the Consolidated Account*	**(3 817)**	(1 834)
Total payments to SA Government	**(3 817)**	(1 834)
Net revenues From SA Government	**570 184**	550 841

In 2008-09, the intra-government transfer comprises:

- $153 000 for Rural Highways Saturation Program from DTEI
- $1.262 million for construction of police facilities in APY Lands from the Department of the Premier and Cabinet.

In 2007-08, the intra-government transfers comprises:

- $153 000 for Rural Highways Saturation Program from DTEI
- $169 000 for construction of police facilities in APY Lands from Department of the Premier and Cabinet.

* This amount does not include a dividend/distribution to the SA Government as owner.

SAPOL is recognising a payment of $3.817 million ($1.834 million) to the Government in 2008-09, pursuant to the Cash Alignment Policy which was implemented in 2004-05.

14. Cash and cash equivalents

	2009 $'000	2008 $'000
Deposits with the Treasurer	**34 646**	53 003
Cash held in imprest accounts and petty cash	**596**	539
Total cash	**35 242**	53 542

Deposits with the Treasurer
Includes deposits at call and Accrual Appropriation Account.

15. Receivables

	SA Government		Non-SA Government		Total	
	2009	2008	**2009**	2008	**2009**	2008
Current:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Accrued revenues	**78**	72	**-**	-	**78**	72
Receivables	**2 064**	928	**542**	1 430	**2 606**	2 358
Prepayments	**1 207**	935	**3 110**	1 827	**4 317**	2 762
Workers compensation recoveries	**-**	-	**325**	192	**325**	192
GST receivable	**-**	-	**2 199**	1 992	**2 199**	1 992
Total current receivables	**3 349**	1 935	**6 176**	5 441	**9 525**	7 376
Non-current:						
Workers compensation recoveries	**-**	-	**1 080**	615	**1 080**	615
Total receivables	**3 349**	1 935	**7 256**	6 056	**10 605**	7 991

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 provision for doubtful debts it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. In addition there is no concentration of credit risk.

SAPOL has assessed all debtors and has found no objective evidence that any receivable is impaired. Therefore no allowance has been made for impairment loss in the Statement Comprehensive Income.

16. Non-current assets classified as held-for-sale

	2009 $'000	2008 $'000
Buildings and improvements	**286**	286
Total non-current assets classified as held-for-sale	**286**	286

17. Property, plant and equipment

Land and buildings:[1]		
Land at fair value	**55 143**	54 334
Buildings at fair value	**130 493**	129 941
Accumulated depreciation	**(4 759)**	(7)
Total land and buildings	**180 877**	184 268

17. Property, plant and equipment (continued)

	2009	2008
Leasehold improvements:(1)	**$'000**	$'000
Leasehold improvements at fair value	**9 308**	9 308
Accumulated amortisation	**(1 738)**	(5)
Total leasehold improvements	**7 570**	9 303
Computing and communications equipment:(2)		
Computing and communications equipment	**34 969**	33 832
Accumulated depreciation	**(22 743)**	(20 209)
Total computing and communications equipment	**12 226**	13 623
Vehicle and transport vessels:		
Vehicle and transport vessels	**13 335**	14 440
Accumulated depreciation	**(6 823)**	(6 897)
Total vehicle and transport vessels	**6 512**	7 543
Other:		
Other	**24 269**	21 633
Accumulated depreciation	**(10 158)**	(8 753)
Total other	**14 111**	12 880
Total property, plant and equipment	**221 296**	227 617

(1) Land, buildings and improvements were revalued as at 30 June 2008 by officers from Valcorp Australia Pty Ltd.

(2) Intangible assets - computer software has been separately identified. (Refer Note 18.)

Reconciliation of non-current assets

The following table shows the movement of non-current assets during 2008-09.

2009	**Land $'000**	**Buildings and improvements $'000**	**Leasehold improvements $'000**	**Computer and communications equipment $'000**	**Vehicles and transport vessels $'000**
Carrying amount at 1 July	**54 334**	**129 934**	**9 303**	**13 623**	**7 543**
Additions	**110**	**-**	**-**	**-**	**-**
Donated assets*	**700**	**-**	**-**	**-**	**-**
Assets transferred from WIP	**-**	**558**	**-**	**3 345**	**1 021**
Assets recognised through stock take	**-**	**-**	**-**	**120**	**-**
Depreciation and amortisation	**-**	**(4 753)**	**(1 733)**	**(4 634)**	**(1 706)**
Disposals	**(1)**	**-**	**-**	**-**	**(239)**
Write-off non-current assets	**-**	**(5)**	**-**	**(228)**	**(107)**
Carrying amount at 30 June	**55 143**	**125 734**	**7 570**	**12 226**	**6 512**

	Other $'000	**Total property, plant and equipment $'000**	**Work in progress $'000**	**Intangible assets (software) $'000**	**2009 Total $'000**
Carrying amount at 1 July	**12 880**	**227 617**	**3 764**	**10 546**	**241 927**
Additions	**-**	**110**	**17 308**	**-**	**17 418**
Donated assets*	**1 033**	**1 733**	**-**	**-**	**1 733**
Assets transferred from WIP	**2 960**	**7 884**	**(12 526)**	**4 642**	**-**
Assets recognised through stock take	**168**	**288**	**-**	**-**	**288**
Depreciation and amortisation	**(2 101)**	**(14 927)**	**-**	**(2 239)**	**(17 166)**
Disposals	**(184)**	**(424)**	**-**	**-**	**(424)**
Write-off non-current assets	**(645)**	**(985)**	**(1)**	**-**	**(986)**
Carrying amount at 30 June	**14 111**	**221 296**	**8 545**	**12 949**	**242 790**

* Reflects the transfer to SAPOL of land from the Department for Environment and Heritage and road safety cameras from DTEI.

2008	Land $'000	Buildings and improvements $'000	Leasehold improvements $'000	Computer and communications equipment $'000	Vehicles and transport vessels $'000
Carrying amount at 1 July	33 574	95 723	4 426	7 340	8 651
Prior period corrections	-	-	-	7 456	-
Adjusted carrying amount at 1 July	33 574	95 723	4 426	14 796	8 651
Additions	-	-	-	165	15
Asset revaluation	21 269	38 573	4 231	-	-
Donated assets	-	-	-	-	-
Assets transferred between classes	-	(219)	1 731	3 398	1 094
Depreciation and amortisation	-	(3 577)	(1 085)	(4 711)	(1 814)
Disposals	(509)	(55)	-	-	(403)
Write-off non-current assets	-	(511)	-	(25)	-
Carrying amount at 30 June	54 334	129 934	9 303	13 623	7 543

Reconciliation of non-current assets (continued)

2008	Other $'000	Total Property, plant and equipment $'000	Work in progress $'000	Intangible assets (software) $'000	2008 Total $'000
Carrying amount at 1 July	9 680	159 394	3 180	9 782	172 356
Period adjustment	-	7 456	-	-	7 456
Adjusted carrying amount at 30 June	9 680	166 850	3 180	9 782	179 812
Additions	93	273	13 675	-	13 948
Asset revaluation	-	64 073	-	-	64 073
Donated assets	822	822	-	-	822
Assets transferred between classes	4 143	10 147	(13 091)	2 944	-
Depreciation and amortisation	(1 659)	(12 846)	-	(2 180)	(15 026)
Disposals	(97)	(1 064)	-	-	(1 064)
Write-off non-current assets	(102)	(638)	-	-	(638)
Carrying amount at 30 June	12 880	227 617	3 764	10 546	241 927

18. Intangible assets

	2009	2008
Computer software:	**$'000**	$'000
Other computer software	**22 795**	18 411
Accumulated amortisation	**(9 846)**	(7 865)
Total computer software	**12 949**	10 546

19. Payables

	SA Government		Non-SA Government		Total	
	2009	2008	**2009**	2008	**2009**	2008
Current:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Accrued employment on-costs	**3 259**	2 879	**-**	-	**3 259**	2 879
Creditors	**3 575**	3 465	**2 186**	3 357	**5 761**	6 822
Payables - employment on-costs	**7 260**	5 342	**-**	-	**7 260**	5 342
Repaid revenue	**-**	-	**-**	13	**-**	13
Total current payable	**14 094**	11 686	**2 186**	3 370	**16 280**	15 056
Non-current:						
Payables - employment on-costs	**17 927**	14 587	**-**	-	**17 927**	14 587
Other payables	**-**	-	**29**	29	**29**	29
Total non-current payable	**17 927**	14 587	**29**	29	**17 956**	14 616
Total payables	**32 021**	26 273	**2 215**	3 399	**34 236**	29 672

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they related 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.

20. Employee benefits

	2009	2008
Current:	**$'000**	$'000
Accrued salaries and wages	**17 462**	15 156
Annual leave	**29 125**	24 818
Long service leave	**8 475**	7 484
Total current employee benefits	**55 062**	47 458
Non-current:		
Long service leave	**109 519**	102 790
Annual leave	**1 069**	140
Total non-current employee benefits	**110 588**	102 930
Total employee benefits	**165 650**	150 388

In the 2009 financial year the long service leave benchmark contained in the APF IV was amended based on actuarial assessment. The benchmark for the measurement of the long service leave liability has been revised from 9 years to 8.5 years. The net financial effect of this change is an increase of $1.291 million in long service leave provision.

The total current and non-current employee benefit (ie aggregate employee benefit plus related on-costs) for 2008-09 is $65.581 million and $128.516 million respectively.

21. Provisions

Current:	Note	2009 $'000	2008 $'000
Provision for workers compensation	4	**14 915**	13 766
Provision for civil actions against police		**570**	359
Total current provisions		**15 485**	14 125

Non-current:			
Provisions for workers compensation	4	**72 404**	62 235
Total non-current provisions		**72 404**	62 235

Workers compensation:		
Carrying amount at 1 July	**76 001**	66 651
Increase in the provision due to revision of estimates	**27 568**	25 375
Reduction due to payments	**(16 250)**	(16 025)
Carrying amount at 30 June	**87 319**	76 001

The increase in the workers compensation provision is mainly due to an increase in the income maintenance payment trends ($5.6 million), a decrease in the discount rate combined with a decrease in the AWE inflation rate ($1.8 million), an increase in S42 lump sum payment trends ($700 000) and an increase in the rehabilitation payment trends ($700 000).

Civil actions against police:	2009 $'000	2008 $'000
Carrying amount at 1 July	**359**	481
Increase in the provision due to revision of estimates	**366**	229
Reduction due to payments	**(155)**	(351)
Carrying amount at 30 June	**570**	359

22. Equity

Retained earnings	**(84 144)**	(37 935)
Asset revaluation reserve	**85 605**	85 605
Total equity	**1 461**	47 670

The retained earnings represents the residual interest in SAPOL's net assets. The SA Government holds the accumulated deficit interest in SAPOL on behalf of the community.

As at 30 June 2009 SAPOL is reporting equity of $1.461 million. The movement from the reported equity as at 30 June 2008 mainly comprises increases in employee related provisions for annual and long service leave, accrued salaries and wages and workers compensation that are calculated using guidelines determined as part of government policy or through a whole of government actuarial assessment in the case of workers compensation.

The level of equity has also been impacted by the implementation of the Cash Alignment Policy in 2004-05. Pursuant to this policy SAPOL has returned $47.717 million to government. This has reduced the level of current assets held by SAPOL and ultimately reduced the level of equity.

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

Retained earnings:	2009 $'000	2008 $'000
Balance at 1 July	**(37 935)**	(18 784)
Net result	**(46 209)**	(19 151)
Balance at 30 June	**(84 144)**	(37 935)

Asset revaluation reserve		
Balance at 1 July	**85 605**	21 877
Increase and asset revaluation reserve	**-**	63 728
Balance at 30 June	**85 605**	85 605

The increase in the asset revaluation reserve for 2007-08 is due to the impact of the triennial revaluation of land, buildings and improvements.

Land, buildings and improvements were revalued as at 30 June 2008 in accordance with APF III. SAPOL revalues assets on a three yearly cycle.

23. Financial instruments/financial risk management

For details of significant policies and methods refer Note 2.

(a) Credit risk

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

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

Currently SAPOL does not hold any collateral as security to any of its financial assets. There is no evidence to indicate that financial assets are impaired.

Assets (such as prepaid expenses) for which the future economic benefit is the receipt of goods or services, rather than the right to receive cash or another financial asset, are not financial assets. Workers compensation recovery is not a financial asset as the value is based on an actuarial assessment and no contractual obligation exists. Similarly, items such as deferred revenue and most warranty obligations are not financial liabilities because the outflow of economic benefits associated with them is the delivery of goods and services rather than a contractual obligation to pay cash or another financial asset.

(b) Maturity analysis of financial assets and liabilities

SAPOL has assessed the maturity of its financial assets and liabilities as being less than one year. Receivables and payables with a contractual obligation are settled within 30 days.

(c) Liquidity risk

Liquidity risk arises where SAPOL is unable to meet its financial obligations as they fall due. SAPOL is funded principally from appropriations by the SA Government. SAPOL works with the Department of Treasury and Finance to determine the cash flows associated with its government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet expected cash flows. SAPOL settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

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

(d) Market Risk

SAPOL has no exposure to market risk.

(e) Sensitivity analysis disclosure

A sensitivity analysis of SAPOL's interest rate risk has not been undertaken as it has been determined that the possible impact on net result, total comprehensive result and equity from fluctuations in interest rates is immaterial.

23.1 Categorisation of financial instruments

		2009		2008	
		Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets	Note	**$'000**	**$'000**	$'000	$'000
Cash and cash equivalents:					
Cash and cash equivalents	14	**35 242**	**35 242**	53 542	53 542
Receivables:					
Receivables(1)	15	**2 606**	**2 606**	2 358	2 358
Financial liabilities					
Payables:					
Payables(1)	19	**5 790**	**5 790**	6 851	6 851

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government certain rights to receive or pay cash may not be contractual and therefore in these situations the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, commonwealth tax, etc they would be excluded from disclosure. AASB 132 defines contract as enforceable by law. All amounts recorded are carried at cost

23.2 Ageing analysis of financial assets

	Past due by			
	Overdue for less than 30 days	**Overdue for 31-60 days**	**Overdue for more than 60 days**	**Total**
2009	**$'000**	**$'000**	**$'000**	**$'000**
Receivables	**2 497**	**5**	**104**	**2 606**
	2 497	**5**	**104**	**2 606**
2008				
Receivables	2 222	60	76	2 358
	2 222	60	76	2 358

SAPOL has not assessed any receivables as being impaired. (Refer Note 15).

24. Commitments

Capital commitments

	2009 $'000	2008 $'000
Capital expenditure commitments at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:		
Within one year	**16 995**	4 736
Later than one year but not later than five years	**8 249**	344
Total capital commitments	**25 244**	5 080
GST included in capital commitments	**2 295**	462

Major capital commitments include academy redevelopments, new police stations at Murray Bridge and Roxby Downs, police station redevelopments at Christies Beach and Hindley Street and closed circuit TV.

Other commitments

	2009 $'000	2008 $'000
Other expenditure commitments at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:		
Within one year	**2 387**	646
Later than one year but not later than five years	**1 777**	954
Total other commitments	**4 164**	1 600
GST included in other commitments	**379**	145

Major other expenditure commitments include minor building works, early intervention program, Australian Institute of Police Management and Ammunition.

Remuneration commitments

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

	2009 $'000	2008 $'000
Within one year	**3 565**	3 692
Later than one year but not later than five years	**6 455**	6 278
Total remuneration commitments	**10 020**	9 970

Amounts disclosed include commitments arising from executive and other service contracts. SAPOL does not offer remuneration contracts greater than five years. Amounts disclosed include commitments arising from the Commissioner of Police employment contract.

Operating lease commitments

Commitments under non-cancellable operating leases, related to property and vehicles, at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:

	2009 $'000	2008 $'000
Within one year	**23 989**	21 983
Later than one year but not later than five years	**48 842**	43 873
Later than five years	**68 075**	71 708
Total operating lease commitments	**140 906**	137 564
GST included in operating lease commitments	**12 810**	12 505

The property leases are non-cancellable with rental payable in advance. Contingent rental provisions within the lease agreements require minimum lease payments to be increased periodically and generally in line with CPI movements and market conditions. Options exist to renew property leases at the end of the term of the leases.

Operating lease commitments include commitments for PPP leases related to SAPOL occupancies only.

25. Contingent liabilities

Rewards

As at 30 June 2009 the value of outstanding rewards for unsolved murders was $10.4 million ($5.5 million). No provision has been made in the financial statements for this amount as considerable doubt exists as to the amount and timing of rewards that will actually be paid. This amount is not recognised in the Statement of Financial Position.

26. Remuneration of Tribunal and Committee Members

Members that were entitled to receive remuneration for membership during the 2008-09 financial year were:

Police Review Tribunal

D Smythe   D Swain

The *Police Act 1998*, at Schedule 1 (Police Review Tribunal) requires the Chief Magistrate of the Magistrates Court to, on the commencement of any proceedings under Divisions 1 or 2 of Part 8, select a Magistrate to constitute the Tribunal for the purpose of those proceedings.

26. Remuneration of Tribunal and Committee Members (continued)

Firearms Consultative Committee

R Hamdorf	S Ahrens	R Warwick
A Swifte	O Bevan	D Hillan
J Baker	I Wangel	K Wigglesworth*
G Hyde	H Dodd	
Y Hill	J McIntyre	

All members of the Firearms Consultative Committee were appointed until 14 April 2009. The Firearms Consultative Committee was disbanded as of 15 April 2009.

	2009 Number	2008 Number
The number of members whose remuneration received or receivable falls within the following bands:		
$0 - $9 999	**14**	16
$10 000 - $19 999	**1**	-
Total number of members	**15**	16

Remuneration of members reflects all costs of performing Board/Committee member duties including sitting fees superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was $27 000 ($38 000).

Amounts paid to a superannuation plan for Tribunal/Committee members totalled $2000 ($3000).

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

* In accordance with the Department of the Premier and Cabinet Circular 16 government employees did not receive any remuneration for Board/Committee duties during the financial year.

27. Transferred functions

In September 2006 the SA Government announced a shared services initiative to streamline and simplify internal corporate and business support services to deliver savings. In late 2007 State Cabinet approved the shared services model developed by the Shared Services Reform Office for the creation of Shared Services SA in the Department of Treasury and Finance. The business services of South Australian Government agencies are transferring to Shared Services SA in a series of transition programs known as Tranches. In most cases these services transition in their current state with the current employees who have been providing these services within the agencies. Cabinet approved Tranche 1 services on 15 October 2007 which comprised accounts payable, accounts receivable and payroll services. As part of this reform from October 2008 the accounts payable, accounts receivable and payroll services from the Transactions Services Branch transitioned to Shared Services SA. The effective date of the transfer is 20 October 2008.

14 employees (15 FTE positions) of the Transaction Services Branch annual budget funding of $1.599 million (2009-10) and the following assets and liabilities were transferred to Shared Services SA:

	2009 $'000
Cash	**172**
Total assets	**172**
Payables	**13**
Employee benefits	**159**
Total liabilities	**172**
Total net assets transferred	**-**

Net assets transferred by SAPOL as a result of the administrative restructure were at the carrying amount. The net assets transferred were treated as a distribution to the Government as owner.

The next Tranche of services to transition was approved by Cabinet on 8 December 2008 and will comprise certain financial services. SAPOL will transfer these services during 2009-10.

28. Cash flows reconciliation

	2009 $'000	2008 $'000
Cash and cash equivalents disclosed in the Statement of Financial Position	**35 242**	53 542
Reconciliation of net cash flows from operating activities to net cost of providing services:		
Net cash (used in) provided by operating activities	**(1 111)**	22 081
Revenues from SA Government	**(519 900)**	(500 089)
Contribution from the Community Emergency Services Fund	**(17 986)**	(17 564)
Contribution from Community Road Safety Fund	**(34 700)**	(34 700)
Intra-Government Transfer	**(1 415)**	(322)
Payments to SA Government	**3 817**	1 834

28. Cash flow reconciliation (continued)

	2009	2008
Add (Less): Non-cash items:	**$'000**	$'000
Depreciation and amortisation expense	**(17 166)**	(15 026)
Net gain from disposal of non-current assets	**281**	551
Net loss from write-down of non-current assets	**(986)**	(638)
Assets recognised through stocktake	**288**	273
Donated assets:		
Road safety cameras (transfer from DTEI)	**1 033**	822
Land (transfer from Department for Environment and Heritage)	**700**	-
Disposal of assets held-for-sale	**-**	(181)
Accrued non-current assets	**(476)**	-
Change in assets and liabilities:		
Increase in receivables	**2 614**	1 050
(Decrease) Increase in inventories	**(31)**	213
Increase in payables and provisions	**(16 092)**	(12 306)
Increase in employee benefits	**(15 263)**	(15 990)
Net cost of providing services	**(616 393)**	(569 992)

29. Events after balance date

Shared Services SA

In September 2006 the Government established the Shared Services Reform Office to develop the strategy for the establishment of Shared Services SA. Shared Services SA was established with-in the Department of Treasury and Finance. Shared Services SA aims to implement corporate and business services to be shared by all departments of the South Australian public sector. These services will be in the areas of finance, human resources, information and communication technology and procurement. The first transition of functions occurred 20 October 2008. A second transition of financial service functions will take place during 2009-10. Only employees employed under the PSM Act are to be transferred.

The staffing and expenditure and Statement of Financial Position impacts of the second tranche transfer have not yet been finalised.

Statement of Administered Comprehensive Income
for the year ended 30 June 2009

	Note	**2009 $'000**	2008 $'000
EXPENSES:			
Employee benefit expenses		**398**	366
Supplies, services and other expenditure	A3	**2 061**	2 126
Intra-government transfers		**6 837**	6 631
Total expenses		**9 296**	9 123
INCOME:			
Revenue from fees, fines and charges	A4	**84 263**	84 266
Total income		**84 263**	84 266
NET SURPLUS FROM ORDINARY ACTIVITIES		**74 967**	75 143
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT			
Revenues from SA Government	A5	**524**	690
Payments to SA Government	A5	**(75 518)**	(75 657)
Net payments to SA Government		**(74 994)**	(74 967)
NET RESULT		**(27)**	176
TOTAL COMPREHENSIVE RESULT		**(27)**	176

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

Statement of Administered Financial Position
as at 30 June 2009

	Note	**2009 $'000**	2008 $'000
CURRENT ASSETS:			
Cash and cash equivalents	A6	**12 647**	11 594
Receivables from SA Government		**200**	191
Total current assets		**12 847**	11 785
Total assets		**12 847**	11 785
CURRENT LIABILITIES:			
Payables - employment on-costs		**6**	5
Other liabilities	A7	**12 240**	11 184
Employee benefits	A8	**38**	33
Total current liabilities		**12 284**	11 222
NON-CURRENT LIABILITIES:			
Employee benefits - long service leave		**158**	135
Payables - employment on-costs		**25**	21
Total non-current liabilities		**183**	156
Total liabilities		**12 467**	11 378
NET ASSETS		**380**	407
EQUITY:			
Retained earnings		**380**	407
TOTAL EQUITY		**380**	407

Total equity is attributable to the SA Government as owner

Commitments A9

Statement of Administered Changes in Equity
for the year ended 30 June 2009

	Retained earnings $'000
Balance at 30 June 2007	231
Net result for 2007-08	176
Total comprehensive result for 2007-08	176
Balance at 30 June 2008	407
Net result for 2008-09	(27)
Total comprehensive result for 2008-09	(27)
Balance at 30 June 2009	**380**

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

Statement of Administered Cash Flows
for the year ended 30 June 2009

	Note	**2009 Inflows (Outflows) $'000**	2008 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Employee benefits payments		**(366)**	(335)
Supplies and services		**(552)**	(303)
Intra-government transfers		**(6 903)**	(6 631)
Cash used in operations		**(7 821)**	(7 269)
CASH INFLOWS:			
Fees, fines and charges		**82 305**	82 240
Other revenue		**1 952**	1 948
Cash generated from operations		**84 257**	84 188
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		**523**	690
Payment to SA Government		**(75 906)**	(74 144)
Cash generated from SA Government		**(75 383)**	(73 454)
Net cash provided by operating activities	A10	**1 053**	3 465
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1 053**	3 465
CASH AND CASH EQUIVALENTS AT 1 JULY		**11 594**	8 129
CASH AND CASH EQUIVALENTS AT 30 JUNE	A6	**12 647**	11 594

Schedule of Expenses and Income attributable to Administered Activities for the year ended 30 June 2009

(Refer below)	1		2		3	
	2009	2008	**2009**	2008	**2009**	2008
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefits expenses	**-**	-	**-**	-	**398**	366
Supplies, services and other expenditure	**-**	-	**-**	-	**-**	-
Intra-government transfers	**-**	-	**6 784**	6 581	**-**	-
Total expense	**-**	-	**6 784**	6 581	**398**	366
INCOME:						
Revenue from fees, fines and charges	**75 521**	75 658	**6 784**	6 581	**-**	-
Total income	**75 521**	75 658	**6 784**	6 581	**-**	-
NET GAIN (COST) FROM PROVIDING SERVICES	**75 521**	75 658	**-**	-	**(398)**	(366)
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:						
Revenues from SA Government	**-**	-	**-**	-	**365**	336
Payments to SA Government	**(75 518)**	(75 657)	**-**	-	**-**	-
Net revenues from (payments to) SA Government	**(75 518)**	(75 657)	**-**	-	**365**	336
NET RESULT	**3**	1	**-**	-	**(33)**	(30)

(Refer below)	4		5		Total	
	2009	2008	**2009**	2008	**2009**	2008
EXPENSES:	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefits expenses	**-**	-	**-**	-	**398**	366
Supplies, services and other expenditure	**1 955**	2 027	**106**	99	**2 061**	2 126
Intra-government transfers	**-**	-	**53**	50	**6 837**	6 631
Total expenses	**1 955**	2 027	**159**	149	**9 296**	9 123
INCOME:						
Revenue from fees, fines and charges	**1 958**	2 027	**-**	-	**84 263**	84 266
Total income	**1 958**	2 027	**-**	-	**84 263**	84 266
NET GAIN (COST) FROM PROVIDING SERVICES	**3**	-	**(159)**	(149)	**74 967**	75 143
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:						
Revenues from SA Government	**-**	-	**159**	354	**524**	690
Payments to SA Government	**-**	-	**-**	-	**(75 518)**	(75 657)
Net revenues from (payments to) SA Government		-	**159**	354	**(74 994)**	(74 967)
NET RESULT	**3**	-	**-**	205	**(27)**	176

1. Expiation fees
2. Victims of Crime Levy
3. Special Acts
4. Public Private Partnership (PPP)
5. Other

Schedule of Assets and Liabilities attributable to Administered Activities as at 30 June 2009

(Refer below)	1		2		3		4	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
CURRENT ASSETS:								
Cash and cash equivalents	**201**	130	**6 158**	4 726	**5 184**	5 571	**515**	581
Receivables	**-**	-	**-**	-	**-**	-	**-**	-
Total assets	**201**	130	**6 158**	4 726	**5 184**	5 571	**515**	581
CURRENT LIABILITIES:								
Payables	**-**	-	**-**	-	**-**	-	**-**	-
Other liabilities	**201**	130	**6 158**	4 726	**5 184**	5 571	**515**	581
Employee benefits	**-**	-	**-**	-	**-**	-	**-**	-
Total current liabilities	**201**	130	**6 158**	4 726	**5 184**	5 571	**515**	581
NON-CURRENT LIABILITIES:								
Employee benefits	**-**	-	**-**	-	**-**	-	**-**	-
Payables	**-**	-	**-**	-	**-**	-	**-**	-
Total non-current liabilities	**-**	-	**-**	-	**-**	-	**-**	-
Total liabilities	**201**	130	**6 158**	4 726	**5 184**	5 571	**515**	581
NET ASSETS	**-**	-	**-**	-	**-**	-	**-**	-

(Refer below)	5		6		7		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
CURRENT ASSETS:								
Cash and cash equivalents	**(19)**	(17)	**-**	-	**608**	602	**12 647**	11 594
Receivables	**19**	17	**181**	174	**-**	-	**200**	191
Total assets	**-**	-	**181**	174	**608**	602	**12 847**	11 785
CURRENT LIABILITIES:								
Payables	**6**	5	**-**	-	**-**	-	**6**	5
Other liabilities	**-**	-	**181**	174	**1**	2	**12 240**	11 184
Employee benefits	**38**	33	**-**	-	**-**	-	**38**	33
Total current liabilities	**44**	38	**181**	174	**1**	2	**12 284**	11 222
NON-CURRENT LIABILITIES:								
Employee benefits	**158**	135	**-**	-	**-**	-	**158**	135
Payables	**25**	21	**-**	-	**-**	-	**25**	21
Total non-current liabilities	**183**	156	**-**	-	**-**	-	**183**	156
Total liabilities	**227**	194	**181**	174	**1**	2	**12 467**	11 378
NET ASSETS	**(227)**	(194)	**-**	-	**607**	600	**380**	407

1. Unclaimed property
2. Exhibit monies
3. Expiation fees
4. Victims of Crime Levy
5. Special Acts
6. Public Private Partnership (PPP)
7. Other

NOTES TO AND FORMING PART OF THE ADMINISTERED ITEMS FINANCIAL STATEMENTS

A1. Summary of significant accounting policies

All accounting policies for South Australia Police (SAPOL) are contained in Note 2. The policies outlined in Note 2 apply to both SAPOL and the administered items financial statements except as noted below.

A1.1 Departures from SAPOL 'summary of significant accounting policies'

Basis of accounting

Income from expiation fees and Victim of Crime Levy fees is recognised on a cash basis. All other elements of SAPOL's Statement of Administered Comprehensive Income, Statement of Administered Financial Position and Statement of Administered Changes in Equity have been prepared on an accrual basis.

A2. Administered items

The following financial transactions are administered by SAPOL as at 30 June 2009. They do not represent controlled transactions of SAPOL. As such they are not recognised in the financial statements of SAPOL.

A2.1 Unclaimed property

SAPOL holds unclaimed monies and proceeds from disposal of found properties. These monies are held for a period of six months and are then passed to Government. SAPOL treats these items in accordance with Police Regulations 1999.

A2.2 Exhibit monies

SAPOL holds exhibit property being items confiscated at the time of an offence ie items found at a crime scene or which were part of a theft. These items are held as an exhibit which may be presented to the court as evidence at the time the offence is heard. The court may decide that the items are returned or confiscated and passed to the Government.

A2.3 Expiation fees

SAPOL as a central processing agency of expiation notices collects expiation revenue arising from expiation notices issued by police officers and other authorised officers. SAPOL treats the collected expiation revenue pursuant to the requirements of the *Expiation of Offences Act 1996*. Monies collected are paid into the Consolidated Account.

A2.4 Victims of Crime Levy

SAPOL as a central processing agency of expiation notices collects Victims of Crime expiation revenue arising from the expiation of offences included on expiation notices issued by police officers and other authorised officers. SAPOL treats the collected Victim of Crime Levy revenue pursuant to the requirements of the *Victims of Crime Act 2001*. Monies collected are paid into the Victims of Crime Fund operated by the Attorney-General's Department. These are shown as intra government transfers in the Statement of Administered Comprehensive Income.

A2.5 Special acts

SAPOL receives separate appropriation for the payment of salaries in relation to the Commissioner of Police. Funding is provided under 'Recurrent Expenditure – Special Acts'.

A2.6 Public Private Partnership

In May 2005 Cabinet approved the execution of a 25 year service contract with Plenary Justice Pty Ltd (Plenary) for regional police stations for SAPOL and courts for the Courts Administration Authority (CAA).

In June 2005 the Minister of Infrastructure signed a Project Agreement.

The Public Private Partnership (PPP) includes courts facilities at Port Lincoln, Victor Harbor, Berri and Port Pirie.

For accounting purposes the lease is an operating lease.

Under the PPP agreement SAPOL is responsible for paying lease payments to Plenary for sites occupied by both SAPOL and CAA. SAPOL invoices CAA for the sites that they occupy.

SAPOL has no control over the use of the funds listed above.

A2.7 Other

SAPOL receives appropriation with respect to grant payments to Safer Communities Australia Inc and the Australian Crime Prevention Council and a community service obligation payment to SA Water.

A3. Supplies and services and other expenditure

	2009	2008
Supplies and services provided by entities external to the SA Government:		
PPP lease payments*	**1 955**	2 027
Other	**106**	99
Total supplies and services - non-SA Government entities	**2 061**	2 126
Total supplies and services	**2 061**	2 126

* This relates to PPP lease payments on behalf of CAA (refer Note A2.6). The expenditure is offset by cost recovery from CAA.

A4. Revenue from fees, fines and charges

	SA Government		Non-SA Government		Total	
	2009	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Expiation revenue	**-**	-	**75 521**	75 658	**75 521**	75 658
PPP cost recovery*	**1 958**	2 027	**-**	-	**1 958**	2 027
Victims of Crime Levy	**-**	-	**6 784**	6 581	**6 784**	6 581
Total revenue from fees, fines and charges	**1 958**	2 027	**82 305**	82 239	**84 263**	84 266

* This amount includes cost recovery from the CAA for PPP lease payments (refer Note A2.6).

A5. Revenue from / payments to SA Government

	2009	2008
Revenues from SA Government:	**$'000**	$'000
Appropriations from Consolidated Account pursuant to the *Appropriation Act*	**524**	690
Total revenue from SA Government	**524**	690
Payments to SA Government:		
Other payments to the Consolidated Account*	**(75 518)**	(75 657)
Total payments to SA Government	**(75 518)**	(75 657)

* This amount does not include a dividend/distribution to the SA Government as owner.

A6. Cash and cash equivalents

Deposits with the Treasurer	**8 352**	6 040
Deposits with other institutions	**4 295**	5 554
Total cash and cash equivalents	**12 647**	11 594

A7. Other liabilities

Transfer of funds to SA Government	**5 880**	6 326
Exhibit monies to SA Government	**6 158**	4 726
Unclaimed property to non-SA Government	**201**	130
Other payable to non-SA Government	**1**	2
Total other liabilities	**12 240**	11 184

A8. Employee benefits

Accrued salaries and wages	**8**	7
Annual leave	**30**	26
Total employee benefits	**38**	33

A9. Commitments

Operating lease commitments

Commitments under non-cancellable operating leases, relate to the PPP lease payments, paid on behalf of CAA, at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:

Within one year	**2 110**	2 059
Later than one year but not later than five years	**9 005**	8 781
Later than five years	**46 647**	48 981
Total lease commitments	**57 762**	59 821
GST included in operating lease commitments	**5 251**	5 438

A10. Cash flows reconciliation

	2009	2008
	$'000	$'000
Cash and cash equivalents disclosed in the Statement of Administered Financial Position	**12 647**	11 594
Reconciliation of net cash provided by operating activities to net surplus from ordinary activities:		
Net cash provided by operating activities	**1 053**	3 465
Revenues from SA Government	**(524)**	(690)
Payments to SA Government	**75 518**	75 657
Change in assets and liabilities:		
Increase in receivables	**9**	79
Increase in payables and provisions	**(1)**	(31)
Increase in other liabilities	**(1 088)**	(3 337)
Net surplus from ordinary activities	**74 967**	75 143

SOUTH AUSTRALIAN ASSET MANAGEMENT CORPORATION

FUNCTIONAL RESPONSIBILITY

The *State Bank of South Australia Act 1983* (as amended) provides for the South Australian Asset Management Corporation (SAAMC), formerly known as the State Bank of South Australia to 'manage, realise and otherwise deal with its remaining assets and liabilities and, with the approval of the Treasurer, other assets and liabilities of the Crown or an instrumentally of the Crown, to the best advantage of the State'. The Act also provides for the Board of Directors of SAAMC to be subject to the control and direction of the Treasurer.

SAAMC and its controlled entities (ie former subsidiary and associated entities of the former State Bank of South Australia) commenced operations on 1 July 1994 with consolidated assets and liabilities of $8.3 billion and $8.2 billion respectively. At 30 June 2008 assets and liabilities of SAAMC stood at $79 million and $6 million respectively.

At 30 June 2009 SAAMC staffing consisted of a part-time Chief Executive Officer and one temporary employee.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial report

Subsection 31(1)(b) of the PFAA provides for the Auditor-General to audit the accounts of SAAMC for each financial year.

Assessment of controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by SAAMC in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of audit

The audit program involved the review of financial systems and records and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial statements and internal controls.

During 2008-09, areas of audit attention included: cash and investments; receivables and payables; financial accounting systems, including reconciliation processes; and financial statements verification.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the South Australian Asset Management Corporation as at 30 June 2009, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the South Australian Asset Management Corporation in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the South Australian Asset Management Corporation have been conducted properly and in accordance with law.

Communication of audit matters

The review of the auditable areas (including financial statements verification) indicated that the financial controls of SAAMC were satisfactory. No matters arose during the audit that required management letter communication to SAAMC.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

The major objective of SAAMC involves the management of the divesting of assets and repayment of liabilities rather than holding for long-term operations and profit generation.

Highlights of the financial statements

	2009	2008
	$'million	$'million
INCOME		
Interest revenue	**4**	5
Recoveries of debts	**1**	8
Total income	**5**	13
EXPENSES	**1**	1
Profit after income tax equivalents and comprehensive result	**4**	12
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	**(1)**	7
ASSETS	**79**	80
LIABILITIES	**6**	7
EQUITY	**73**	73

Statement of Comprehensive Income

The following table shows the revenues/recoveries, expenses and net profits for the five years to 2009.

	2009	2008	2007	2006	2005
	$'million	$'million	$'million	$'million	$'million
Revenues/recoveries	**5**	13	6	6	21
Expenses	**1**	1	1	1	8
NET PROFIT	**4**	12	5	5	13

The 2008 net profit resulted from a significant recovery received during that year from a major debtor.

The general trend results of SAAMC in recent years of recording small profits, reflects the near completion of its core mission of the orderly divestiture of certain assets and the extinguishment of certain liabilities of the former State Bank of South Australia.

Statement of Financial Position

The net asset position of SAAMC at 30 June 2009 was $73 million ($73 million). Note 15 to the financial statements discloses investments of $79 million. They represent deposits with the South Australian Government Financing Authority.

At 30 June 2009, the retained earnings of SAAMC were $21 million after payment of a dividend of $4 million to the Consolidated Account on direction of the Treasurer pursuant to section 22 of the *State Bank of South Australia Act 1983* (as amended). Refer to Statement of Changes in Equity.

Statement of Cash Flows

The following table summarises the net cash flows for the five years to 2009.

	2009	2008	2007	2006	2005
	$'million	$'million	$'million	$'million	$'million
Net cash flows					
Operating	**(1)**	7	(2)	16	7
Investing	**4**	(4)	2	(11)	696
Financing	**(4)**	(4)	-	(6)	(705)
Change in cash	**(1)**	(1)	-	(1)	(2)
Cash at 30 June	**-**	1	2	2	3

Over the years cash flows from investing activities have been used in relation to financing activities, associated with repaying borrowings and/or contributed capital to the Government, or payment of dividends to the Government, or in reinvestment activity principally with South Australian Government Financing Authority.

Statement of Comprehensive Income
for the year ended 30 June 2009

		2009	2008
INCOME:	Note	**$'000**	$'000
Interest revenues	5	**4 260**	4 632
Other revenues	6	**12**	16
Credit for bad and doubtful debts	12	**834**	8 185
Total income		**5 106**	12 833
EXPENSES:			
Employee benefits expenses	8	**201**	190
Supplies and services	9	**52**	242
Other Expenses	10	**515**	802
Total expenses		**768**	1 234
Profit before income tax equivalents		**4 338**	11 599
Income tax equivalent expense	13	**-**	-
PROFIT AFTER INCOME TAX EQUIVALENTS		**4 338**	11 599
TOTAL COMPREHENSIVE RESULT		**4 338**	11 599

Profit after income tax equivalents and comprehensive result are attributable to the SA Government as owner

Statement of Financial Position
as at 30 June 2009

	Note	**2009**	2008
ASSETS:		**$'000**	$'000
Cash and cash equivalents	23(a)	**53**	1 019
Investments	15	**79 120**	78 422
Other financial assets	16	**183**	126
Total assets		**79 356**	79 567
LIABILITIES:			
Payables	17	**2 768**	3 336
Employee benefits	18	**155**	131
Provisions	19	**3 143**	3 148
Total liabilities		**6 066**	6 615
NET ASSETS		**73 290**	72 952
EQUITY:			
Contributed capital		**52 716**	52 716
Retained earnings		**20 574**	20 236
TOTAL EQUITY		**73 290**	72 952
Commitments for expenditure	20		
Contingent assets and liabilities	21		

Statement of Changes in Equity
for the year ended 30 June 2009

	Contributed Capital $'000	Retained Earnings $'000	Total $'000
Balance at 30 June 2007	52 716	12 637	65 353
Profit after income tax equivalents for 2007-08	-	11 599	11 599
Total comprehensive result for 2007-08	-	11 599	11 599
Transactions with SA Government as owner			
Dividend paid	-	(4 000)	(4 000)
Balance at 30 June 2008	52 716	20 236	72 952
Profit after income tax equivalents for 2008-09	-	4 338	4 338
Total comprehensive result for 2008-09	-	4 338	4 338
Transactions with SA Government as owner			
Dividend paid	-	(4 000)	(4 000)
Balance at 30 June 2009	**52 716**	**20 574**	**73 290**

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

Statement of Cash Flows
for the year ended 30 June 2009

	Note	**2009 Inflows (Outflows) $'000**	2008 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH INFLOWS:			
Receipts from the sale of goods and services		**1 912**	4 835
Interest received		**26**	85
GST receipts on receivables		**266**	479
GST input tax credits claimed		**266**	563
Other receipts		**870**	8 202
Cash generated from operations		**3 340**	14 164
CASH OUTFLOWS:			
Employee benefit payments		**(233)**	(219)
Supplies and services		**(3 879)**	(5 901)
GST payments on purchases		**-**	(563)
GST remitted to ATO		**(194)**	(483)
Cash used in operations		**(4 306)**	(7 166)
Net cash (used in) provided by operating activities	23(b)	**(966)**	6 998
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH INFLOWS:			
Proceeds from the sales/maturities of investments		**5 150**	4 000
Cash generated from investing activities		**5 150**	4 000
CASH OUTFLOWS:			
Purchase of investments		**(1 150)**	(7 900)
Cash used in investing activities		**(1 150)**	(7 900)
Net cash provided by (used in) investing activities		**3 600**	(3 900)
CASH FLOWS FROM FINANCING ACTIVITIES:			
CASH OUTFLOWS:			
Dividend paid		**(4 000)**	(4 000)
Cash used in financing activities		**(4 000)**	(4 000)
Net cash used in financing activities		**(4 000)**	(4 000)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(966)**	(902)
CASH AND CASH EQUIVALENTS AT 1 JULY		**1 019**	1 921
CASH AND CASH EQUIVALENTS AT 30 JUNE		**53**	1 019

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives of South Australian Asset Management Corporation

South Australian Asset Management Corporation (SAAMC) is incorporated under the *State Bank of South Australia Act, 1983* (as amended). On 1 July 1994, this entity changed its name from State Bank of South Australia to SAAMC, as provided for in the *State Bank of South Australia Act, 1983* (as amended). The objectives of the Corporation are:

- Meet the long-term obligations and commitments of what was previously known as State Bank of South Australia.
- Pursue and finalise statutory and other legal actions arising from winding down of all the subsidiaries of the former State Bank of South Australia.
- Disciplined downsizing of the Statement of Financial Position.
- Generate earnings through the realisation of assets and prudent management of funding.
- Manage limited resources efficiently and productively, maintaining a pool of skills in balance with the downsizing task.
- Be fully accountable to the State of South Australia.
- Maintain a high standard of corporate and business ethics.

2. Summary of significant accounting policies

(a) Statement of compliance

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and TIs and APSs promulgated under the provisions of the PFAA.

Except for the amendments to AASB 101 including AASB 2007-7 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), which SAAMC has early-adopted, AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by SAAMC for the reporting period ending 30 June 2009. (Refer Note 3).

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying SAAMC's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable Notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following Note disclosures, that have been included in the financial statements:

  (a) Revenues, expenses, financial assets and liabilities where the counterparty/transaction is within the SA Government as at reporting date, classified according to their nature.

  (b) Expenses incurred as a result of engaging consultants (refer Note 9).

  (c) Employees whose normal remuneration is $100 000 or more (within $10 000 bandwidths) and the aggregate of remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees (refer Note 7).

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2009 and the comparative information presented.

(c) Reporting entity

The financial statements cover SAAMC as an individual reporting entity. SAAMC is a statutory authority of the State of South Australia, established pursuant to the *State Bank of South Australia Act 1983* (as amended).

(d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where adjusted to reflect the early adoption of AASB 101 and specific revised accounting standards and APSs.

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required eg preparation of a single Statement of Comprehensive Income.

(e) Rounding

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

(f) Events after balance date

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

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

(g) Taxation

SAAMC is exempt from the TI 22 by virtue of the *State Bank (Corporatisation) Act 1994*. The Corporation is liable for payroll tax, FBT, GST, emergency services levy, land tax equivalents and local government rate equivalents.

(g) Taxation (continued)

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 ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

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

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

(h) Bad and doubtful debts

Provisioning for bad and doubtful debts is not required. The Corporation's assets are cash and other liquid investments with the South Australian Government Financing Authority (SAFA).

Due to their nature these assets have a minimum credit risk attached to them and they are continuously monitored and individually valued. Any changes to the market values of these assets are immediately taken through the Statement of Comprehensive Income.

(i) Income and expenses

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

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

(j) Cash and cash equivalents

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

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

(k) Investments

Investments represent public and other debt instruments that were purchased with the intention of investing excess liquidity prior to the repayment to the South Australian Government or as part of the liquidity management function of SAAMC. Such securities are recorded on a mark-to-market valuation basis. Gains and losses realised from the sale of these securities and unrealised gains and losses on revaluation are reflected in the Statement of Comprehensive Income.

(l) Receivables

Receivables include amounts receivable from trade, prepayments and other accruals. Receivables are initially recognised at fair value and subsequently measured at amortised cost less impairment. Trade receivables arise in the normal course of selling goods and services to the public and other government agencies. Trade receivables are generally receivable within 30 days after the issue of an invoice or the goods/services have been provided under a contractual agreement. Collectability of trade receivables is reviewed on an ongoing basis. An allowance for impairment is raised when there is objective evidence that the Corporation will not be able to collect the debt. Bad debts are written off when identified.

(m) Employee benefits

Employee benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. The value of commitments to employees is based on projected departure dates of staff and is calculated on the estimated cash entitlement at the time of the expected departure. Provisions required for employee entitlements are not discounted to present value, as the effect of discounting is not material.

Salaries, annual leave and long service leave

The provisions for employee entitlements to salaries and annual leave represent the amount that the Corporation has a present obligation to pay, resulting from employees' services provided up to reporting date. The provision has been calculated at nominal amounts, based on current salary rates, and includes related on-costs.

The Corporation's future obligations for long service leave entitlements, although immaterial, have been fully provided.

Superannuation funds
The Corporation contributes the prescribed Employer Contribution to the Triple S scheme administered by the South Australian Superannuation Board and a privately held fund chosen by an employee. Contributions are charged against income as they are made. Refer to Note 20 'Superannuation Commitments'. 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 paid.

(n) Provisions
Provisions are recognised when SAAMC 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 Corporation expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

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

(o) Insurance
The Corporation has arranged, through SAFA, SAICORP Division, to insure all major risks of the Corporation. The excess payable under this arrangement varies depending on each class of insurance held.

3. Changes in accounting policies
SAAMC has early-adopted the AASB 101 including AASB 2007-8 and AASB 2009-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101) this includes the preparation of a single Statement of Comprehensive Income.

Issued or amended but not yet effective
Except for the amendments to AASB 101, which SAAMC has early-adopted, the AASs and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by SAAMC for the period ended 30 June 2009. SAAMC 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 SAAMC.

4. Revenues from (payments to) SA Government (direction from the Treasurer)
Section 22 of the *State Bank of South Australia Act 1983* (as amended) provides that any surplus of funds remaining after the costs of the Bank have been met in any financial year must be paid into the Consolidated Account or otherwise dealt with as the Treasurer of South Australia may determine.

On the 22 June 2009, the Treasurer of South Australia specifically determined and approved the payment of a $4 million dividend to the Consolidated Account on the 30 June 2009. The dividend was paid from SAAMC's current earnings and retained profits.

5. Interest revenues	**2009**	2008
	$'000	$'000
Interest from entities external to the SA Government	**25**	85
Interest from entities within SA Government	**4 235**	4 547
Total interest income	**4 260**	4 632

6. Other income		
Other sundry income received from entities external to SA Government	**12**	16
Total other income	**12**	16

7. Key management personnel and remuneration
Key management personnel of the Corporation comprise the directors of the Corporation being Mr Brett G Rowse, Ms Linda Hart, Ms Nicolle S Rantanen, and the Chief Executive Officer, Mr Andrew G Anastasiades. As the directors are employees of the SA Government no remuneration was paid to them by the Corporation for the discharge of their duties as directors. Remuneration payable to the Chief Executive Officer is $116 000 representing short-term benefits. This officer was the only employee who received remuneration in excess of $100 000.

8. Employee benefits costs	**2009**	2008
	$'000	$'000
FBT	**4**	4
Salaries	**95**	87
Superannuation and retiring allowances	**79**	79
Other staff expenses	**23**	20
Total employee benefits costs	**201**	190

9. Supplies and services

	2009	2008
Supplies and services provided by entities within the SA Government:	$'000	$'000
Legal	-	9
Insurance	4	4
Other	43	69
Total supplies and services - SA Government entities	**47**	82
Supplies and services provided by entities external to the SA Government:		
Legal	-	214
Other*	5	(54)
Total supplies and services - non-SA Government entities	**5**	160
Total supplies and services	**52**	242

SAAMC did not engage during the year any consultants as defined by the APF II.

10. Other expenses

Other	515	802
Total other expenses	**515**	802

A concurrent lease was held for a property at 77 Grenfell Street, Adelaide (SA Water House). Refer Note 21. The lease was signed in 1993 and expired on 15 November 2008. Pursuant to the terms of the lease SAAMC was paid monthly rentals and outgoings in arrears and paid the lessor quarterly in arrears. The lease and other relevant payments collected and due to be collected were $512 000 less than the payments made pursuant to the lease.

11. Auditor's remuneration

	2009	2008
	$'000	$'000
Audit fees paid/payable to the Auditor-General's Department	21	47
Total audit fees - SA Government entities	**21**	47

In respect of 2007-08 the amount paid was $32 500. No other services were provided by the Auditor-General's Department.

12. Bad and doubtful debts

Net credit for bad debts written off:		
Recoveries net of recovery costs	(834)	(8 185)
Net recoveries received	**(834)**	(8 185)
Credit for bad and doubtful debts	**(834)**	(8 185)

13. Income tax

The amount provided in respect of income tax differs from the amount prima facie payable on operating profit:		
Prima facie income tax expense calculated at 30 percent (8.3 percent) on profit	1 301	3 480
Decrease in income tax expense due to non-tax assessable items:		
Tax exempt income - SAAMC	1 301	3 480
Income tax expense (benefit) on profit adjusted for permanent differences:		
Income tax under (over) provided in prior year	-	-
Tax rate differential on overseas income	-	-
Future income tax benefit not brought to account	-	-
Total income tax expense (benefit)	**-**	-

14. Segmental reporting

Geographic segments

Revenue:		
Australia	5 106	12 833
Total revenue	**5 106**	12 833
Profit after income tax equivalents:		
Australia	4 338	11 599
Total profit after income tax equivalents	**4 338**	11 599
Total assets:		
Australia	79 356	79 567
Total assets	**79 356**	79 567

Industry segments

The Corporation has operated predominantly in the financial services industry during the course of the year comprising investing, recovery of outstanding debts and management of treasury risks.

15. Investments

	2009	2008
	$'000	$'000
Deposits with SA Government entities	**79 120**	78 422
Total investments	**79 120**	78 422

16. Other financial assets

Debtors - SA Government entities	**179**	120
GST receivable	**4**	6
Total other financial assets	**183**	126

17. Payables

Current:		
Creditors	**165**	638
Accrued expenses	**99**	155
GST payable	**-**	39
Non-Current:		
Creditors	**2 504**	2 504
Total payables	**2 768**	3 336
Government/non-Government payables:		
Payables to SA Government entities:		
Accrued expenses	**51**	62
Total payables to other SA Government entities	**51**	62
Payables to non-SA Government entities:		
Creditors	**2 669**	3 142
Accrued expenses	**48**	93
GST payable	**0**	39
Total payables to non-SA Government entities	**2 717**	3 274
Total payables	**2 768**	3 336

18. Employee benefits

Current:		
Annual leave	**52**	33
Accrued salaries	**3**	3
Total current employee benefits	**55**	36
Non-Current:		
Long-term long service leave	**100**	95
Total employee benefits	**154**	131

19. Provisions

Workers compensation claims	**3 143**	3 148
Total provisions	**3 143**	3 148
Carrying amount at 1 July	**3 148**	3 187
Amount charged against the provision	**(5)**	(39)
Carrying amount at 30 June	**3 143**	3 148

20. Commitments

Superannuation commitments

SAAMC contributes to an accumulation benefit employee fund, which is administered by the South Australian Superannuation Board and a privately held superannuation fund as elected by one of the employees. Employer contributions to the funds are made in accordance with the funds' requirements.

SAAMC had one part time and one temporary employee as at reporting date. There was one part time and one temporary employee at the same period last year.

Operating lease commitments	**2009**	2008
Concurrent leases payable or contracted for at balance date but not provided for in the financial statements:	**$'000**	$'000
Not later than one year	**-**	2 752
	-	2 752

These commitments which arose from a concurrent lease held by SAAMC for a property at 77 Grenfell Street in Adelaide were partly offset by lease and other related payments received. The payments received in 2009 were $512 000 ($776 000) less then the payments made. The shortfall was expensed in the year.

21. Contingent assets and liabilities

Claims by and against the Corporation

In the ordinary course of business, SAAMC is indirectly involved in litigation, which at the date of adoption of these financial statements has not been resolved. Acting on legal advice, the Directors are of the opinion that on balance no material losses are likely to arise other than the amounts provided for in the financial statements.

Put option

A property put option was entered into in 1993-94 as part of the sale arrangements of the Australis property, until recently known as SA Water House. At the time of the sale, the then Group Asset Management Division (GAMD) (as head lessee) entered into a 15 year lease with the purchaser in relation to a substantial portion of the building, which was backed in cash flow terms against a pre-existing 15 year lease between GAMD and the then Minister for Public Infrastructure (as sublessee) over the same portion of the building. In addition, GAMD undertook to purchase the building for $39.5 million in November 2008. The put option was not exercised and subsequently expired on 15 November 2008. SAAMC was fully released from any further obligations arising from the option.

22. Financial instruments/Financial risk management

SAAMC has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk.

This Note presents information about SAAMC's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework of SAAMC and has established appropriate policy to manage the above risks.

Categorisation of financial instruments

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

		2009		2008	
		Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets	Note	**$'000**	**$'000**	$'000	$'000
Cash and cash equivalents	23(a)	**53**	**53**	1 019	1 019
Investments	15	**79 120**	**79 120**	78 422	78 422
Other financial assets:					
Receivables	16	**183**	**183**	126	126
Financial liabilities					
Financial Liabilities - at cost:					
Payables	17	**2 768**	**2 768**	3 336	3 336

Credit risk

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

Maturity analysis of financial assets and liabilities

	Contractual maturity					
2009	**Floating interest rate**	**1 year or less**	**Over 1 year to 5 years**	**More than 5 years**	**Non-interest bearing**	**Total**
Financial assets:	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalent	**53**	**-**		**-**	**-**	**53**
Investments	**14 753**	**-**	**64 367**	**-**	**-**	**79 120**
Receivables	**-**	**-**	**-**	**-**	**183**	**183**
Total financial assets	**14 806**	**-**	**64 367**	**-**	**183**	**79 356**
Weighted average interest rate	**5.51%**	**-**	**5.23%**	**-**	**-**	
Financial liabilities:						
Other financial liabilities	**-**	**-**	**-**	**-**	**2 768**	**2 768**
Total financial liabilities	**-**	**-**	**-**	**-**	**2 768**	**2 768**
Weighted average interest rate	**-**	**-**	**-**	**-**	**-**	

Maturity analysis of financial assets and liabilities (continued)

	Contractual maturity					
2008	**Floating interest rate**	**1 year or less**	**Over 1 year to 5 years**	**More than 5 years**	**Non-interest bearing**	**Total**
Financial assets:	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalent	1 019	-	-	-	-	1 019
Investments	17 407	-	61 015	-	-	78 422
Receivables	-	-	-	-	126	126
Total financial assets	18 426	-	61 015	-	126	79 567
Weighted average interest rate	7.13%	-	6.27%	-	-	
Financial liabilities:						
Other financial liabilities	-	-	-	-	3 336	3 336
Total financial liabilities	-	-	-	-	3 336	3 336
Weighted average interest rate	-	-	-	-	-	

Liquidity risk

Liquidity risk arises where SAAMC is unable to meet its financial obligations as they fall due. SAAMC is an instrumentality of the Crown and is dependent on State Government policy and on an implicit guarantee from the State. SAAMC settles undisputed accounts within 30 days from the date of the invoice or the date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution. SAAMC's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

Market risk

Market risk for SAAMC is only through interest rate risk. Exposure to interest rate risk may arise through the interest revenues received from deposits. SAAMC's cash, cash equivalents and investments are managed through the SAFA and any movement in interest rates is monitored on a daily basis. There is no exposure to foreign currency or other price risks.

Sensitivity disclosure analysis

The degree by which interest income would be affected by fluctuations in interest rates in the next 12 months would depend on how the fluctuating rates would move the financial markets in which SAAMC invests through SAFA and how SAFA would manage the relevant investments. A change of 100 basis points in the interest rates received from SAFA at the reporting date would have increased (decreased) profit or loss by $426 000 ($463 000). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2008.

23. Notes to the Statement of Cash Flows

(a) Reconciliation of cash

Cash as at 30 June as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2009 $'000	2008 $'000
Cash and cash equivalents disclosed in the Statement of Financial Position	**53**	1 019
Balance as per the Statement of Cash Flows	**53**	1 019

(b) Reconciliation of net cash flows from operating activities to net profit after income tax equivalents

	2009 $'000	2008 $'000
Net profit	**4 338**	11 599
Net cash provided by operating activities before change in assets and liabilities	**4 338**	11 599
Movement in assets and liabilities:		
Decrease in net interest accrued	**(4 697)**	(4 605)
Decrease in sundry creditors and accruals	**(630)**	(13)
Increase in employee entitlements	**23**	17
Net cash (used in) provided by operating activities	**(966)**	6 998

24. Related party disclosures

Directors

The names of each person holding the position of Director of SAAMC during the financial year ended 30 June 2009 are as follows:

Mr Brett G Rowse
Ms Linda Hart
Ms Kathryn A Moore (retired 23 February 2009)
Ms Nicolle S Rantanen
Mr Andrew G Anastasiades

Directors' transactions

No transactions took place between the Directors of SAAMC and related entities and their related parties, including director related entities.

South Australian Government Financing Authority

Related party transactions with SAFA are disclosed in Note 5 'Interest Revenues' and Note 15 'Investments'. In addition, the Corporation and SAFA participate in the same financial markets and enter into transactions on market terms and conditions.

25. Events after the end of the reporting period

There has not arisen in the interval between the end of the financial year and the date of this report any items, transactions or events of a material and unusual nature likely in the opinion of the Directors of SAAMC to affect significantly the operations of SAAMC, the results of those operations, or the state of affairs of SAAMC, in subsequent financial years.

SOUTH AUSTRALIAN COUNTRY FIRE SERVICE

FUNCTIONAL RESPONSIBILITY

Establishment

The Fire and Emergency Services Act 2005 (FES Act) provides for the South Australian Country Fire Service (SACFS) as a body corporate and also establishes the South Australian Fire and Emergency Services Commission (SAFECOM). The SACFS and SAFECOM are responsible to the Minister for Emergency Services.

The FES Act also defines the emergency services sector as consisting of the:

- South Australian Fire and Emergency Services Commission
- South Australian Country Fire Service
- South Australian State Emergency Service
- South Australian Metropolitan Fire Service.

SAFECOM is responsible for establishing and promoting the strategic direction and policy for the emergency services sector and enabling agencies to work towards that strategic direction.

Functions and funding

The primary function of the SACFS is the prevention of fires, and provision of fire and emergency response services to regional and peri-urban areas of South Australia.

SAFECOM provides various services in support of the SACFS's primary functions, including financial management and accounting services. Also the operations of the SACFS are financed by the Community Emergency Services Fund (the Fund), established by the *Emergency Services Funding Act 1998*.

For more information about the SACFS's objectives refer to Note 1 of the financial statements.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Subsection 31(1)(b) of the PFAA and subsection 100(2) of the *Fire and Emergency Services Act 2005* provide for the Auditor-General to audit the accounts of the SACFS in respect of each financial year.

Assessment of controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by the SACFS in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of audit

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial statements and internal controls.

The audit included access to systems and information maintained by the SACFS and SAFECOM to conduct relevant financial transaction and control compliance tests of those systems and information.

During 2008-09, specific areas of audit attention included:

- revenue
- payroll
- expenditure, including purchase cards
- non-current assets, including capital works
- cash at bank
- investments

- general ledger
- follow-up of 2007-08 audit findings.

The audit also covered the operations of the Fund.

Internal audit activities have been reviewed to assess the risks of material misstatement of the financial statements and to design and perform audit procedures. Use has been made of the work performed by internal audit, including:

- the overall assessment of compliance with aspects of TIs 2 and 28
- forming a conclusion over the general control environment of the emergency services sector.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the South Australian Country Fire Service and the consolidated entity as at 30 June 2009, and their financial performance and their cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the South Australian Country Fire Service in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to bona fides, expenditure, purchase cards and implementation of the revised TIs 2 and 28 outlined under 'Communication of audit matters' in the section of this part of the Report titled 'South Australian Fire and Emergency Services Commission', are sufficient to provide reasonable assurance that the financial transactions of the South Australian Country Fire Service have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Commissioner of Fire and Emergencies and the Chief Officer of the SACFS. Responses to the management letters were generally considered to be satisfactory.

A summary of matters raised are included under 'Communication of audit matters' in the section of this part of the Report titled 'South Australian Fire and Emergency Services Commission'.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the consolidated financial statements

	2009	2008
	$'million	$'million
EXPENSES		
Employee benefits expenses	**9**	9
Supplies and services and other expenses	**30**	31
Government Radio Network costs	**10**	10
Depreciation	**11**	9
Total expenses	**60**	59
INCOME		
Total income	**6**	3
Net cost of providing services	**54**	56
Contributions from Community Emergency Services Fund	**62**	59
Net result	**8**	3

	2009	2008
	$'million	$'million
OTHER COMPREHENSIVE INCOME	**14**	13
Total comprehensive result	**22**	16
NET CASH PROVIDED BY OPERATING ACTIVITIES	**14**	14
ASSETS		
Current assets	**9**	8
Non-current assets	**148**	129
Total assets	**157**	137
LIABILITIES		
Current liabilities	**3**	5
Non-current liabilities	**4**	4
Total liabilities	**7**	9
EQUITY	**150**	128

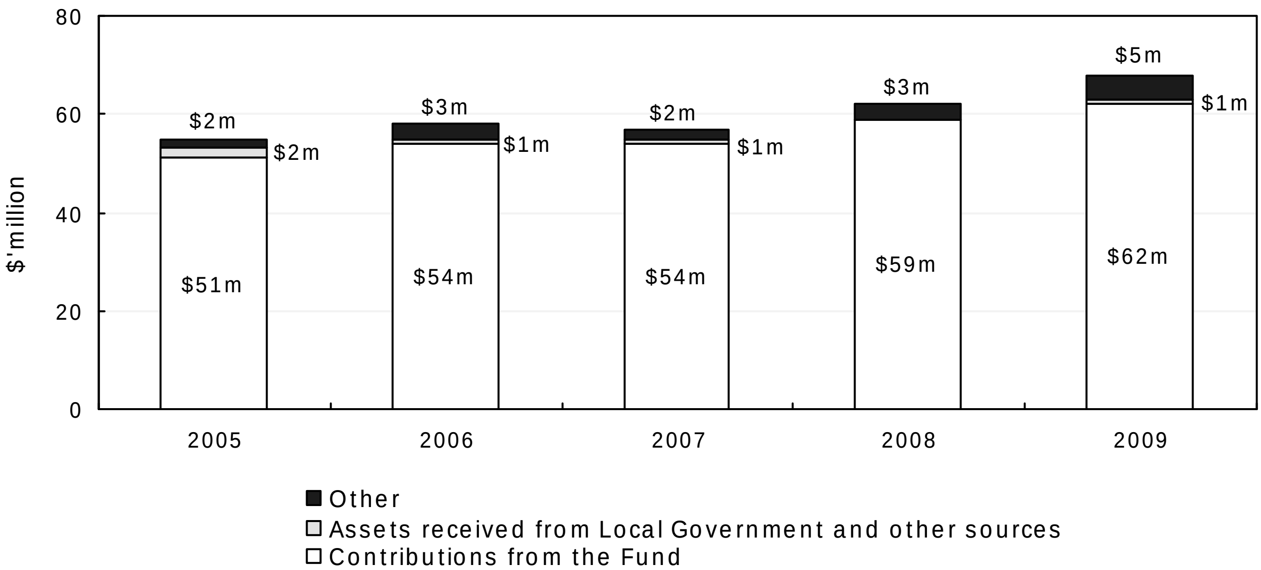
Statement of Comprehensive Income

Fund contributions and income

For 2009, the contributions from the Fund increased by $3 million (4 percent) to $62 million which represents 91 percent of the SACFS's total revenues.

During 2008-09 total income increased by $3 million to $6 million. This is mainly due to increased Commonwealth grants (refer Note 13), cost recoveries from the Victorian bushfires and resources received free of charge from councils and other entities (refer Note 18).

A structural analysis of income for the five years to 2009 is presented in the following chart.

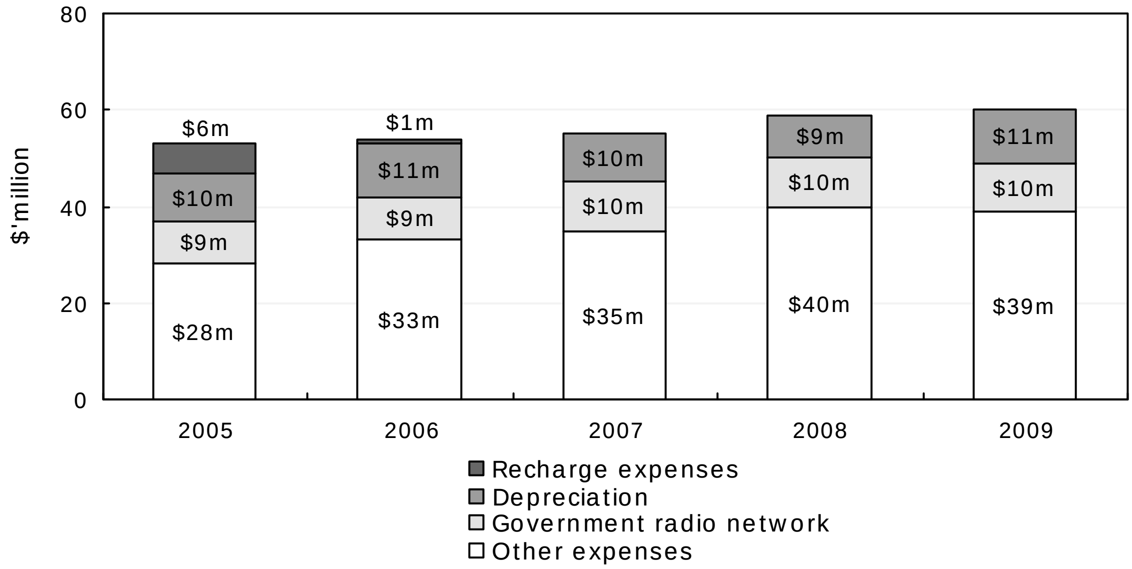


The contributions from the Fund over the last five years have increased by $11 million (22 percent) to $62 million.

Expenses

Employee benefits expenses account for only 15 percent of the total expenses of the SACFS due to the extensive use of volunteer fire fighters.

For the five years to 2009, a structural analysis of the main expense items for the SACFS is shown in the following chart.



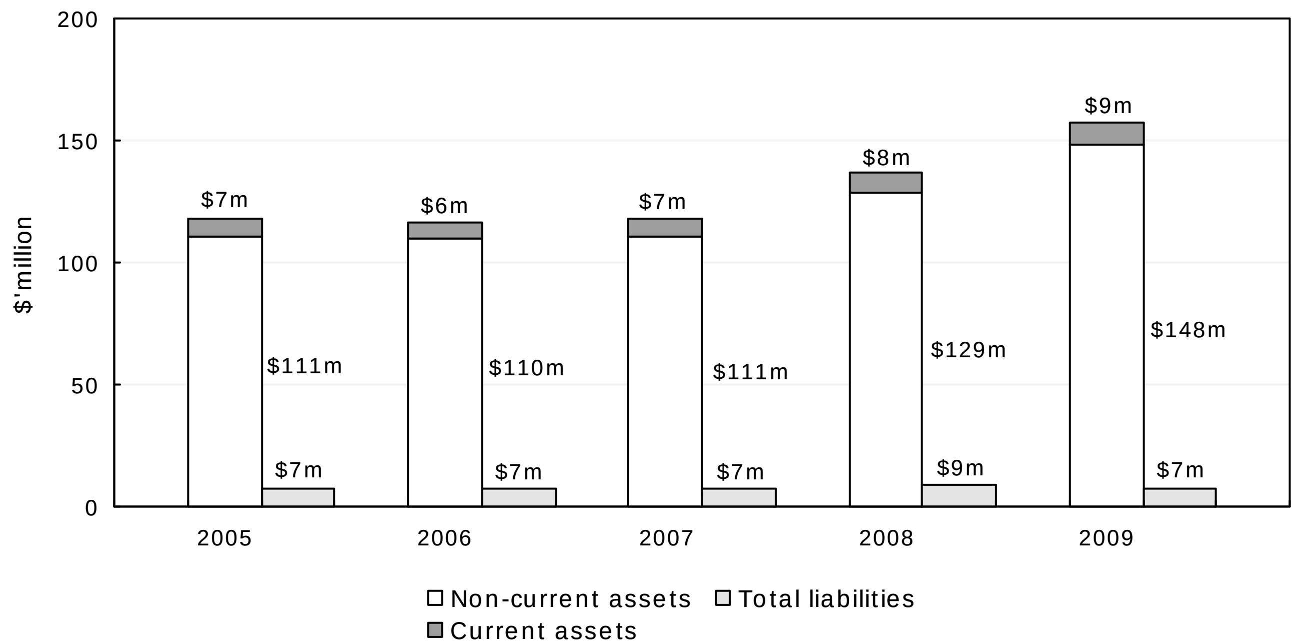
Over the five years, expenses have increased by $7 million or 13 percent.

Net result

The operating result increased by $5 million from the previous year to $8 million in 2008-09. This is mainly due to increased income.

Statement of Financial Position

For the five years to 2009, a structural analysis of assets and liabilities is shown in the following chart.

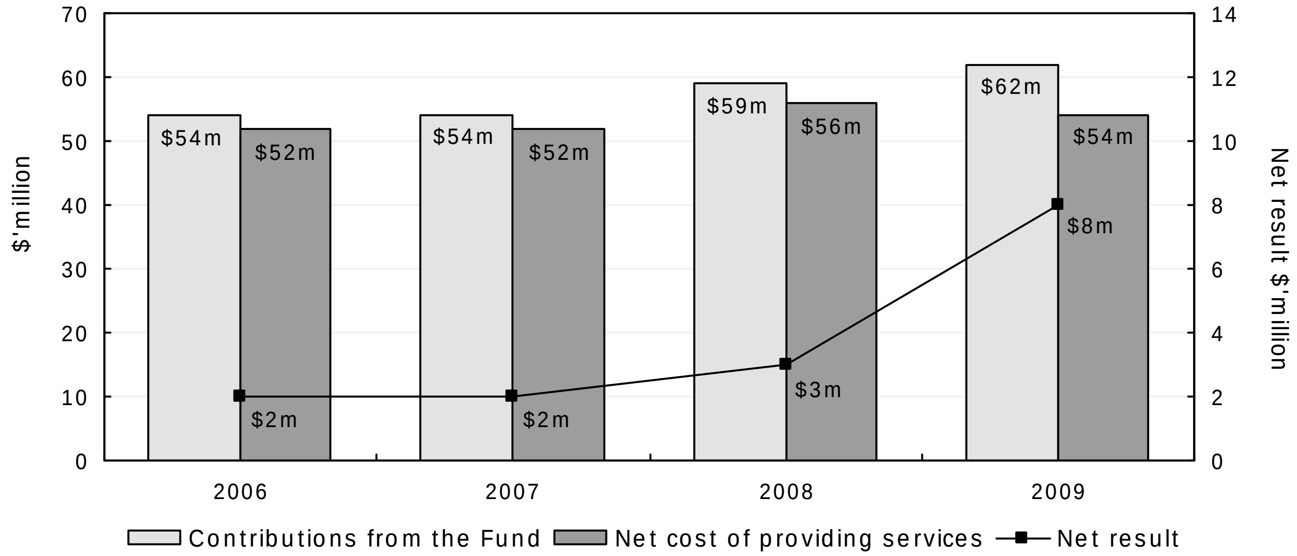


The SACFS's financial position is dominated by the non-current asset 'Property, plant and equipment' which has grown by 33 percent over the five year period primarily as a result of asset purchases and revaluations of assets.

The fair value of these assets totalled $148 million as at 30 June 2009, an increase of $19 million from the previous year. This is due primarily to a revaluation of non-current assets and an increase in capital works in 2008-09 offset slightly by depreciation charges.

FURTHER COMMENTARY ON OPERATIONS

The following chart shows the funding received by the SACFS from the Fund and the net cost of services for the past four years:



Statement of Comprehensive Income
for the year ended 30 June 2009

		Consolidated		CFS	
		2009	2008	**2009**	2008
EXPENSES:	Note	**$'000**	$'000	**$'000**	$'000
Employee benefits expenses	5	**8 877**	9 235	**8 877**	9 235
Supplies and services	6	**30 416**	30 691	**30 393**	30 688
Government Radio Network expenses	8	**9 749**	9 539	**9 749**	9 539
Grants and contributions		**247**	223	**247**	223
Depreciation	9	**10 785**	9 331	**10 785**	9 331
Net loss from disposal of current assets	10	**120**	-	**120**	-
Total expenses		**60 194**	59 019	**60 171**	59 016
INCOME:					
Net gain from disposal of non-current assets	10	**-**	12	**-**	12
Revenues from fees and charges	11	**1 371**	407	**1 371**	407
Interest revenues	12	**175**	264	**165**	249
Commonwealth revenues	13	**2 693**	1 276	**2 693**	1 276
Groups and brigades funds		**185**	244	**185**	244
Resources received free of charge	18	**1 416**	231	**1 416**	231
Other income	14	**483**	506	**444**	488
Total income		**6 323**	2 940	**6 274**	2 907
NET COST OF PROVIDING SERVICES		**53 871**	56 079	**53 897**	56 109
REVENUES FROM SA GOVERNMENT:					
Contributions from Community Emergency Services Fund		**61 515**	59 199	**61 515**	59 199
NET RESULT		**7 644**	3 120	**7 618**	3 090
OTHER COMPREHENSIVE INCOME:					
Changes in property, plant and equipment asset revaluation reserve		**14 719**	13 273	**14 719**	13 273
TOTAL COMPREHENSIVE RESULT		**22 363**	**16 393**	**22 337**	**16 363**

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

Statement of Financial Position
as at 30 June 2009

		Consolidated		CFS	
		2009	2008	**2009**	2008
CURRENT ASSETS:	Note	**$'000**	$'000	**$'000**	$'000
Cash and cash equivalents	15	**3 680**	4 245	**3 450**	4 040
Receivables	16	**2 068**	1 956	**2 066**	1 955
Other financial assets	2(l)	**1 620**	1 569	**1 452**	1 401
		7 368	7 770	**6 968**	7 396
Non-current assets classified as held-for-sale	17	**1 500**	-	**1 500**	-
Total current assets		**8 868**	7 770	**8 468**	7 396
NON-CURRENT ASSETS:					
Property, plant and equipment	18	**148 092**	129 414	**148 092**	129 414
Total non-current assets		**148 092**	129 414	**148 092**	129 414
Total assets		**156 960**	137 184	**156 560**	136 810
CURRENT LIABILITIES:					
Payables	19	**1 518**	4 230	**1 518**	4 230
Employee benefits	20	**1 275**	1 173	**1 275**	1 173
Short-term provisions	21	**593**	585	**593**	585
Total current liabilities		**3 386**	5 988	**3 386**	5 988
NON-CURRENT LIABILITIES:					
Payables	19	**164**	142	**164**	142
Employee benefits	20	**1 575**	1 515	**1 575**	1 515
Long-term provisions	21	**1 867**	1 934	**1 867**	1 934
Total non-current liabilities		**3 606**	3 591	**3 606**	3 591
Total liabilities		**6 992**	9 579	**6 992**	9 579
NET ASSETS		**149 968**	127 605	**149 568**	127 231
EQUITY:					
Retained earnings		**99 050**	91 406	**98 650**	91 032
Asset revaluation reserve		**50 918**	36 199	**50 918**	36 199
TOTAL EQUITY		**149 968**	127 605	**149 568**	127 231

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	22
Contingent assets and liabilities	23

Statement of Changes in Equity
for the year ended 30 June 2009

		Consolidated			CFS		
	Note	Asset revaluation reserve $'000	Retained earnings $'000	Total $'000	Asset revaluation reserve $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2007		22 926	88 286	111 212	22 926	87 942	110 868
Net result for 2007-08		-	3 120	3 120	-	3 090	3 090
Gain on revaluation of property during 2007-08	18(b)	5 041	-	5 041	5 041	-	5 041
Gain on revaluation of vehicles during 2007-08	18(b)	8 080	-	8 080	8 080	-	8 080
Gain on revaluation of communications equipment during 2007-08	18(b)	152	-	152	152	-	152
Total comprehensive result for 2007-08		13 273	3 120	16 393	13 273	3 090	16 363
Balance at 30 June 2008		36 199	91 406	127 605	36 199	91 032	127 231
Net result for 2008-09		-	7 644	7 644	-	7 618	7 618
Gain on revaluation of property during 2008-09	18(b)	7 569	-	7 569	7 569	-	7 569
Gain on revaluation of vehicles during 2008-09	18(b)	7 135	-	7 135	7 135	-	7 135
Gain on revaluation of computer equipment during 2008-09	18(b)	15	-	15	15	-	15
Total comprehensive result for 2008-09		14 719	7 644	22 363	14 719	7 618	22 337
Balance at 30 June 2009		**50 918**	**99 050**	**149 968**	**50 918**	**98 650**	**149 568**

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

Statement of Cash Flows
for the year ended 30 June 2009

		Consolidated		CFS	
		2009	2008	**2009**	2008
		Inflows	Inflows	**Inflows**	Inflows
CASH FLOWS FROM OPERATING ACTIVITIES:		**(Outflows)**	(Outflows)	**(Outflows)**	(Outflows)
CASH OUTFLOWS:	Note	**$'000**	$'000	**$'000**	$'000
Employee benefit payments		**(8 715)**	(9 016)	**(8 715)**	(9 016)
Payments for supplies and services		**(38 319)**	(32 873)	**(38 296)**	(32 869)
Government Radio Network payments		**(9 875)**	(9 629)	**(9 875)**	(9 629)
Grants and contributions		**(247)**	(223)	**(247)**	(223)
Cash used in operations		**(57 156)**	(51 741)	**(57 133)**	(51 737)
CASH INFLOWS:					
Fees and charges		**1 371**	407	**1 371**	407
Receipts from Commonwealth		**1 927**	1 276	**1 927**	1 276
Interest received		**197**	240	**188**	225
GST recovered from the ATO		**5 940**	4 287	**5 940**	4 287
Other receipts		**640**	750	**601**	732
Cash generated from operations		**10 075**	6 761	**10 027**	6 927
CASH FLOWS FROM SA GOVERNMENT:					
Contributions from Community Emergency Services Fund		**61 515**	59 199	**61 515**	59 199
Cash generated from SA Government		**61 515**	59 199	**61 515**	59 199
Net cash provided by operating activities	25	**14 434**	14 418	**14 409**	14 389
CASH FLOWS FROM INVESTING ACTIVITIES:					
CASH OUTFLOWS:					
Purchase of investments		**(51)**	(168)	**(51)**	-
Purchase of property, plant and equipment		**(15 045)**	(14 544)	**(15 045)**	(14 544)
Cash used for investments		**(15 096)**	(14 712)	**(15 096)**	(14 544)
CASH INFLOWS:					
Proceeds from maturities of investments		**-**	75	**-**	75
Proceeds from sale of property, plant and equipment		**97**	278	**97**	278
Cash generated from investments		**97**	353	**97**	353
Net cash used in investing activities		**(14 999)**	(14 359)	**(14 999)**	(14 191)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(565)**	59	**(590)**	198
CASH AND CASH EQUIVALENTS AT 1 JULY		**4 245**	4 186	**4 040**	3 842
CASH AND CASH EQUIVALENTS AT 30 JUNE	15	**3 680**	4 245	**3 450**	4 040

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Objectives and funding

Objectives

The South Australian Country Fire Service (the CFS) is established under the *Fire and Emergency Services Act 2005* (the Act) and is responsible under the Act for the following functions:

- To provide services with a view to preventing the outbreak of fires, or reducing the impact of fires, in the country.
- To provide efficient and responsive services in the country for the purpose of fighting fires, dealing with other emergencies or undertaking any rescue.
- To protect life, property and environmental assets from fire and other emergencies occurring in the country.
- To develop and maintain plans to cope with the effects of fires or emergencies in the country
- To provide services or support to assist with recovery in the event of a fire or other emergency in the country.
- To perform any other function assigned to the CFS by or under this or any other Act.

Funding arrangements

Funding of the CFS is derived from the Community Emergency Services Fund (the Fund), established by the *Emergency Services Funding Act 1998.*

Funds generated by Groups and Brigades through fund raising activities are held locally for expenditure on CFS activities in the local community. These funds are recognised in the CFS's financial statements.

2. Significant accounting policies

(a) Statement of compliance

The financial statements is a general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and TIs and APSs promulgated under the provisions of the PFAA.

Except for the amendments to AASB 101 including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), which the CFS has early-adopted; AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the CFS for the reporting period ending 30 June 2009. Refer Note 4.

(b) Basis of preparation

The presentation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the CFS's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable Notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following Note disclosures, that have been included in these financial statements:
  - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature.
  - (b) expenses incurred as a result of engaging consultants
  - (c) employees whose normal remuneration is $100 000 or more (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees
  - (d) Board/Committee member and remuneration information, where a Board/Committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

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

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

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

The accounting policies set out below have been applied in preparing the financial report for the year ended 30 June 2009 and the comparative information presented for the year ended 30 June 2008.

(c) Reporting entity

The CFS is established under the Act. Under the Act, the CFS is a separate body corporate acting on behalf of the Crown and part of the consolidated emergency services sector.

The financial report includes all the controlled activities of the CFS.

(d) Principles of consolidation

The financial statements incorporate the assets and liabilities of all entities controlled by the CFS (refer Note 27) as at 30 June 2009 and the results of all controlled entities for the year then ended. The effects of all transactions between entities in the consolidated entity are eliminated in full.

(e) Comparative information

The presentation and classification of items in the financial report are consistent with prior periods except were adjusted to reflect the early adoption of AASB 101 and specific revised AASs and APS.

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required eg preparation of a single Statement of Comprehensive Income.

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

(f) Rounding

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

(g) Taxation

The CFS is not subject to income tax. The CFS is liable for payroll tax, FBT and 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 ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

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

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

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

(h) Events after the end of the reporting period

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

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

(i) Income

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

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

The Notes accompanying the financial statements disclose income, where the counterparty transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

Revenues from SA Government
Contributions from the Fund are recognised as income when the CFS obtains control over the funding. Control over funding is normally obtained upon receipt.

Commonwealth revenues
Commonwealth revenues are recognised as income when CFS obtains control of revenues or the right to receive the revenues and income recognition criteria are met (ie the amount can be reliably measured and the flow of resources is probable).

Resources received free of charge
Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated

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

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

Other income
Other income consists of donations received and other minor revenues.

(j) Expenses

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

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

The Notes accompanying the financial statements disclose expenses where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

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

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

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

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

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

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

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

Asset class	*Useful lives years*
Communications equipment	5-10
Vehicles	5-20
Plant and equipment	5-10
Computer equipment	5-10
Buildings	30-45

(k) Current and non-current classification

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

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

(l) Assets

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

(l) Assets (continued)

Where an asset line item combines amounts expected to be settled within 12 months and more than 12 months, the CFS has separately disclosed the amounts expected to be recovered after more than twelve months.

The Notes accompanying the financial statements disclose financial assets where the counterparty/ transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Cash and cash equivalents

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

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Receivables

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

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

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

Other financial assets

The CFS measures financial assets and debt at historic cost. Other financial assets recorded in the Statement of Financial Position are medium-term liquid maturities of between three and 12 months that are readily converted to cash and which are subject to insignificant risk of changes in value. Medium-term maturities are lodged with various financial institutions at their respective medium-term deposit rates.

Non-current assets held-for-sale

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

Non-current assets classified as held-for-sale are presented separately from the other assets in the Statement of Financial Position.

Non-current assets - acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position.

In accordance with APF III, APS 2.15 all non-current tangible assets with a value of $10 000 or greater are capitalised.

Revaluation of non-current assets

All non-current tangible assets are valued at written down current cost (a proxy for fair value). On an ongoing basis, revaluations are made in accordance with related policies whereby independent valuations are obtained every five years and carrying amounts are adjusted accordingly.

If at any time management considers that the carrying amount of an asset materially differs from its fair value, the asset is revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

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

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

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

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

For revalued assets an impairment loss is offset against the asset's revaluation reserve.

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

Where a liability line item combine amounts expected to be settled within 12 months and more than 12 months, the CFS has separately disclosed the amounts expected to be settled after more than 12 months.

The Notes accompanying the financial statements disclose financial liabilities where the counterparty/ transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

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

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

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

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.

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

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

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

Wages, salaries, annual leave and sick leave
Liability for salary and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages and annual leave are payable later than 12 months, the liability will be measured at present value.

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

Long service leave
The liability for long service leave is recognised after an employee has completed 8.5 (9) years of service. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short-hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the CFS's experience of employee retention and leave taken.

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

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

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

Financial liabilities
The CFS measures financial liabilities at historical cost.

Operating leases
In respect of operating leases, the lessor effectively retains substantially the entire risks and benefits incidental to ownership of the leased items. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a basis, which is representative of the pattern of benefits derived from the leased assets.

(n) Disaggregated disclosures
In achieving its objectives, the CFS provides services within four areas of activity: prevention, preparedness, response and recovery. These activities are classified under one program titled 'South Australian Country Fire Service'.

(o) Unrecognised contractual commitments and contingent assets and liabilities
Commitments include those operating, capital and outsourcing commitments arising from contractual or statutory sources and are disclosed at their nominal value.

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

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

3. Financial risk management

The CFS has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). The CFS's exposure to market risk and cash flow interest risk is minimal.

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

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

4. Changes in accounting policies

The CFS has early-adopted the September 2007 version of AASB 101 including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101) - this includes the preparation of a single Statement of Comprehensive Income.

Issued or amended but not yet effective
Except for the amendments to AASB 101, which the CFS has early-adopted, the AASs and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the CFS for the period ended 30 June 2009. The CFS 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.

5. Employee benefits expenses

	Consolidated		CFS	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Salaries and wages	**6 705**	6 485	**6 705**	6 485
Payroll tax	**419**	419	**419**	419
Superannuation	**714**	665	**714**	665
Long service leave	**351**	210	**351**	210
Annual leave	**632**	649	**632**	649
Board fees	**7**	9	**7**	9
Other employee related expenses	**49**	798	**49**	798
Total employee benefits expenses	**8 877**	9 235	**8 877**	9 235

Remuneration of employees

	Consolidated		CFS	
The number of employees whose remuneration received or receivable was $100 000 or more during the year fell within the following bands were:	**2009 Number**	2008 Number	**2009 Number**	2008 Number
$100 000 - $109 999	**7**	8	**7**	8
$110 000 - $119 999	**9**	9	**9**	9
$120 000 - $129 999	**4**	3	**4**	3
$150 000 - $159 999	**1**	1	**1**	1
$200 000 - $209 999	**-**	1	**-**	1
$240 000 - $249 999	**1**	-	**1**	-
Total number of employees	**22**	22	**22**	22

Remuneration of employees (continued)

The table includes all employees who received remuneration of $100 000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The total remuneration received by these employees for the year was $2.68 million ($2.62 million).

6. Supplies and services

	Consolidated		CFS	
Supplies and services provided by entities within the SA Government:	**2009** **$'000**	2008 $'000	**2009** **$'000**	2008 $'000
Accommodation	**48**	47	**48**	47
Aerial firefighting	**69**	144	**69**	144
Communication expenses	**71**	58	**71**	58
Computing costs	**62**	166	**62**	166
Consultancy, contractor and legal fees	**103**	171	**103**	171
Consumables	**346**	354	**346**	354
Energy	**9**	10	**9**	10
Minor plant and equipment	**1**	1	**1**	1
Operating lease costs	**1692**	1 500	**1692**	1 500
Operational costs	**26**	7	**26**	7
Other expenses	**332**	557	**332**	557
Repairs and maintenance	**331**	147	**331**	147
Travel and training	**21**	24	**21**	24
Total supplies and services - SA Government entities	**3 111**	3 186	**3 111**	3 186
Supplies and services provided by entities external to the SA Government:				
Accommodation	**29**	54	**29**	54
Aerial firefighting	**8 350**	6 136	**8 350**	6 136
Communication expenses	**1 101**	1 300	**1 101**	1 300
Computing costs	**642**	521	**642**	521
Consultancy, contractor and legal fees	**1 355**	1 727	**1 355**	1 727
Consumables	**1 440**	1 747	**1 440**	1 747
Energy	**456**	448	**456**	448
Minor plant and equipment	**1 995**	2 160	**1 995**	2 160
Operating lease costs	**696**	654	**696**	654
Operational costs	**771**	1 750	**771**	1 750
Other expenses	**2 546**	2 618	**2 523**	2 615
Repairs and maintenance	**4 860**	4 366	**4 860**	4 366
Travel and training	**1 806**	2 502	**1 806**	2 502
Uniforms and protective clothing	**1 258**	1 522	**1 258**	1 522
Total supplies and services - non-SA Government entities	**27 305**	27 505	**27 282**	27 502
Total supplies and services	**30 416**	30 691	**30 393**	30 688

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

Consultancies

	Consolidated		CFS	
The number and dollar amount of consultancies paid/payable, included within supplies and services expenses, that fell within the following bands were:	**2009** **Number**	2008 Number	**2009** **Number**	2008 Number
Less than $10 000	**4**	5	**4**	5
Total number of consultancies	**4**	5	**4**	5

	Consolidated		CFS	
	2009 **$'000**	2008 $'000	**2009** **$'000**	2008 $'000
Less than $10 000	**5**	13	**5**	13
Total amount paid/payable to consultants engaged	**5**	13	**5**	13

7. Remuneration of auditors

The amount due and payable for audit services provided by:				
Auditor-General's Department	**21**	21	**21**	21
Total auditor's remuneration	**21**	21	**21**	21

The auditors provided no other services.

8. Government Radio Network (GRN) expenses

The CFS has been charged by Government ICT Services for costs associated with the provision of emergency communication services, including voice and paging transmission using the GRN.

	Consolidated		CFS	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Contribution towards GRN - voice	**8120**	7 819	**8120**	7 819
Contribution towards GRN - paging	**1 629**	1 720	**1 629**	1 720
Total GRN expenses	**9 749**	9 539	**9 749**	9 539

9. Depreciation

Depreciation expenses for the reporting period were charged in respect of:				
Communications equipment	**2 363**	2 094	**2 363**	2 094
Vehicles	**6 118**	5 171	**6 118**	5 171
Plant and equipment	**281**	240	**281**	240
Buildings	**1 720**	1 537	**1 720**	1 537
Computer equipment	**303**	289	**303**	289
Total depreciation	**10 785**	9 331	**10 785**	9 331

10. Net (loss) gain from disposal of non-current assets

Proceeds from disposal of non-current assets	**97**	278	**97**	278
Net book value of non-current assets disposed	**(217)**	(266)	**(217)**	(266)
Net (loss) gain from disposal of non-current assets	**(120)**	12	**(120)**	12

11. Revenues from fees and charges

Fees and charges received/receivable from entities within the SA Government:				
Training and other recoveries	**209**	143	**209**	143
Total fees and charges SA Government entities	**209**	143	**209**	143
Fees and charges received/receivable from entities external to the SA Government:				
Training recoveries	**129**	195	**129**	195
Incident cost recoveries	**1 033**	69	**1 033**	69
Total fees and charges - non-SA Government entities	**1 162**	264	**1 162**	264
Total fees and charges	**1 371**	407	**1 371**	407

12. Interest

Interest received/receivable for the reporting period from:				
Entities within the SA Government	**165**	249	**165**	249
Other	**10**	15	**-**	-
Total interest received	**175**	264	**165**	249

13. Commonwealth revenues

Grants	**2 693**	1 276	**2 693**	1 276
Total Commonwealth revenues	**2 693**	1 276	**2 693**	1 276

Commonwealth revenues include contributions towards aerial firefighting costs through the National Aerial Firefighting Centre Ltd, contributions towards the cost of providing fire and emergency services to Commonwealth property in CFS areas and once-off project grants.

14. Other income

	Consolidated		CFS	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Donations	**42**	74	**3**	56
Rent received	**36**	39	**36**	39
Other	**405**	393	**405**	393
Total other income	**483**	506	**444**	488

15. Cash and cash equivalents

Cash on hand	**2**	2	**2**	2
Cash at bank	**528**	1 006	**298**	801
Cash at bank - groups and brigades	**2 707**	2 752	**2 707**	2 752
Short-term deposits - groups and brigades	**443**	485	**443**	485
Total cash and cash equivalents	**3 680**	4 245	**3 450**	4 040

Short-term deposits

Short-term deposits are made for varying periods of between one day and three months and are lodged with various financial institutions at their respective short-term deposit rates.

Interest rate risk

Cash on hand is non-interest bearing. Cash at bank earns a floating interest rate based on daily deposit rates, whilst short-term deposits are lodged with various financial institutions at their respective short-term deposit rates. The carrying amount of cash approximates fair value.

16. Receivables

	Consolidated		CFS	
	2009	2008	**2009**	2008
Current:	**$'000**	$'000	**$'000**	$'000
Receivables	**915**	143	**913**	142
GST receivable	**1 153**	1 813	**1 153**	1 813
Total current receivables	**2 068**	1 956	**2 066**	1 955

Government/non-Government receivables				
Receivables from SA Government entities:				
Receivables	**3**	53	**3**	53
Total receivables - SA Government entities	**3**	53	**3**	53
Receivables from non-SA Government entities:				
Receivables	**912**	90	**910**	89
GST receivable	**1 153**	1 813	**1 153**	1 813
Total receivables - non-SA Government entities	**2 065**	1 903	**2 063**	1 902
Total receivables	**2 068**	1 956	**2 066**	1 955

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

(a) Maturity analysis of receivables – refer Note 26.
(b) Categorisation of financial instruments and risk exposure information - refer Note 26.

17. Assets classified as held-for-sale

	Consolidated		CFS	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Land at fair value	**1 500**	-	**1 500**	-
Total non-current assets classified as held-for-sale	**1 500**	-	**1 500**	-

Construction has commenced on a new co-sited emergency services facility in Port Lincoln. As a result of this new facility, a site previously obtained for development of CFS facilities is surplus to requirements and is in the process of being offered for sale.

18. Non-current assets

	Consolidated		CFS	
	2009	2008	**2009**	2008
Property, plant and equipment	**$'000**	$'000	**$'000**	$'000
Land at fair value	**9 952**	9 887	**9 952**	9 887
Land at cost	**-**	60	**-**	60
Total land	**9 952**	9 947	**9 952**	9 947
Buildings at fair value	**42 309**	32 457	**42 309**	32 457
Accumulated depreciation	**-**	(21)	**-**	(21)
Total buildings at valuation	**42 309**	32 436	**42 309**	32 436
Buildings at cost	**-**	1 089	**-**	1 089
Accumulated depreciation	**-**	(225)	**-**	(225)
Total buildings at cost	**-**	864	**-**	864
Total buildings	**42 309**	33 300	**42 309**	33 300
Total property	**52 261**	43 247	**52 261**	43 247
Vehicles at fair value	**73 991**	60 028	**73 991**	60 028
Total vehicles	**73 991**	60 028	**73 991**	60 028
Communications equipment at fair value	**10 032**	9 320	**10 032**	9 320
Total communications equipment at valuation	**10 032**	9 320	**10 032**	9 320
Communications equipment at cost	**-**	459	**-**	459
Accumulated depreciation	**-**	(202)	**-**	(202)
Total communications equipment at cost	**-**	257	**-**	257
Total communications equipment	**10 032**	9 577	**10 032**	9 577

Property, plant and equipment (continued)	Consolidated		CFS	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Computer equipment at fair value	**653**	1 723	**653**	1 723
Accumulated depreciation	**-**	(782)	**-**	(782)
Total computer equipment	**653**	941	**653**	941
Plant and equipment at fair value	**1 780**	3 336	**1 780**	3 336
Accumulated depreciation	**-**	(1 654)	**-**	(1 654)
Total plant and equipment	**1 780**	1 682	**1 780**	1 682
Total work in progress at cost	**9 375**	13 939	**9 375**	13 939
Total property, plant and equipment	**148 092**	129 414	**148 092**	129 414

Valuation of assets
Independent valuations for land, buildings, vehicles and communication assets were obtained from Liquid Pacific as at 30 June 2008. The valuer arrived at fair value on the basis of open market values for existing use or at written-down current cost which is considered to be equivalent to fair value.

As at 30 June 2009, valuations for all assets have been undertaken by a suitably qualified officer of SAFECOM. Assets have been valued on the basis of open market values for existing use or at written-down current cost which is considered to be equivalent to fair value.

Impairment
There were no indications of impairment for property, plant and equipment as at 30 June 2009.

Resources received free of charge
Since 1999 negotiations have been undertaken to identify and transition land, buildings, minor plant and equipment and motor vehicles from Local Government, community organisations and other sources into the ownership or the care and control of the Minister for Emergency Services (the Minister).

During 2008-09, 19 additional properties (one shared with the South Australian State Emergency Service) and two vehicles have been transitioned into the control of the Minister (valued at fair value of $1.41 million).

Reconciliation of non-current assets
The following table shows the movement of non-current assets during 2008-09 and 2007-08.

2009	**Land and buildings**	**vehicles**	**Communi-cation equipment**	**Computer equipment**	**Plant and equipment**	**Work in progress**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Carrying amount at 1 July	**43 247**	**60 028**	**9 577**	**941**	**1 682**	**13 939**	**129 414**
Additions	**-**	**-**	**18**	**-**	**243**	**14 784**	**15 045**
Transferred from WIP	**3 336**	**13 076**	**2 800**	**-**	**136**	**(19 348)**	**-**
Disposals	**(44)**	**(173)**	**-**	**-**	**-**	**-**	**(217)**
Revaluation increment	**7 569**	**7 135**	**-**	**15**	**-**	**-**	**14 719**
Depreciation	**(1 720)**	**(6 118)**	**(2 363)**	**(303)**	**(281)**	**-**	**(10 785)**
Non-current asset classified as held-for-sale - transferred to current assets	**(1 500)**	**-**	**-**	**-**	**-**	**-**	**(1 500)**
Transfer from various parties	**1 373**	**43**	**-**	**-**	**-**	**-**	**1 416**
Carrying amount at 30 June	**52 261**	**73 991**	**10 032**	**653**	**1 780**	**9 375**	**148 092**
2008							
Carrying amount at 1 July	36 468	56 220	11 311	917	1 536	4 511	110 963
Additions	169	35	64	-	40	14 236	14 544
Transferred from WIP	2 878	1 111	144	329	346	(4 808)	-
Disposals	(3)	(247)	-	(16)	-	-	(266)
Revaluation increment	5 041	8 080	152	-	-	-	13 273
Depreciation	(1 537)	(5 171)	(2 094)	(289)	(240)	-	(9 331)
Transfer from various parties	231	-	-	-	-	-	231
Carrying amount at 30 June	43 247	60 028	9 577	941	1 682	13 939	129 414

19. Payables

	Consolidated		CFS	
	2009	2008	**2009**	2008
Current liabilities:	**$'000**	$'000	**$'000**	$'000
Creditors	**378**	2 993	**378**	2 993
Accrued expenses	**865**	603	**865**	603
FBT payable	**75**	444	**75**	444
Employment on-costs	**200**	190	**200**	190
Total current payables	**1 518**	4 230	**1 518**	4 230
Non-current liabilities:				
Employment on-costs	**164**	142	**164**	142
Total non-current payables	**164**	142	**164**	142
Total payables	**1 682**	4 372	**1 682**	4 372

Government/non-Government payables	Consolidated		CFS	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Payables to SA Government entities:				
Creditors	**24**	1 798	**24**	1 798
Accrued expenses	**727**	448	**727**	448
Employment on-costs	**166**	156	**166**	156
Total payables to SA Government entities	**917**	2 402	**917**	2 402
Payables to non-SA Government entities:				
Creditors	**354**	1 194	**354**	1 194
Accrued expenses	**138**	156	**138**	156
FBT payable	**76**	443	**76**	443
Employment on-costs	**197**	177	**197**	177
Total payables to non-SA Government entities	**765**	1 970	**765**	1 970
Total payables	**1 682**	4 372	**1 682**	4 372

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave has changed from the 2008 rate 35 percent to 45 percent and the average factor for the calculation of employer superannuation cost on-cost has changed from the 2008 rate 11 percent to 10.5 percent. These rates are used in the employment on-cost calculation.

The net financial effect of the changes in the current financial year is an increase in the employment on-cost of $18 000 and an increase in employee benefit expense of $18 000.

Interest rate and credit risk
Creditors and accruals are raised for all amounts billed but unpaid. Creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee 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.

(a) Maturity analysis of payables – refer Note 26.
(b) Categorisation of financial instruments and risk exposure information - refer Note 26

Changes in accounting estimates
A reduction of $143 000 to the carrying amount of the FBT payable has been required following new information relating to FBT obligations. This change in an accounting estimate has been reflected by adjusting the carrying amount in the current period and recognising the adjustment in the Comprehensive Statement of Income.

20. Employee benefits

	Consolidated		CFS	
	2009	2008	**2009**	2008
Current liabilities:	**$'000**	$'000	**$'000**	$'000
Annual leave	**867**	858	**867**	858
Long service leave	**175**	155	**175**	155
	1 042	1 013	**1 042**	1 013
Accrued salaries and wages	**233**	160	**233**	160
Total current employee benefits	**1 275**	1 173	**1 275**	1 173
Non-current liabilities:				
Long service leave	**1 575**	1 515	**1 575**	1 515
Total non-current employee benefits	**1 575**	1 515	**1 575**	1 515
Total employee benefits	**2 850**	2 688	**2 850**	2 688

The total current and non-current employee expense (ie aggregate employee benefit plus related on-costs) for 2009 is $1.52 million and $1.73 million respectively ($1.36 million and $1.66 million respectively).

Based on an actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of the long service leave liability has been revised from 9 years to 8.5 years.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of $24 000 and an increase in employee benefit expense of $24 000. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

In addition, the actuarial assessment performed by the Department of Treasury and Finance also revised the salary inflation rate down by 0.5 percent from the 2008 rate of 4.5 percent. The net financial effect of the changes in the current financial year is a decrease in the annual leave liability of $4000 and a decrease in employee benefit expense of $4000.

21. Provisions

	Consolidated		CFS	
	2009	2008	**2009**	2008
Current liabilities:	**$'000**	$'000	**$'000**	$'000
Provision for workers compensation	**593**	585	**593**	585
Total current provisions	**593**	585	**593**	585
Non-current liabilities:				
Provision for workers compensation	**1 867**	1 934	**1 867**	1 934
Total non-current provisions	**1 867**	1 934	**1 867**	1 934
Total provisions	**2 460**	2 520	**2 460**	2 520
Carrying amount at 1 July	**2 519**	2 394	**2 519**	2 394
Additional provisions recognised (released)	**703**	1 363	**703**	1 363
Payments	**(762)**	(1 238)	**(762)**	(1 238)
Carrying amount at 30 June	**2 460**	2 519	**2 460**	2 519

The CFS has reported a liability to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment prepared by the Public Sector Workforce Relations Division of the Department of the Premier and Cabinet. These claims are expected to be settled within the next financial year.

22. Unrecognised contractual commitments

Capital commitments

	Consolidated		CFS	
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements are	**2009**	2008	**2009**	2008
payable as follows:	**$'000**	$'000	**$'000**	$'000
Within one year	**2 524**	9 071	**2 524**	9 071
Total capital commitments	**2 524**	9 071	**2 524**	9 071

These capital commitments are for building and appliance projects.

Remuneration commitments

Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:				
Within one year	**432**	221	**432**	221
Later than one year but not later than five years	**441**	255	**441**	255
Total remuneration commitments	**873**	476	**873**	476

Amounts disclosed include commitments arising from executive contracts. The CFS does not offer fixed-term remuneration contracts greater than five years. Salary increases of 4 percent per annum have been assumed in the calculation of remuneration commitments.

Operating lease commitments

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

	Consolidated		CFS	
Commitments under non-cancellable operating leases	**2009**	2008	**2009**	2008
at the reporting date are payable as follows:	**$'000**	$'000	**$'000**	$'000
Within one year	**2 018**	1 736	**2 018**	1 736
Later than one year but not later than five years	**3 366**	2 564	**3 366**	2 564
Later than five years	**5**	77	**5**	77
Total operating lease commitments	**5 389**	4 377	**5 389**	4 377

The above-mentioned operating lease payments are not recognised in the financial statements as liabilities.

These non-cancellable leases relate to vehicle, property and equipment leases, with rental payable monthly in arrears. Contingent rental provisions within the lease agreements require the minimum lease payments to be increased annually based on CPI movement.

Other contractual commitments	Consolidated		CFS	
at the end of the reporting period CFS had the	**2009**	2008	**2009**	2008
following commitments on contracts:	**$'000**	$'000	**$'000**	$'000
Within one year	**6 078**	873	**6 078**	873
Later than one year but not later than five years	**4 955**	31	**4 955**	31
Total other contractual commitments	**11 033**	904	**11 033**	904

Contractual commitments relate to aerial firefighting, cleaning, and occupational welfare services.

23. Contingent assets and liabilities

The CFS has several contingent liabilities in the form of unresolved litigation, the outcome and timing of which cannot be reliably determined. In each case the financial exposure to the CFS is limited to $10 000 excess under insurance arrangements.

The CFS is not aware of any contingent assets.

24. Board members' remuneration

Board membership during the 2008-09 financial year comprised of:

South Australian Bushfire Prevention Advisory Committee (refer section 71 of the Act)

Mr Trevor Roocke
Mr Euan Ferguson*
Mr Glenn Benham*
Ms Nancy Bombardieri*
Mr Ivan Brooks
Mr Geoff Boerth
Ms Sandra Brown
Mr Peter Davis
Mr Chris Dearman*
Mr Paul Dellaverde*
Mr Paul Fletcher*
Ms Meredith Jenner*
Mr Andrew Lawson*
Ms Suellen Lefebvre
Mr John Lyon
Mr William McIntosh
Ms Sue Mickan
Mr Leigh Miller*
Ms Julie Mould
Mr Islay Robertson*
Ms Jasmine Rose
Mr Greg Saunder*
Mr Ken Schutlz
Mr Chris Smith*
Mr Richard Twisk
Mr Andrew Watson
Mr Michael Williams*
Mr Shane Wiseman*

The number of members whose income from the South Australian Bushfire Prevention Advisory Committee falls within the following bands was:

	2009 Number	2008 Number
$0 - $9 999	**4**	6
Total number of Board members	**4**	6

Remuneration of members reflects all costs of performing Board/Committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was $2000 ($2000).

* In accordance with Department of the Premier and Cabinet Circular 16, government employees did not receive any remuneration for Board/Committee duties during the financial year.

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

25. Cash flow reconciliation

Reconciliation of cash and cash equivalents	Consolidated		CFS	
Cash and cash equivalents at 30 June as per:	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Statement of Cash Flows	**3 680**	4 245	**3 450**	4 040
Statement of Financial Position	**3 680**	4 245	**3 450**	4 040

Reconciliation of net cash provided by operating activities to net cost of providing services				
Net cash provided by operating activities	**14 434**	14 418	**14 409**	14 389
Contributions from the Fund	**(61 515)**	(59 199)	**(61 515)**	(59 199)
Add (Less): Non-cash items:				
Assets received from Local Government and other sources	**1 416**	231	**1 416**	231
Depreciation	**(10 785)**	(9 331)	**(10 785)**	(9 331)
Net (loss) gain from disposal of assets	**(120)**	12	**(120)**	12
Changes in assets/liabilities:				
Increase in receivables	**112**	976	**111**	976
Decrease (Increase) in payables	**2 690**	(2 842)	**2 690**	(2 843)
Increase in provision for employee benefits	**(162)**	(219)	**(162)**	(219)
Decrease (Increase) in provisions	**59**	(125)	**59**	(125)
Net cost of providing services	**(53 871)**	(56 079)	**(53 897)**	(56 109)

26. Financial instruments/financial risk management

26.1 Categorisation of financial instruments

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

26.1 Categorisation of financial instruments (continued)

		2009		2008	
		Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets	Note	**$'000**	**$'000**	$'000	$'000
Cash and cash equivalents:	15	**3 450**	**3 450**	4 040	4 040
Receivables[1]	16	**916**	**916**	142	142
Investments - held to maturity:					
Other financial assets	2(l)	**1 452**	**1 452**	1 401	1 401
Financial liabilities					
Financial liabilities - at cost:					
Payables[1]	19	**730**	**730**	3 679	3 679
Total financial liabilities at cost		**730**	**730**	3 679	3 679

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

Credit risk

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

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

26.2 - Ageing analysis of financial assets

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

	Past due by			
	Overdue for less than 30 days	**Overdue for 30-60 days**	**Overdue for more than 60 days**	**Total**
2009	**$'000**	**$'000**	**$'000**	**$'000**
Not impaired:				
Receivables	**899**	**-**	**17**	**916**
2008				
Not impaired:				
Receivables	124	1	17	142

Maturity analysis of financial assets and liabilities

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

		Contractual maturity		
	Carrying amount	**Less than 1 year**	**1-5 years**	**More than 5 years**
2009	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets:				
Cash and cash equivalents	**3 450**	**3 450**	**-**	**-**
Receivables	**916**	**916**	**-**	**-**
Other financial assets	**1 452**	**1 452**	**-**	**-**
Total financial assets	**5 818**	**5 818**	**-**	**-**
Financial liabilities:				
Payables	**730**	**730**	**-**	**-**
Total financial liabilities	**730**	**730**	**-**	**-**
2008				
Financial assets:				
Cash and cash equivalents	4 040	4 040	-	-
Receivables	142	142	-	-
Other financial assets	1 401	1 401	-	-
Total financial assets	5 583	5 583	-	-
Financial liabilities:				
Payables	3 679	3 679	-	-
Total financial liabilities	3 679	3 679	-	-

Maturity analysis of financial assets and liabilities (continued)

The financial assets and liabilities of the CFS are all current with maturity within the next 12 months, except employee on-costs (within payables) which are not practical to split the maturity band by years.

Liquidity risk

The CFS is funded principally from contributions from the Fund. The CFS works with the Fund Manager of the Fund to determine cash flows associated with its Government approved program of work and with the Department of Treasury and Finance to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

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

The carrying amount of financial liabilities recorded in Note 26.1 represents the CFS's maximum exposure to financial liabilities.

Market risk

The CFS has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). The CFS's exposure to market risk and cash flow interest risk is minimal. There is minimal exposure to foreign currency or other price risks.

Sensitivity disclosure analysis

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

27. Controlled entity

The consolidated financial statements at 30 June 2009 include the following controlled entity:

Name of controlled entity	*Place of incorporation*
The Country Fire Service Foundation	Australia

The Country Fire Service Foundation was incorporated on 22 November 2001 under the *Associations Incorporations Act 1985*.

SOUTH AUSTRALIAN FIRE AND EMERGENCY SERVICES COMMISSION

FUNCTIONAL RESPONSIBILITY

Establishment

The South Australian Fire and Emergency Services Commission (SAFECOM) was established by the *Fire and Emergency Services Act 2005* (the FES Act). SAFECOM is managed and administered by a Board established as the governing body. SAFECOM and its Board are responsible to the Minister for Emergency Services.

The *FES Act* provides for the continuation of the South Australian Metropolitan Fire Service (SAMFS) and the South Australian Country Fire Service (SACFS) as bodies corporate, and the establishment as a separate body corporate of the South Australian State Emergency Service (SASES).

The FES Act also defines the emergency services sector as consisting of the:

- South Australian Fire and Emergency Services Commission
- South Australian State Emergency Service
- South Australian Country Fire Service
- South Australian Metropolitan Fire Service.

The FES Act requires that a consolidated financial statement be prepared for the emergency services sector.

Functions

SAFECOM is responsible for establishing and promoting the strategic direction and policy for the emergency services sector and supporting agencies to work towards achieving that strategic direction.

For more information about SAFECOM's objectives refer to Note 2 of the financial statements.

Community Emergency Services Fund

SAFECOM is also responsible for administering the Community Emergency Services Fund (the Fund) which is established by the *Emergency Services Funding Act 1998* (ESF Act). Responsibility for administering the Fund was transferred from the Attorney-General's Department on 1 April 2006.

The Fund is the main source of funding for all the emergency services sector agencies.

Shared services

As part of the Government's shared services initiative, the accounts payable, accounts receivable and payroll services transitioned from SAFECOM and the emergency services sector to Shared Services SA (SSSA) during 2008-09.

AUDIT MANDATE AND COVERAGE

Audit authority

Audit of the financial statements

Subsection 31(1)(b) of the PFAA and subsection 21(2) of the FES Act provide for the Auditor-General to audit the accounts of SAFECOM and also the consolidated accounts for the emergency services sector for each financial year.

Assessment of controls

Subsection 36(1)(a)(iii) of the PFAA provides for the Auditor-General to assess the controls exercised by SAFECOM in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

This assessment also considers whether internal controls are consistent with the TIs with particular focus on TIs 2 and 28.

Scope of audit

The audit program covered the major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial statements and internal controls.

During 2008-09, specific areas of audit attention included:

- revenue
- payroll
- expenditure, including purchase cards
- non-current assets, including capital works
- cash at bank
- investments
- general ledger
- follow up of 2007-08 audit findings.

The audit also covered the operations of the Fund.

Internal audit activities were reviewed to assess the risks of material misstatement of the financial statements and to design and perform audit procedures. Use has been made of the work performed by internal audit, including:

- the overall assessment of compliance with aspects of TIs 2 and 28
- forming a conclusion over the general control environment of the emergency services sector.

AUDIT FINDINGS AND COMMENTS

Auditor's report on the financial statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the South Australian Fire and Emergency Services Commission and the consolidated entity as at 30 June 2009, and their financial performance and their cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

Assessment of controls

In my opinion, the controls exercised by the South Australian Fire and Emergency Services Commission in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, except for the matters raised in relation to bona fides, expenditure, purchase cards and implementation of the revised TIs 2 and 28, as outlined under 'Communication of audit matters', are sufficient to provide reasonable assurance that the financial transactions of the South Australian Fire and Emergency Services Commission have been conducted properly and in accordance with law.

Communication of audit matters

Matters arising during the course of the audit were detailed in management letters to the Chief Executive, SAFECOM. Responses to the management letters were generally considered to be satisfactory. Major matters raised with SAFECOM and the related responses are detailed below.

Corporate governance and risk management

Previous audits have identified a number of legal compliance and governance issues for entities in the emergency services sector. The status of those matters follows.

Issues raised last year were:

- the SAFECOM governance policy had not been ratified by the Board
- the risk management review covering corporate governance was still in draft form
- formal review of the SASES Risk Management Plan was outstanding.

In response, the Commissioner for Fire and Emergencies advised that:

- the corporate governance policy was reviewed, updated and approved by the Board
- the risk management and control policy was updated and the risk register format reviewed and amended
- the SAFECOM strategic plan has provided the framework for the development of the SASES strategic plan and associated business plans.

Bona fides

Previous audits have commented on a number of areas where internal controls associated with the review of bona fide reports could be improved, including:

- inadequate checking of bona fide reports
- bona fide reports not being evidenced according to documented procedures
- maintenance and the systematic filing of supporting documentation and records to substantive bona fide reviews.

SAFECOM advised Audit that procedures would be refined and the importance of bona fides and the controls underpinning the process would be raised with senior management across the sector. Review of SAFECOM's actions during 2008-09 revealed that senior management were requested to consider these issues.

The results of the 2008-09 audit identified some business units that could still improve in their performance of bona fide reviews. Audit noted that:

- not all bona fides were reviewed during 2008-09
- some bona fide registers were not complete
- bona fides and supporting documentation could not be located for a number of business units sampled.

Audit recommended that a forum or mechanism be implemented to remind senior management of their responsibilities to comply with the bona fide policy and to report outstanding or inadequately reviewed and supported bona fide reports.

In response to the issues raised, the Chief Executive, SAFECOM advised that the Audit and Risk Management Committee will consider mechanisms to achieve greater compliance with the bona fide policy by managers and to report outstanding or inadequate compliance.

Expenditure

Review of the financial delegations used by SSSA to check that payments are appropriately authorised identified that it differed from the approved SAFECOM version.

In addition, the results of the expenditure audit revealed instances where purchases and payments were not approved in accordance with the financial delegations. Review of these instances revealed that they occurred before the transition to SSSA and were also outside of the date range affected by the differing delegation versions.

It was recommended that SAFECOM ensure that SSSA is provided with revised documentation and payments are authorised by staff with sufficient, appropriate delegated authority.

In response to the issues raised, the Chief Executive, SAFECOM advised that the financial authorisations register will be updated independently of the policy approval process, and updates forwarded to SSSA on the same basis as internal distribution.

Purchase cards

TI 12 prescribes a policy for the control and use of government purchase cards. To complement TI 12, SAFECOM has also approved its own purchase card policy.

The 2008-09 expenditure audit focussed on purchase card payments and a number of issues were identified, including:

- purchase card holders who were not listed on the Schedule of Financial Delegations
- purchase card statements that were not supported by receipts and other documentation
- temporary purchase card limit increases which were not subsequently decreased
- purchase card reports that were not updated to reflect the correct business unit
- purchase card applications not being properly documented
- terminated employees that still had active purchase cards
- purchase cards that were applied for but not received from SSSA.

Audit recommended that a focused review by management or internal audit be undertaken to ensure compliance with TI 12 and purchase card policies.

In response to the issues raised, the Chief Executive, SAFECOM advised that a review of purchase card management will be undertaken to reinforce management and individual responsibilities and ensure compliance with TI 12 and the purchase card policy.

Implementation of the revised TIs 2 and 28

Review of the emergency services sector's progress in this area revealed that a sector wide financial management compliance program (FMCP) framework and supporting compliance program documentation was prepared, including allocation of responsibilities to officers. FMCP programs were executed during 2008-09 and reported exceptions were collated, assessed and reported to management.

In addition, Justice Internal Audit (JIA) conducted a formal review of this area. The following comments summarise Audit's and JIA's findings and recommendations.

FMCP framework

Audit noted that the sector-wide FMCP developed by management was modelled on mandatory requirements and guidance provided under TI 28. Also, the SAFECOM Board and the Audit and Risk Management Committee were provided with regular updates and documents on the progress of the FMCP implementation during 2008-09.

The 2008-09 Audit noted that whilst an FMCP framework was developed and used when undertaking compliance programs, it was not formally approved and adopted.

Audit supports JIA's recommendation that the FMCP framework be documented and approved by the Board.

In response to the issues raised, The Chief Executive, SAFECOM advised that:

- compliance with the framework commenced in 2007-08 with a view to achieving compliance from 1 July 2008

- following self assessment and development of the compliance program in conjunction with the Board, Audit and Risk Management Committee and Board Finance Committee, all managers were required to assess performance and provide action plans for improvement

- areas of low performance were reported to the Board and corrective measures were undertaken in 2008-09

- an independent review of the program was initiated and undertaken by JIA. The review examined sector-wide compliance with aspects of TIs 2 and 28

- the results of the review were included in the SAFECOM Annual Internal Audit Plan 2008-09, and draft results indicate areas for improvement including formal Board endorsement, improved emphasis on action plans, and examination of internal controls with Shared Services.

Policies and procedures

SAFECOM's main financial policies and procedures were updated and approved during 2008-09. The new financial policies were subsequently communicated to business units and made available on the agency intranet.

Audit review of policies and procedures used throughout SAFECOM and the emergency services sector revealed a number of instances where they were not reviewed at the business unit level. Consequently the TI 2 requirement for all policies and procedures to be reviewed and updated at least annually had not been fully met.

It was recommended that SAFECOM ensure that policies and procedures are reviewed annually and evidenced to demonstrate compliance with TIs.

In response to the issues raised, the Chief Executive, SAFECOM advised that:

- finance policies and procedures were reviewed in 2008-09 and revised
- policies in relation to certain areas were the subject of separate and detailed reviews and were not completed within the 2008-09 year
- as a result of shared services implementation, the specific accountabilities and controls between the sector will be further refined in 2009-10
- information flows with responsible officers will also be improved in 2009-10 by regular meetings and communications.

Internal audit recommendations

JIA completed a review, 'Sector-wide compliance with aspects of TIs 2 and 28', during 2008-09.

The following observations by JIA were supported by Audit and communicated to SAFECOM. It was suggested that management consider the following recommendations:

- consider the adequacy of the design and testing of activities supporting the FMCP process and enhancements proposed by JIA
- the insurance register incorporate proposed action plans to address incidences of lost or stolen public money or public property to comply with TI 2
- the use of annual SSSA management letters to accompany completed FMCPs to support management certification that internal controls operated effectively over the reporting period.

In response to the issues raised, the Chief Executive, SAFECOM advised that other recommendations will be taken onboard and implemented in 2009-10.

Shared services

Policies and procedures

TI 2.5 requires the Chief Executive, to ensure policies and procedures are reviewed at least annually and revised where necessary. SAFECOM's financial policies were updated and approved during 2008-09. The new financial policies were subsequently communicated to business units and made available on the agency intranet.

Audit review of policies and procedures used by SSSA staff revealed they had not been reviewed against all revised policies and procedures. It is acknowledged that SSSA do not have access to the agency's intranet to access the revised documents.

Consequently, the TI 2 requirement for all policies and procedures to be reviewed and updated at least annually had not been fully met.

It was suggested that SAFECOM and SSSA ensure that policies and procedures are aligned and that annual reviews are undertaken and evidenced to demonstrate compliance with TIs.

In response, the Executive Director, SSSA advised that they are committed to reviewing and, where required, updating all procedures that transitioned from agencies to SSSA, including those services that transitioned to SSSA without any documented procedures or with procedures that require updating. SSSA will develop procedures when required or as part of the process of implementing any change initiatives and service standardisation. They will be approved by the SSSA Executive and distributed to relevant personnel in accordance to SSSA change implementation methodology. SSSA also advised that it will work with SAFECOM to ensure alignment of policies and procedures as necessary.

INTERPRETATION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Highlights of the financial statements - consolidated emergency services sector

	2009 $'million	2008 $'million
EXPENSES		
Employee benefits expenses	**102**	94
Depreciation	**18**	16
Supplies and services	**53**	54
Other expenses (includes payments to SA Government)	**16**	15
Total expenses	**189**	179
INCOME		
Total income	**18**	15
Net cost of providing services	**171**	164
Contributions from Community Emergency Services Fund	**186**	178
Net result	**15**	14
OTHER COMPREHENSIVE INCOME	**21**	23
Total comprehensive result	**36**	37
NET CASH PROVIDED BY OPERATING ACTIVITIES	**33**	35
ASSETS		
Current assets	**55**	50
Non-current assets	**311**	278
Total assets	**366**	328
LIABILITIES		
Current liabilities	**21**	21
Non-current liabilities	**27**	26
Total liabilities	**48**	47
EQUITY	**318**	281

Statement of Comprehensive Income

The main source of revenue for the sector is contributions from the Fund of $186 million ($178 million), which accounts for 91 percent of total income.

Expenses are dominated by employee benefits expenses of $102 million ($94 million), which represent 54 percent of total expenses. During 2008-09, employee benefits expenses increased by $8 million or 8 percent. This is attributable mainly to increased salaries and wages under the enterprise bargaining agreement.

The number of employees receiving remuneration in excess of $100 000 in 2008-09 increased to 201 from 124 in 2007-08. This is mainly due to increased overtime and allowances paid to SAMFS employees during the year in the $100 000 to $110 000 salary range. Refer to Note 6 of the financial statements.

Statement of Financial Position

Non-current assets of $311 million represent 85 percent of total assets. The main asset classes held are land and buildings (fair value of $164 million) and vehicles (fair value of $109 million).

Non-current assets increased by $33 million or 12 percent to $311 million as a result of revaluation of various classes of assets ($21 million) and work in progress for various projects ($31 million). This was offset by depreciation charges ($19 million) during the period.

Highlights of the financial statements - SAFECOM

	2009 $'million	2008 $'million
EXPENSES		
Employee benefits expenses	**10**	9
Supplies and services	**4**	6
Other expenses	**2**	1
Total expenses	**16**	16
INCOME		
Total income	**4**	3
Net cost of providing services	**12**	13
Contributions from Community Emergency Services Fund	**13**	14
Net and total comprehensive result	**1**	1
NET CASH PROVIDED BY OPERATING ACTIVITIES	**1**	2
ASSETS		
Current assets	**6**	5
Non-current assets	**1**	1
Total assets	**7**	6
LIABILITIES		
Current liabilities	**2**	2
Non-current liabilities	**3**	3
Total liabilities	**5**	5
EQUITY	**2**	1

Statement of Comprehensive Income

Fund contributions and income

SAFECOM is primarily funded from contributions from the Fund which in 2008 totalled $13 million ($14 million). This represents 77 percent of total revenue.

Expenses

Employee benefits expenses are the main expense category of SAFECOM totalling $10 million in 2008-09 which represents 61 percent of total expenses.

Administered comprehensive income

Contributions, by way of levies, are made by all owners (including both State and Local Government) of both fixed and mobile property to fund the provision of emergency services. Levies are collected in accordance with the *ESF Act*. The levy on fixed property applies to capital values adjusted for location and land use and is collected by RevenueSA. The levy on mobile property is collected by the Department for Transport, Energy and Infrastructure using the vehicle registration system. In addition, the Government makes a contribution in the form of remissions of levies charged.

All levy receipts are paid into the Fund from which payments are made to emergency services agencies and to meet the costs of collection and administration.

The following table shows the relationship over the past four years between the levies collected and the cash payments to emergency services agencies. The transactions outlined represent the activities of the Fund combining the administration periods of the Attorney-General's Department and SAFECOM.

	2009 $'million	2008 $'million	2007 $'million	2006 $'million
Emergency Services levies collected*	**220**	208	188	176
Payments to Emergency Services sector**	**219**	208	194	183
	1	-	(6)	(7)

* Includes interest and other income
** Includes levy collection and administration costs.

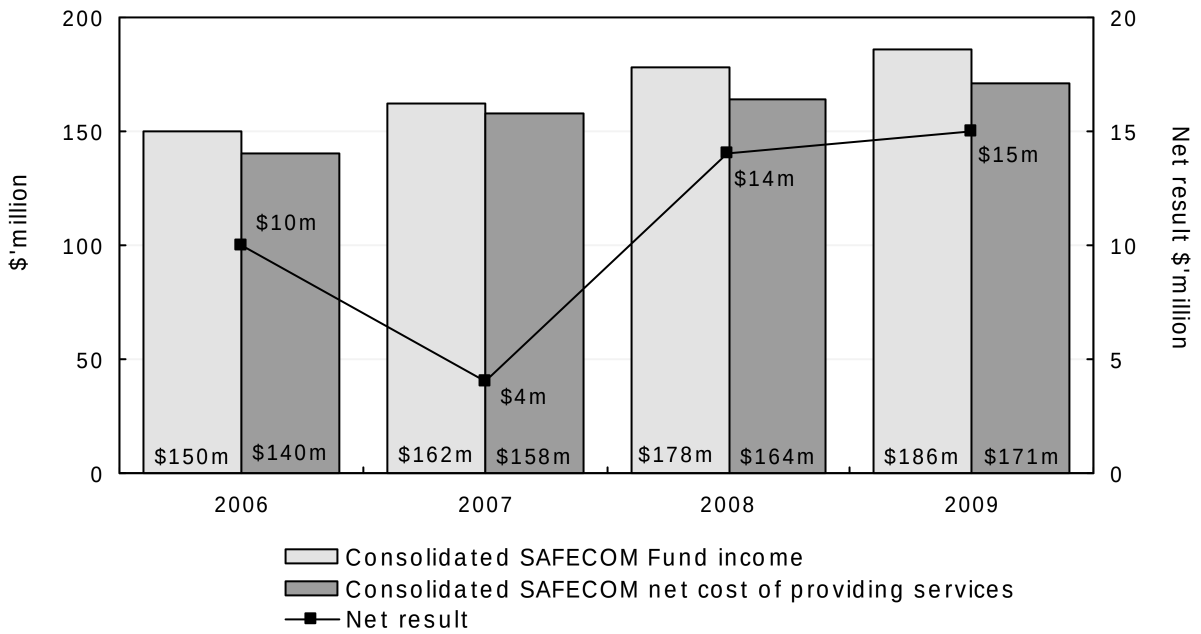
Levies and other revenues are collected in accordance with the *ESF Act* to fund the approved budget of emergency service organisations and other payments. Emergency Services levies collected increased during 2008-09 by $12 million or 6 percent to $220 million due predominantly to the increase in fixed property collections of $10 million.

The table shows that the payments to the emergency services sector have increased by $36 million (20 percent) over the four years.

In 2008-09, payments to the emergency services sector increased by $11 million or 5 percent to $219 million. The predominant reason for the increase relates to additional payments to the following emergency service organisations:

- $7 million or 8 percent to $100 million for the SAMFS.
- $3 million or 5 percent to $62 million to the SACFS.

The following table shows the consolidated funding received by SAFECOM from the Fund and the net cost of services for the past four years:



Statement of Comprehensive Income
for the year ended 30 June 2009

		Consolidated		SAFECOM	
	Note	**2009**	2008	**2009**	2008
	3(d)	**$'000**	$'000	**$'000**	$'000
EXPENSES:					
Employee benefits expenses	6	**102 124**	94 379	**9 689**	9 396
Supplies and services	7	**53 488**	54 251	**4 137**	5 599
Government radio network expenses	9	**12 928**	12 914	**-**	-
Depreciation	10	**18 794**	16 075	**156**	46
Grants and contributions		**2 115**	1 420	**1 784**	1 123
Net loss from disposal of assets	13	**255**	-	**-**	-
Total expenses		**189 704**	179 039	**15 766**	16 164
INCOME:					
Commonwealth revenues	11	**7 309**	6 143	**3 003**	1 989
Revenues from fees and charges	12	**5 420**	3 862	**470**	466
Net gain from disposal of assets	13	**-**	91	**-**	-
Interest revenues	14	**2 326**	2 729	**180**	306
Other income	15	**3 192**	2 258	**90**	150
Total income		**18 247**	15 083	**3 743**	2 911
NET COST OF PROVIDING SERVICES		**171 457**	163 956	**12 023**	13 253
REVENUES FROM SA GOVERNMENT:					
Contributions from Community Emergency Services Fund		**186 122**	178 177	**12 662**	13 866
Payments to SA Government		**-**	(505)	**-**	-
NET RESULT		**14 665**	13 716	**639**	613
OTHER COMPREHENSIVE INCOME:					
Changes in property, plant and equipment asset revaluation reserve		**21 370**	23 165	**24**	-
TOTAL COMPREHENSIVE RESULT		**36 035**	36 881	**663**	613

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

Statement of Financial Position
as at 30 June 2009

		Consolidated		SAFECOM	
	Note	**2009**	2008	**2009**	2008
	3(d)	**$'000**	$'000	**$'000**	$'000
CURRENT ASSETS:					
Cash and cash equivalents	16	**46 305**	44 327	**4 750**	4 037
Receivables	17	**4 954**	4 417	**1 281**	1 078
Other financial assets		**1 759**	1 684	**-**	-
		53 018	50 428	**6 031**	5 115
Non-current assets classified as held-for-sale	18	**1 500**	-	**-**	-
Total current assets		**54 518**	50 428	**6 031**	5 115
NON-CURRENT ASSETS:					
Property, plant and equipment	19	**311 496**	278 036	**1 441**	1 227
Total non-current assets		**311 496**	278 036	**1 441**	1 227
Total assets		**366 014**	328 464	**7 472**	6 342
CURRENT LIABILITIES:					
Payables	20	**6 184**	8 079	**966**	776
Employee benefits	21	**12 504**	10 967	**1 315**	1 178
Short-term provisions	22	**2 419**	2 267	**104**	103
Total current liabilities		**21 107**	21 313	**2 385**	2 057
NON-CURRENT LIABILITIES:					
Payables	20	**1 901**	1 575	**252**	217
Employee benefits	21	**18 067**	16 822	**2 459**	2 340
Provisions	22	**7 488**	7 338	**327**	342
Total non-current liabilities		**27 456**	25 735	**3 038**	2 899
Total liabilities		**48 563**	47 048	**5 423**	4 956
NET ASSETS		**317 451**	281 416	**2 049**	1 386
EQUITY:					
Asset revaluation reserve		**65 465**	44 095	**24**	-
Retained earnings		**251 986**	237 321	**2 025**	1 386
TOTAL EQUITY		**317 451**	281 416	**2 049**	1 386

Total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	23
Contingent assets and liabilities	24

Statement of Changes in Equity
for the year ended 30 June 2009

Consolidated	Note	Asset revaluation reserve $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2007		20 930	223 605	244 535
Net result for 2007-08		-	13 716	13 716
Gain on revaluation of property during 2007-08	19b	12 377	-	12 377
Gain on revaluation of vehicles during 2007-08	19b	10 589	-	10 589
Gain on revaluation of communication equipment during 2007-08	19b	199	-	199
Total comprehensive result for 2007-08		23 165	13 716	36 881
Balance at 30 June 2008		44 095	237 321	281 416
Net result for 2008-09		-	14 665	14 665
Gain on revaluation of property during 2008-09	19b	10 709	-	10 709
Gain on revaluation of vehicles during 2008-09	19b	10 580	-	10 580
Gain on revaluation of communication equipment during 2008-09	19b	16	-	16
Gain on revaluation of computer equipment during 2008-09	19b	14	-	14
Gain on revaluation of plant and equipment during 2008-09	19b	51	-	51
Total comprehensive result for 2008-09		21 370	14 665	36 035
Balance at 30 June 2009		**65 465**	**251 986**	**317 451**
SAFECOM				
Balance at 30 June 2007		-	773	773
Net result for 2007-08		-	613	613
Gain on revaluation of property during 2007-08	19b	-	-	-
Gain on revaluation of vehicles during 2007-08	19b	-	-	-
Gain on revaluation of communication equipment during 2007-08	19b	-	-	-
Total comprehensive result for 2007-08		-	613	613
Balance at 30 June 2008		-	1 386	1 386
Net result for 2008-09		-	639	639
Gain on revaluation of property during 2008-09	19b	21	-	21
Gain on revaluation of vehicles during 2008-09	19b	-	-	-
Gain on revaluation of communication equipment during 2008-09	19b	-	-	-
Gain on revaluation of computer equipment during 2008-09	19b	3	-	3
Gain on revaluation of plant and equipment during 2008-09	19b	-	-	-
Total comprehensive result for 2008-09		24	639	663
Balance at 30 June 2009		**24**	**2 025**	**2 049**

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

Statement of Cash Flows
for the year ended 30 June 2009

		Consolidated		SAFECOM	
		2009	2008	**2009**	2008
		Inflows	Inflows	**Inflows**	Inflows
	Note	**(Outflows)**	(Outflows)	**(Outflows)**	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:	3(d)	**$'000**	$'000	**$'000**	$'000
CASH OUTFLOWS:					
Employee benefit payments		**(99 342)**	(92 346)	**(9 433)**	(8 708)
Payments for supplies and services		**(64 516)**	(58 650)	**(6 034)**	(7 359)
Government Radio Network payments		**(13 094)**	(13 080)	**-**	-
Grants and contributions		**(2 115)**	(1 420)	**(1 784)**	(1 123)
Cash used in operations		**(179 067)**	(165 496)	**(17 251)**	(17 190)
CASH INFLOWS:					
Fees and charges		**5 096**	3 861	**240**	466
Receipts from Commonwealth		**6 457**	6 443	**3 062**	2 443
Interest received		**2 461**	2 616	**195**	290
GST recovered from the ATO		**10 465**	7 387	**2 061**	1 688
Other receipts		**1 442**	2 278	**90**	150
Cash generated from operations		**25 921**	22 585	**5 648**	5 037
CASH FLOWS FROM SA GOVERNMENT:					
Contributions from Community Emergency Services Fund		**186 122**	178 177	**12 662**	13 866
Payments to SA Government		**-**	(505)	**-**	-
Cash generated from SA Government		**186 122**	177 672	**12 662**	13 866
Net cash provided by operating activities	26	**32 976**	34 761	**1 059**	1 713
CASH FLOWS FROM INVESTING ACTIVITIES:					
CASH OUTFLOWS:					
Purchase of property, plant and equipment		**(31 083)**	(25 011)	**(346)**	(871)
Purchase of investments		**(75)**	(168)	**-**	-
Cash used in investing activities		**(31 158)**	(25 179)	**(346)**	(871)
CASH INFLOWS:					
Proceeds from sale of property, plant and equipment		**160**	588	**-**	-
Proceeds from maturities of investments		**-**	78	**-**	-
Cash generated from investing activities		**160**	666	**-**	-
Net cash used in investing activities		**(30 998)**	(24 513)	**(346)**	(871)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1 978**	10 248	**713**	842
CASH AND CASH EQUIVALENTS AT 1 JULY		**44 327**	34 079	**4 037**	3 195
CASH AND CASH EQUIVALENTS AT 30 JUNE	16	**46 305**	44 327	**4 750**	4 037

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Establishment of South Australian Fire and Emergency Services Commission and the emergency services sector

The Fire and Emergency Services Act 2005 (the Act) was assented to on 14 July 2005. The Act establishes the South Australian Fire and Emergency Services Commission (SAFECOM) which came into operation on 1 October 2005 replacing the Emergency Services Administrative Unit (ESAU), which was dissolved from 31 December 2005.

The Act provides for the continuation of the South Australian Metropolitan Fire Service (MFS), the South Australian Country Fire Service (CFS) and the South Australian State Emergency Service (SES). The MFS and the CFS were previously in existence as separate entities whereas the SES was a division of ESAU. The SES is now a separate body corporate. The *Country Fires Act 1989*, the *South Australian Metropolitan Fire Service Act 1936* and the *State Emergency Service Act 1987* were repealed upon the proclamation of the new Act.

The Act also defines the Emergency Services sector as consisting of the:

- South Australian Fire and Emergency Services Commission
- South Australian State Emergency Service
- South Australian Country Fire Service
- South Australian Metropolitan Fire Service.

The Act requires that consolidated statements of account be prepared for the emergency services sector.

2. Objectives and funding

Objectives

SAFECOM has the following objectives:

- to develop and maintain a strategic and policy framework as well as sound corporate governance across the emergency services sector
- to provide adequate support services to the emergency services organisations and to ensure the effective allocation of resources within the emergency service sector
- to ensure relevant statutory compliance by the emergency services organisations
- to build a safer community through integrated emergency service delivery
- to report regularly to the Minister about relevant issues.

Funding

The funding of SAFECOM is derived from the Community Emergency Services Fund (the Fund) which was established by the *Emergency Services Funding Act 1998.*

3. Significant accounting policies

(a) Statement of compliance

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant AASs and TIs and APSs promulgated under the provision of the PFAA.

Except for the amendments to AASB 101 including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), which SAFECOM has early-adopted, AASs and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by SAFECOM for the reporting period ending 30 June 2009. Refer Note 5.

(b) Basis of preparation

The presentation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying SAFECOM's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with APSs issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the APSs require the following note disclosures, that have been included in these financial statements:

  (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature

  (b) expenses incurred as a result of engaging consultants

  (c) employees whose normal remuneration is $100 000 or more (within $10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees

  (d) Board/Committee member and remuneration information, where a Board/Committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

(b) Basis of preparation (continued)

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2009 and the comparative information presented for the year ended 30 June 2008.

(c) Principles of consolidation

The financial statements incorporate the assets and liabilities of all entities controlled by SAFECOM and forming the emergency services sector as at 30 June 2009 and the results of all controlled entities for the year then ended. The effects of all transactions between entities in the consolidated entity are eliminated in full.

(d) Reporting entity

SAFECOM produces both organisational and administered financial statements. The organisational financial statements include the use of income, expenses, assets and liabilities, controlled or incurred by the organisation in its own right.

The administered financial statements includes the income, expenses, assets and liabilities which the organisation administers on behalf of the SA Government but does not control. The administered items for SAFECOM consist solely of the Fund created pursuant to the *Emergency Services Funding Act 1998*.

Significant accounting policies outlined in Note 3 apply to both the organisational and administered financial statements.

(e) Transferred functions

Pursuant to proclamations under the Public Sector Management Shared Services SA Proclamation 2008, employees were transferred from SAFECOM to the Department of Treasury and Finance for Shared Services SA (refer Note 28).

(f) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except were adjusted to reflect the early adoption of AASB 101 and specific revised accounting standards and APSs.

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required eg preparation of a single Statement of Comprehensive Income.

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

(g) Rounding

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

(h) Taxation

SAFECOM is not subject to income tax. SAFECOM is liable for payroll tax, FBT and 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 ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

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

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

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

GST receivables/payables associated with administered items transactions are included in SAFECOM statements.

(i) Events after the end of the reporting period

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

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

(j) Income

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

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

The Notes accompanying the financial statements disclose income where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

Revenues from SA Government
Contributions from the Fund are recognised as income when SAFECOM obtains control over the funding. Control over funding is normally obtained upon receipt.

Commonwealth revenues
Commonwealth revenues are recognised as income when SAFECOM obtains control of revenues or the right to receive the revenues and income recognition criteria are met (ie the amount can be reliably measured and the flow of resources is possible).

Resources received free of charge
Resources received free of charge are recorded as revenue in the Statement of Comprehensive Income at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

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

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

Other income
Other income consists of assets received free of charge, donations received, Groups and Brigade fundraising revenue and other minor revenues.

(k) Expenses

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

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

The Notes accompanying the financial statements disclose expenses where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

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

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

Payments to SA Government
In 2008, payments to the SA Government related to the payment of proceeds from the sale of property pursuant to Department of the Premier and Cabinet Circular 114 (PC114). As required by PC114, proceeds have been paid to the Treasurer for application to the Consolidated Account.

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

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

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

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

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

Asset class	*Useful lives (years)*
Communications equipment	5-10
Vehicles	5-25
Plant and equipment	5-10
Computer equipment	5-10
Buildings	30-50

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

All contributions paid by SAFECOM have been contributions with unconditional stipulations attached.

(l) Current and non-current classification

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

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

(m) Assets

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

Where an asset line item combine amounts expected to be settled within 12 months and more than 12 months, SAFECOM has separately disclosed the amounts expected to be recovered after more than 12 months.

The Notes accompanying the financial statements disclose financial assets where the counterparty/ transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

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

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

Cash is measured at nominal value.

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

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

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

Other financial assets
SAFECOM measures financial assets and debt at historic cost. Other financial assets recorded in the Statement of Financial Position are medium-term liquid maturities of between three and 12 months that are readily converted to cash and which are subject to insignificant risk of changes in value. Medium-term maturities are lodged with various financial institutions at their respective medium-term deposit rates.

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

Non-current assets classified as held-for-sale are presented separately from the other assets in the Statement of Financial Position.

Non-current assets - acquisition and recognition
Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation. Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position.

In accordance with APF III, APS 2.15 all non-current tangible assets with a value of $10 000 or greater are capitalised.

Revaluation of non-current assets
All non-current tangible assets are valued at written down current cost (a proxy for fair value). On an ongoing basis, revaluations are made in accordance with related policies whereby independent valuations are obtained every five years and carrying amounts are adjusted accordingly.

If at any time management considers that the carrying amount of an asset materially differs from its fair value, the asset is revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

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

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

Upon disposal or derecognition, any revaluation reverse relating to the asset is transferred to retained earnings.

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

For revalued assets an impairment loss is offset against the asset's revaluation reserve.

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

Where a liability line item combine amounts expected to be settled within 12 months and more than 12 months, SAFECOM has separately disclosed the amounts expected to be settled after more than 12 months.

The Notes accompanying the financial statements disclose financial liabilities where the counterparty/ transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

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

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

(n) Liabilities (continued)

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

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.

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

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

Employee benefits

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

Wages, salaries, annual leave and sick leave

Liability for salary and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages and annual leave are payable later than 12 months, the liability will be measured at present value.

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

Long service leave

The liability for long service leave is recognised after an employee has completed 8.5 (9) years of service. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with SAFECOM's experience of employee retention and leave taken.

Provisions

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

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

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

Financial liabilities

SAFECOM measures financial liabilities at historical cost.

Operating leases

In respect of operating leases, the lessor effectively retains substantially the entire risks and benefits incidental to ownership of the leased items. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a basis, which is representative of the pattern of benefits derived from the leased assets.

(o) Disaggregated disclosures - SAFECOM

In achieving its objectives, SAFECOM provides strategic and corporate support services to the MFS, CFS and SES. These activities are classified under one program titled 'Fire and Emergency Services Strategic and Corporate Support'.

(p) Disaggregated disclosures - SAFECOM administered items

The administered program relates to the collection of the Emergency Services levy and the application of these funds. The levies are collected, in accordance with the *Emergency Services Funding Act 1998*, by RevenueSA and the Department for Transport, Energy and Infrastructure (DTEI) and are credited to the Fund. Payments from the Fund are made to emergency services agencies and other organisations that provide an 'emergency service' as defined under the Act and to meet costs of collecting the levies and operations of the Fund.

(q) Unrecognised contractual commitments and contingent assets and liabilities

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

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

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

4. Financial risk management

SAFECOM has non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). SAFECOM's exposure to market risk and cash flow interest risk is minimal.

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

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

5. Changes in accounting policies

Details of the impact, where significant on SAFECOM's financial statements from new and amended AASs that are applicable for the first time in 2008-09 are detailed below.

Restructure of administrative arrangements

In accordance with the revised AASB 1004, SAFECOM records restructures of administrative arrangements as transactions with owners in their capacity as owners rather than recording these events as a revenue/expense item.

Other

SAFECOM has early-adopted the September 2007 version of AASB 101 including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101) - this includes the preparation of a single Statement of Comprehensive Income. In addition, Note 28 provides the identity of the recipient of transfer payments classified as administered expenses consistent with the requirement of AASB 1050.

Issued or amended but not yet effective

Except for the amendments to AASB 101, which SAFECOM has early-adopted, the AASs and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by SAFECOM for the period ending 30 June 2009. SAFECOM 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.

6. Employee benefits expenses

	Consolidated		SAFECOM	
Employee benefits costs for the reporting period comprised:	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Salaries and wages	**74 139**	68 422	**7 057**	6 637
Payroll tax	**4 762**	4 527	**434**	442
Superannuation	**9 300**	8 065	**896**	849
Long service leave	**4 361**	3 535	**490**	677
Annual leave	**9 011**	8 481	**701**	689
Other employee related expenses	**551**	1 349	**111**	102
Total employee benefits expenses	**102 124**	94 379	**9 689**	9 396

Remuneration of employees

The number of employees whose remuneration received or receivable was $100 000 or more during the year, fell within the following bands:

	Consolidated		SAFECOM	
	2009 Number	2008 Number	**2009 Number**	2008 Number
$100 000 - $109 999	**112**	51	**13**	9
$110 000 - $119 999	**39**	50	**6**	5
$120 000 - $129 999	**30**	10	**1**	1
$130 000 - $139 999	**7**	3	**2**	-
$140 000 - $149 999	**3**	1	**-**	1
$150 000 - $159 999	**1**	2	**-**	1
$160 000 - $169 999	**3**	1	**2**	-
$170 000 - $179 999	**-**	2	**-**	1
$180 000 - $189 999	**1**	-	**-**	-
$200 000 - $209 999	**2**	2	**-**	-
$210 000 - $219 999	**-**	-	**-**	-
$240 000 - $249 999	**1**	1	**-**	-
$260 000 - $269 999	**-**	-	**1**	-
$270 000 - $279 999	**2**	1	**-**	-
Total number of employees	**201**	124	**25**	19

6. Employee benefits expenses (continued)

The table includes all employees who received remuneration of $100 000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, FBT and any other salary sacrifice benefits. The aggregate remuneration for all employees referred to above was $23 287 ($14.6 million) for the consolidated entity and $3.050 million ($2.344 million) for SAFECOM.

7. Supplies and services

	Consolidated		SAFECOM	
Supplies and services provided by entities within the SA Government:	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Accommodation	**184**	185	**-**	-
Aerial support costs	**69**	144	**-**	-
Communication expenses	**209**	176	**88**	89
Computing costs	**266**	602	**60**	185
Consultancy, contractor and legal fees	**614**	755	**247**	328
Consumables	**471**	527	**4**	13
Energy	**38**	38	**21**	19
Minor plant and equipment	**1**	15	**-**	-
Operating lease costs	**3 798**	3 529	**681**	626
Operational costs	**27**	12	**-**	-
Other expenses	**894**	1 100	**84**	82
Repairs and maintenance	**951**	762	**183**	179
Shares Services SA	**841**	-	**841**	-
Travel and training	**525**	196	**12**	36
Total supplies and services - SA Government entities	**8 888**	8 041	**2 221**	1 557
Supplies and services provided by entities external to the SA Government:				
Accommodation	**61**	84	**-**	-
Aerial support costs	**8 350**	6 136	**-**	-
Communication expenses	**2 041**	2 667	**90**	396
Computing costs	**1 981**	1 611	**475**	383
Consultancy, contractor and legal fees	**2 997**	4 575	**422**	1 589
Consumables	**2 893**	3 373	**136**	246
Energy	**1 049**	959	**-**	-
Minor plant and equipment	**3 684**	3 701	**18**	31
Operating lease costs	**935**	881	**22**	45
Operational costs	**1 098**	1 982	**39**	23
Other expenses	**6 153**	6 204	**281**	408
Repairs and maintenance	**7 290**	6 702	**97**	74
Travel and training	**3 245**	4 382	**326**	831
Uniforms and protective clothing	**2 823**	2 953	**10**	16
Total supplies and services - non-SA Government entities	**44 600**	46 210	**1 916**	4 042
Total supplies and services	**53 488**	54 251	**4 137**	5 599

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

Consultancies

	Consolidated		SAFECOM	
The number and dollar amount of consultancies paid/payable (included in supplies and services expense) that fell within the following bands were:	**2009 Number**	2008 Number	**2009 Number**	2008 Number
Less than $10 000	**11**	23	**2**	10
$10 000 - $50 000	**6**	6	**5**	4
Above $50 000	**-**	1	**-**	1
Total number of consultancies	**17**	30	**7**	15

	Consolidated		SAFECOM	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Less than $10 000	**27**	75	**7**	36
$10 000 - $50 000	**127**	167	**113**	118
Above $50 000	**-**	78	**-**	78
Total amount paid / payable to consultants engaged	**154**	320	**120**	232

8. Remuneration of auditors

Audit fees paid/payable to:				
Auditor-General's Department	**149**	142	**88**	77
Total auditors' remuneration	**149**	142	**88**	77

The auditors provided no other services.

9. Government Radio Network (GRN) expenses

SAFECOM has been charged by Government ICT Services for costs associated with the provision of emergency communication services, including paging and voice transmission using the GRN.

	Consolidated		SAFECOM	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Contribution towards GRN - voice	**10 644**	10 380	**-**	-
Contribution towards GRN - paging	**2 284**	2 534	**-**	-
Total GRN expenses	**12 928**	12 914	**-**	-

10. Depreciation

Communications equipment	**3 224**	2 948	**-**	-
Vehicles	**9 043**	7 300	**-**	-
Plant and equipment	**860**	795	**-**	-
Buildings	**4 990**	4 444	**8**	8
Computer equipment	**677**	588	**148**	38
Total depreciation	**18 794**	16 075	**156**	46

11. Commonwealth revenues

Grants	**7 309**	6 143	**3 003**	1 989
Commonwealth revenues	**7 309**	6 143	**3 003**	1 989

Commonwealth grant funding for SAFECOM relates mainly to the Natural Disaster Mitigation Program, Bushfire Mitigation Program and other emergency management grants. The programs are aimed at identifying and addressing natural disaster and bushfire mitigation risk priorities across the state.

Consolidated Commonwealth grant funding includes contributions towards aerial firefighting costs, provision of fire and emergency services to Commonwealth properties and other emergency programs and projects.

	Consolidated		SAFECOM	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
12. Revenues from fees and charges				
Fees and charges received/receivable from entities within the SA Government comprised:				
Training recoveries	**386**	18	**-**	-
Fire alarm monitoring fees	**139**	141	**-**	-
Fire attendance fees	**276**	235	**-**	-
Fire safety fees	**32**	27	**-**	-
Other recoveries	**470**	374	**470**	420
Total fees and charges - SA Government entities	**1 303**	795	**470**	420
Fees and charges received/receivable from entities external to the SA Government:				
Training and other recoveries	**55**	151	**-**	-
Incident cost recoveries	**1 106**	68	**-**	-
Fire alarm monitoring fees	**1 333**	1 274	**-**	-
Fire attendance fees	**1 133**	1 126	**-**	-
Fire safety fees	**369**	352	**-**	-
Other recoveries	**121**	96	**-**	46
Total fees and charges - non-SA Government entities	**4 117**	3 067	**-**	46
Total fees and charges	**5 420**	3 862	**470**	466

13. Net gain from disposal of non-current assets

Proceeds from disposal of non-current assets	**160**	588	**-**	-
Written down value of non-current assets	**(415)**	(497)	**-**	-
Net gain from disposals of non-current assets	**(255)**	91	**-**	-

14. Interest

Interest received/receivable for the reporting period from:				
Entities within the SA Government	**2 316**	2 714	**180**	306
Other	**10**	15	**-**	-
Total interest	**2 326**	2 729	**180**	306

15. Other income

Other income comprised:	Consolidated **2009**	Consolidated 2008	SAFECOM **2009**	SAFECOM 2008
Assets received free of charge	**1 715**	294	**-**	-
Transfer of capital funding for GRN	**-**	354	**-**	-
Donations	**43**	74	**-**	-
Groups/brigades fundraising revenue	**217**	292	**-**	-
Other	**1 057**	1 038	**90**	142
Rent received	**160**	206	**-**	8
Total other income	**3 192**	2 258	**90**	150

16. Cash and cash equivalents

	Consolidated **2009**	Consolidated 2008	SAFECOM **2009**	SAFECOM 2008
Cash on hand	**16**	12	**2**	-
Cash at bank - groups and brigades/units	**3 389**	3 425	**-**	-
Cash at bank	**42 401**	40 350	**4 748**	4 037
Short-term deposits - groups and brigades/units	**499**	540	**-**	-
Total cash and cash equivalents	**46 305**	44 327	**4 750**	4 037

Short-term deposits
Short-term deposits are made for varying periods of between one day and three months and are lodged with various financial institutions at their respective short-term deposit rates.

Interest rate risk
Cash on hand is non-interest bearing. Cash at bank earns a floating interest rate based on daily bank deposit rates, whilst short-term deposits are lodged with various financial institutions at their respective short-term deposit rates. The carrying amount of cash approximates fair value.

17. Receivables

	Consolidated **2009**	Consolidated 2008	SAFECOM **2009**	SAFECOM 2008
Current:	**$'000**	$'000	**$'000**	$'000
Receivables	**2 250**	1 171	**487**	331
Allowance for doubtful debts	**(6)**	(3)	**-**	-
GST receivables	**2 710**	3 249	**794**	747
Total current receivables	**4 954**	4 417	**1 281**	1 078
Government/non-Government receivables				
Receivables from SA Government entities:				
Receivables	**244**	606	**9**	258
Total receivables - SA Government entities	**244**	606	**9**	258
Receivables from non-SA Government entities:				
Receivables	**2 000**	562	**478**	73
GST receivables	**2 711**	3 249	**794**	747
Total receivables - non-SA Government entities	**4 710**	3 811	**1 272**	820
Total receivables	**4 954**	4 417	**1 281**	1 078

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.

Movement in the allowance for doubtful debts (impairment loss):	Consolidated **2009**	Consolidated 2008	SAFECOM **2009**	SAFECOM 2008
Carrying amount at 1 July	**(3)**	(2)	**-**	-
Decrease in the allowance	**(7)**	(37)	**-**	-
Amounts written off	**4**	36	**-**	-
Carrying amount at 30 June	**(6)**	(3)	**-**	-

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

Bad and doubtful debts
SAFECOM has recognised a bad and doubtful debt expense of $nil ($nil) and the consolidated entity $4 000 ($36 000) in the Statement of Comprehensive Income.

18. Assets classified as held-for-sale

	Consolidated		SAFECOM	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Land	**1 500**	-	**-**	-
Total non-current assets classified as held-for-sale	**1 500**	-	**-**	-

Construction has commenced on a new co-sited emergency services facility in Port Lincoln. As a result of this new facility, a site previously obtained for development of CFS facilities is surplus to requirements and is in the process of being offered for sale.

19. Non-current assets

(a) Property, plant and equipment

	Consolidated		SAFECOM	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Land at fair value	**45 013**	41 784	**-**	-
Land at cost	**1 014**	919	**-**	-
Total land	**46 027**	42 703	**-**	-
Buildings at fair value	**120 176**	103 519	**305**	-
Accumulated depreciation	**-**	(427)	**-**	-
Total buildings at valuation	**120 176**	103 092	**305**	-
Buildings at cost	**-**	2 687	**-**	366
Accumulated depreciation	**-**	(523)	**-**	(74)
Total buildings at cost	**-**	2 164	**-**	292
Total buildings	**120 176**	105 256	**305**	292
Total property	**166 203**	147 959	**305**	292
Vehicles at fair value	**108 626**	90 973	**-**	-
Total vehicles at valuation	**108 626**	90 973	**-**	-
Vehicles at cost	**-**	212	**-**	-
Accumulated depreciation	**-**	(209)	**-**	-
Total vehicles at cost	**-**	3	**-**	-
Total vehicles	**108 626**	90 976	**-**	-
Communications equipment at fair value	**13 027**	12 450	**-**	-
Total communications equipment at valuation	**13 027**	12 450	**-**	-
Communications equipment at cost	**-**	658	**-**	-
Accumulated depreciation	**-**	(223)	**-**	-
Total communications equipment at cost	**-**	435	**-**	-
Total communications equipment	**13 027**	12 885	**-**	-
Computer equipment at fair value	**2 060**	4 423	**1 060**	767
Accumulated depreciation	**-**	(2 385)	**-**	(130)
Total computer equipment	**2 060**	2 038	**1 060**	637
Plant and equipment at fair value	**4 600**	11 011	**-**	-
Accumulated depreciation	**-**	(6 275)	**-**	-
Total plant and equipment	**4 600**	4 736	**-**	-
Total work in progress	**16 980**	19 442	**76**	298
Total property, plant and equipment	**311 496**	278 036	**1 441**	1 227

Valuation of assets

Independent valuations for land, buildings, vehicles and communication assets were obtained from Liquid Pacific as at 30 June 2008. The valuer arrived at fair value on the basis of open market values for existing use or at written down current cost which is considered to be equivalent to fair value.

As at 30 June 2009, valuations for all assets have been undertaken by a suitably qualified officer of SAFECOM. Assets have been valued on the basis of open market values for existing use or at written down current cost which is considered to be equivalent to fair value.

Impairment

There were no indications of impairment for property, plant and equipment as at 30 June 2009.

Resources received free of charge (consolidated entity)

Since 1990 negotiations have been undertaken to identify and transition land, buildings, minor plant and equipment and motor vehicles from Local Government, community organisations and other sources into the ownership or the care and control of the Minister for Emergency Services (the Minister).

During 2008-09, 20 additional properties and two vehicles have been transitioned into the control of the Minister (valued at fair value of $1.715 million).

Change in accounting estimate

As from 1 July 2008, the consolidated entity increased its useful life policy for new MFS buildings from 40 years to 50 years. This change in accounting estimate has impacted on depreciation expense for buildings completed and upgraded during 2008-09 and resulted in building depreciation expense decreasing by $3000 for the consolidated entity ($nil for SAFECOM) compared to the former 30 year useful life policy.

The lower depreciation expense will also be reflected in future years.

(b) Reconciliation of non-current assets

The following table shows the movement of non-current assets during 2008-09.

2009	**Land and buildings**	**Vehicles**	**Commu-nications equipment**	**Computer equip-ment**	**Plant and equip-ment**	**Work in progress**	**Total**
Consolidated	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Carrying amount at 1 July	**147 959**	**90 976**	**12 885**	**2 038**	**4 736**	**19 442**	**278 036**
Additions	**11**	**16**	**18**	**-**	**253**	**30 862**	**31 160**
Transfer from work in progress	**12 563**	**16 243**	**3 332**	**684**	**426**	**(33 324)**	**(76)**
Disposals	**(222)**	**(189)**	**-**	**1**	**(6)**	**-**	**(416)**
Revaluation increment	**10 709**	**10 580**	**16**	**14**	**51**	**-**	**21 370**
Non-current assets classified as held-for-sale transferred to current assets	**(1 500)**	**-**	**-**	**-**	**-**	**-**	**(1 500)**
Depreciation	**(4 990)**	**(9 043)**	**(3 224)**	**676**	**(860)**	**-**	**(18 794)**
Transfer from various parties	**1 673**	**43**	**-**	**-**	**-**	**-**	**1 716**
Carrying amount at 30 June	**166 203**	**108 626**	**13 027**	**2 060**	**4 600**	**16 980**	**311 496**
SAFECOM							
Carrying amount at 1 July	**292**	**-**	**-**	**637**	**-**	**298**	**1 227**
Additions	**-**	**-**	**-**	**-**	**-**	**346**	**346**
Revaluation increment	**21**	**-**	**-**	**3**	**-**	**-**	**24**
Transfer from work in progress	**-**	**-**	**-**	**568**	**-**	**(568)**	**-**
Depreciation	**(8)**	**-**	**-**	**(148)**	**-**	**-**	**(156)**
Carrying amount at 30 June	**305**	**-**	**-**	**1 060**	**-**	**76**	**1 441**
2008							
Consolidated							
Carrying amount at 1 July	128 444	86 188	14 760	1 738	4 814	10 215	246 159
Additions	256	35	233	-	60	24 427	25 011
Transfer from work in progress	11 209	1 745	663	903	680	(15 200)	-
Disposals	(177)	(281)	-	(15)	(24)	-	(497)
Revaluation increment	12 377	10 589	199	-	-	-	23 165
Revaluation decrement recognised in expenses	-	-	(21)	-	-	-	(21)
Depreciation	(4 444)	(7 300)	(2 949)	(588)	(794)	-	(16 075)
Transfer from various parties	294	-	-	-	-	-	294
Carrying amount at 30 June	147 959	90 976	12 885	2 038	4 736	19 442	278 036
SAFECOM							
Carrying amount at 1 July	301	-	-	101	-	-	402
Additions	-	-	-	-	-	871	871
Transfer from work in progress	-	-	-	573	-	(573)	-
Depreciation	(8)	-	-	(38)	-	-	(46)
Carrying amount at 30 June	293	-	-	636	-	298	1 227

20. Payables

	Consolidated		SAFECOM	
	2009	2008	**2009**	2008
Current liabilities:	**$'000**	$'000	**$'000**	$'000
Creditors	**2 326**	4 478	**468**	467
Accrued expenses	**1 789**	1 330	**298**	126
FBT Payable	**93**	523	**-**	-
Employment on-costs	**1 976**	1 748	**200**	183
Total current payables	**6 184**	8 079	**966**	776
Non-current liabilities:				
Employment on-costs	**1 901**	1 575	**252**	217
Total non-current payables	**1 901**	1 575	**252**	217
Total payables	**8 085**	9 654	**1 218**	993

Government/non-Government payables

Payables to SA Government entities:				
Creditors	**1 277**	2 306	**307**	55
Accrued expenses	**1 409**	823	**238**	74
Employment on-costs	**1 738**	1 569	**207**	192
Total payables - SA Government entities	**4 424**	4 698	**752**	321

20. Payables (continued)

	Consolidated		SAFECOM	
	2009	2008	**2009**	2008
Payables to non-SA Government entities:	**$'000**	$'000	**$'000**	$'000
Creditors	**1 049**	2 172	**161**	412
Accrued expenses	**381**	507	**60**	52
FBT Payable	**93**	523	**-**	-
Employment on-costs	**2 138**	1 754	**245**	208
Total payables - non-SA Government entities	**3 661**	4 956	**466**	672
Total payables	**8 085**	9 654	**1 218**	993

As a result of an actuarial assessment performed by the Department of Treasury and finance, the percentage of the proportion of long serve leave taken as leave has changed from the 2008 rate of 35 percent to 45 percent and the average factor for the calculation of employer superannuation cost on-cost has changed from the 2008 rate of 11 percent to 10.5 percent. These rates are used in the employment on-cost calculation.

The net financial effect of the changes in the current financial year for SAFECOM is an increase in the employment on-cost of $27 000 and an increase in employee benefit expense of $27 000 and for the consolidated entity an increase in the employment on-cost of $268 000 and an increase in employee benefit expense of $268 000.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee 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.

(a) Maturity analysis of payables - Note 27

(b) Categorisation of financial instruments and risk exposure information - Note 27.

Change in an accounting estimate

A reduction of $149 000 to the carrying amount of the FBT payable has been required following new information relating to FBT obligations. This change in an accounting estimate has been reflected by adjusting the carrying amount in the current period and recognising the adjustment in the Statement of Comprehensive Income.

21. Employee benefits

	Consolidated		SAFECOM	
	2009	2008	**2009**	2008
Current:	**$'000**	$'000	**$'000**	$'000
Annual leave	**8 605**	7 976	**821**	754
Long service leave	**2 007**	1 725	**273**	240
	10 612	9 701	**1 094**	994
Accrued salaries and wages	**1 892**	1 266	**221**	184
Total current employee benefits	**12 504**	10 967	**1 315**	1 178
Non-Current:				
Long service leave	**18 067**	16 822	**2 459**	2 340
Total non-current employee benefits	**18 067**	16 822	**2 459**	2 340
Total employee benefits	**30 571**	27 789	**3 774**	3 518

The total current and non-current employee expense (ie aggregate employee benefit plus related on-costs) for 2009 is $14.650 million and $19.967 million respectively ($12.715 million and $18 397 million respectively) for the consolidated entity and $1.543 million and $2.711 million respectively (1.363 million and $1.658 million respectively) for SAFECOM.

Based on an actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of the long service leave liability has been revised from 9 years to 8.5 years.

The net financial effect of the changes in the current financial year for SAFECOM is an increase in the long service leave liability of $40 000 and an increase in employee benefit expense of $40 000 and for the consolidated entity is an increase in the long service leave liability of $148 000 and an increase in employee benefit expense of $148 000. The impact on future periods is impracticable to estimate as the benchmark is calculated using a number of assumptions - a key assumption is the long-term discount rate. With current conditions, the long-term discount rate is experiencing significant movement.

In addition, the actuarial assessment performed by the Department of Treasury and Finance also revised the salary inflation rate down by 0.5 percent from the 2008 rate (4.5 percent). The net financial effect of the changes in the current financial year for SAFECOM is a decrease in the annual leave liability of $4000 and a decrease in employee benefit expense of $4000 and for the consolidated entity is a decrease in the annual leave liability of $42 000 and a decrease in employee benefit expense of $42 000.

22. Provisions

	Consolidated		SAFECOM	
	2009	2008	**2009**	2008
Current:	**$'000**	$'000	**$'000**	$'000
Provisions for workers compensation	**2 419**	2 267	**104**	103
Total current provisions	**2 419**	2 267	**104**	103
Non-current:				
Provision for workers compensation	**7 488**	7 338	**327**	342
Total non-current provisions	**7 488**	7 338	**327**	342
Total provisions	**9 907**	9 605	**430**	445
Carrying amount at 1 July	**9 605**	9 199	**445**	434
Additional provisions recognised (released)	**2 984**	3 647	**38**	88
Payments	**(2 682)**	(3 241)	**(53)**	(77)
Carrying amount at 30 June	**9 907**	9 605	**430**	445

SAFECOM and the consolidated entity has reported a liability to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Relations Division of the Department of the Premier and Cabinet. These claims are expected to be settled within the next financial year.

23. Unrecognised contractual commitments

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements, are payable as follows:

	Consolidated		SAFECOM	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Within one year	**4 203**	10 801	**-**	-
Total capital commitments	**4 203**	10 801	**-**	-

These capital commitments are for vehicles, fire stations and other equipment.

Remuneration commitments

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

	Consolidated		SAFECOM	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Within one year	**2 309**	1 606	**890**	599
Later than one year but not later than five years	**3 735**	2 189	**1 997**	825
Total remuneration commitments	**6 044**	3 795	**2 887**	1 424

Amounts disclosed include commitments arising from executive contracts. SAFECOM does not offer fixed-term remuneration contracts greater than five years.

Salary increases of 4 percent per annum have been assumed in the calculation of remuneration commitments.

Operating lease commitments

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

	Consolidated		SAFECOM	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Within one year	**3 378**	3 594	**239**	597
Later than one year but not later than five years	**5 011**	4 893	**148**	272
Later than five years	**5**	77	**-**	-
Total operating lease commitments	**8 394**	8 564	**387**	869

These operating leases are not recognised in the Statement of Financial Position as liabilities.

The non-cancellable leases are property leases, with rental payable monthly in arrears. Contingent rental provisions within the lease agreements require the minimum lease payments to be increased annually based on CPI movement. Options exist to renew the leases at the end of the term of the leases.

Other contractual commitments	Consolidated		SAFECOM	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Within one year	**6 599**	941	**80**	64
Later than one year but not later than five years	**5 209**	193	**154**	162
Later than five years	**30**	-	**30**	-
Total other contractual commitments	**11 838**	1 134	**264**	226

Other contractual commitments (continued)
Contractual commitments relate to a range of services and supplies including building repairs and maintenance, aerial bombing, cleaning and occupational welfare services.

24. Contingent assets and liabilities
SAFECOM has no known contingent liabilities however the consolidated entity has a number of contingent liabilities in the form of unresolved litigation. The majority of these liabilities are likely to be finalised early in the 2009-10 financial year, however the outcome cannot be reliably determined. In each case the financial exposure to the consolidated entity is limited to $10 000 excess under insurance arrangements.

SAFECOM is not aware of any contingent assets.

25. Board members remuneration
Board membership during the 2008-09 financial year comprised of:

South Australian Fire and Emergency Services Commission Board (refer section 10 of the Act)

Mr David Place*
Mr Grant Lupton*
Mr Euan Ferguson*
Mr Stuart Macleod*
Mr Wayne Thorley
Mr David Ward
Ms Debra Contala*
Ms Virginia Hickey
Mr Andrew Lawson*
Mr Michael Smith*
Mr Ray Sedunary*
Ms Anne Alford*
Mr Vincent Monterola
Ms Lena Grant*
Ms Kathy Gramp

The number of members whose income from the SAFECOM Board falls within the following bands was:	**2009 Number**	2008 Number
$0 - $9 999	**-**	3
$10 000 - $19 999	**-**	3
$20 000 - $29 999	**3**	-
Total number of Board members	**3**	6

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was $81 000 ($61 000).

South Australian Fire and Emergency Services Commission Advisory Board (refer section 18 of the Act)

Ms Linda Eldredge
Mr Trevor Bond
Mr Roger Dowling*
Mr James Darling
Ms Doreen Erwin
Mr John Forster
Mr Rex Hall
Ms Lyn Little
Ms Julie Lovett
Mr Andrew MacMichael
Mr Brett Raymond
Ms Sue Regnier
Ms Louise Reynolds
Mr David Scarce*
Ms Wendy Shirley
Mr Cameron Stott*
Mr Wayne Thorley
Mr David Ward
Ms Stefanie Zakrzewski

The number of members whose income from the SAFECOM Advisory Board falls within the following bands was:	**2009 Number**	2008 Number
$0 - $9 999	**8**	12
Total number of Board members	**8**	12

Remuneration of members reflects all costs of performing Board/Committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was $9000 ($10 000).

South Australian Fire and Emergency Services Commission Audit and Risk Management Committee (refer section 18 of the Act)

Ms Debra Contala*
Mr Andrew Lawson*
Mr Michael Smith*
Mr Matthew Maywald*
Ms Heather Haselgrove*
Mr Rick Janssan*
Ms Kathy Gramp
Mr David Ward
Ms Cathie Brown*
Mr Ray Sedunary*
Mr Roy Thompson*
Mr Richard Hassam*
Mr Mark Blute*

The number of members whose income from SAFECOM Audit and Risk Management Committee falls within the following bands was:	**2009 Number**	2008 Number
$0 - $9 999	**1**	2
Total number of Board members	**1**	2

Remuneration of members reflects all costs of performing Board/Committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was $4000 ($2000).

South Australian Bushfire Prevention Advisory Committee (refer section 71 of the Act)

Mr Trevor Roocke
Mr Euan Ferguson*
Mr Glenn Benham*
Ms Nancy Bombardieri*
Mr Ivan Brooks
Mr Geoff Boerth
Ms Sandra Brown
Mr Peter Davis
Mr Chris Dearman*
Mr Paul Dellaverde*
Mr Paul Fletcher*
Ms Meredith Jenner*
Mr Andrew Lawson*
Ms Suellen Lefebvre
Mr John Lyon
Mr William McIntosh
Ms Sue Mickan
Mr Leigh Miller*
Ms Julie Mould
Mr Islay Robertson*
Ms Jasmine Rose
Mr Greg Saunder
Mr Ken Schutz
Mr Chris Smith*
Mr Richard Twisk
Mr Andrew Watson
Mr Michael Williams*
Mr Shane Wiseman*

The number of members whose income from the South Australian Bushfire Prevention Advisory Committee falls within the following bands was:	**2009 Number**	2008 Number
$0 - $9 999	**4**	6
Total number of Board members	**4**	6

Remuneration of members reflects all costs of performing Board/Committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was $2000 ($2000).

South Australian Metropolitan Fire Service Disciplinary Committee (refer section 71 of the Act)

Mr Graham Dart
Mr Haydon Castle*
Mr Bill Morris
Mr Gregory Howard*
Mr Michael Vander-Jeugd*

The number of members whose income from the South Australian Metropolitan Fire Service Disciplinary Committee falls within the following bands was:	**2009 Number**	2008 Number
$0 - $9 999	**1**	1
Total number of Board members	**1**	1

Remuneration of members reflects all costs of performing Board/Committee member duties including sitting fees, superannuation contributions, FBT and any other salary sacrifice arrangements. The total remuneration received or receivable by members was $5000 ($4000).

* In accordance with Department of the Premier and Cabinet Circular 16, Government employees did not receive any remuneration for Board/Committee duties during the financial year.

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

26. Cash flow reconciliation

Reconciliation of cash	Consolidated **2009 $'000**	Consolidated 2008 $'000	SAFECOM **2009 $'000**	SAFECOM 2008 $'000
Cash and cash equivalents at 30 June as per:				
Statement of Cash Flows	**46 305**	44 327	**4 750**	4 037
Statement of Financial Position	**46 305**	44 327	**4 750**	4 037
Reconciliation of net cash provided by operating activities to net cost of providing services:				
Net cash provided by operating activities	**32 976**	34 761	**1 059**	1 713
Contributions from Community Emergency Services Fund	**(186 122)**	(178 177)	**(12 662)**	(13 866)
Payments to SA Government	**-**	505	**-**	-
Add (less): non-cash items:				
Depreciation of property, plant and equipment	**(18 794)**	(16 075)	**(156)**	(46)
Net (loss) gain from disposal of non-current assets	**(255)**	91	**-**	-
Revaluations recognised within the net result of Statement of Comprehensive Income	**-**	(21)	**-**	-
Assets received from local government and other sources	**1 716**	294	**-**	-
Changes in assets and liabilities:				
Increase (Decrease) in receivables	**537**	1 013	**203**	(31)
Decrease (Increase) in payables	**1 569**	(3 908)	**(225)**	(324)
Increase in provision for employee benefits	**(2 782)**	(2 033)	**(256)**	(688)
(Increase) Decrease in other provisions	**(302)**	(406)	**14**	(11)
Net cost of providing services	**(171 457)**	(163 956)	**(12 023)**	(13 253)

27. Financial instruments/financial risk management

27.1 Categorisation of financial instruments

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

Consolidated		**2009**		2008	
		Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets	Note	**$'000**	**$'000**	$'000	$'000
Cash and cash equivalents	16	**46 305**	**46 305**	44 327	44 327
Receivables(1)	17	**1 777**	**1 777**	1 167	1 167
Held to maturity investments:					
Other financial assets		**1 759**	**1 759**	1 684	1 684
Financial liabilities					
Financial liabilities - at cost:					
Payables(1)	20	**5 546**	**5 546**	8 060	8 060
Total financial liabilities at cost		**5 546**	**5 546**	8 060	8 060
SAFECOM					
Financial assets					
Cash and cash equivalents	16	**4 750**	**4 750**	4 037	4 037
Receivables(1)	17	**20**	**20**	331	331
Financial liabilities					
Financial liabilities - at cost:					
Payables(1)	20	**783**	**783**	829	829
Total financial liabilities at cost		**783**	**783**	829	829

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

Credit risk

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

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

27.2 Ageing analysis of financial assets

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

Consolidated	**Past due by**			
	Overdue for less than 30 days	**Overdue for 30-60 days**	**Overdue for more than 60 days**	**Total**
2009	**$'000**	**$'000**	**$'000**	**$'000**
Not impaired:				
Receivables	**1 639**	**172**	**52**	**1 863**
Impaired:				
Receivables	**-**	**-**	**4**	**4**
2008				
Not impaired:				
Receivables	972	79	116	1 167
Impaired:				
Receivables	-	-	3	3
SAFECOM				
2009				
Not impaired:				
Receivables	**18**	**86**	**2**	**106**
2008				
Not impaired:				
Receivables	312	18	1	331

27.3 Maturity analysis of financial assets and liabilities

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

Consolidated	Contractual maturity			
	Carrying amount	Less than 1 year	1-5 years	More than 5 years
2009	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets:				
Cash and cash equivalent	**46 305**	**46 305**	**-**	**-**
Receivables	**1 777**	**1 777**	**-**	**-**
Other financial assets	**1 759**	**1 759**	**-**	**-**
Total financial assets	**49 841**	**49 841**	**-**	**-**
Financial liabilities:				
Payables	**5 546**	**5 546**	**-**	**-**
Total financial liabilities	**5 546**	**5 546**	**-**	**-**
2008				
Financial assets:				
Cash and cash equivalent	44 327	44 327	-	-
Receivables	1 167	1 167	-	-
Other financial assets	1 684	1 684	-	-
Total financial assets	47 178	47 178	-	-
Financial liabilities:				
Payables	8 060	8 060	-	-
Total financial liabilities	8 060	8 060	-	-
SAFECOM				
2009				
Financial assets:				
Cash and cash equivalent	**4 750**	**4 750**	**-**	**-**
Receivables	**20**	**20**	**-**	**-**
Total financial assets	**4 770**	**4 770**	**-**	**-**
Financial liabilities:				
Payables	**783**	**783**	**-**	**-**
Total financial liabilities	**783**	**783**	**-**	**-**
2008				
Financial assets:				
Cash and cash equivalent	4 037	4 037	-	-
Receivables	331	331	-	-
Total financial assets	4 368	4 368	-	-
Financial liabilities:				
Payables	829	829	-	-
Total financial liabilities	829	829	-	-

The financial assets and liabilities of the consolidated entity/SAFECOM are all current with the maturity within the next 12 months, except employee on-costs (within payables) which are not practical to split the maturity by band of years.

Liquidity risk

The consolidated entity/SAFECOM are funded principally from contributions from the Fund. The consolidated entity/SAFECOM works with the Fund Manager of the Fund to determine cash flows associated with its Government approved program of work and with the Department of Treasury and Finance to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

The consolidated entity's/SAFECOM's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded under Note 27.1 represent the consolidated entity's/SAFECOM's maximum exposure to financial liabilities.

Market risk

The consolidated entity/SAFECOM have non-interest bearing assets (cash on hand and receivables) and liabilities (payables) and interest bearing assets (cash at bank and investments). The consolidated entity's/SAFECOM's exposure to market risk and cash flow interest risk is minimal. There is no exposure to foreign currency or other price risks.

Sensitivity disclosure analysis

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

28. Transferred functions

Transferred functions for the 2008-09 year comprise net assets transferred from SAFECOM and the consolidated entity in relation to the functions of Shared Services SA in the Department of Treasury and Finance.

In September 2006 the South Australian Government announced a shared services initiative to streamline and simplify internal corporate and business support services to deliver savings. In late 2007 State Cabinet approved the shared services model developed by the Shared Services Reform Office for the creation of Shared Services SA in the Department of Treasury and Finance. The business services of South Australian Government agencies are transferring to Shared Services SA in a series of transition programs known as tranches. In most cases, these services transition in their current state with the current employees, who have been providing these services within the Agencies. Cabinet approved Tranche 1 services on 15 October 2007, which comprised accounts payable, accounts receivable and payroll services.

As part of this reform:

- From August 2008, the accounts payable, account receivable and payroll services from the Corporate Services Division transitioned to Shared Services SA. The effective date of the transfer for payroll Services was 4 August 2008. The effective date of the transfer of accounts payable and accounts receivable services was 13 October 2008.

Nine employees of the Corporate Services Division, budget funding of $580 000 and the following assets and liabilities were transferred to Shared Services SA.

	Consolidated	**SAFECOM**
Total assets and liabilities transferred were:	**$'000**	**$'000**
Current assets - cash	**86**	**86**
Liabilities	**(86)**	**(86)**
Total net result from administrative restructure for 2008-09	**-**	**-**

Statement of Administered Comprehensive Income for the year ended 30 June 2009

	Note	2009 $'000	2008 $'000
INCOME:	3(d)		
Community Emergency Services Fund revenue	29	**217 411**	204 789
Revenues from fees and charges		**367**	369
Interest revenues		**2 228**	2 956
Total income		**220 006**	208 114
EXPENSES:			
Community Emergency Services Fund payments	30	**210 624**	199 666
Grants	31	**2 111**	1 580
Other expenses	32	**6 581**	6 921
Total expenses		**219 316**	208 167
NET RESULT		**690**	(53)
TOTAL NET RESULT AND COMPREHENSIVE RESULT		**690**	(53)

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

Statement of Administered Financial Position as at 30 June 2009

	Note	2009 $'000	2008 $'000
CURRENT ASSETS:	3(d)		
Cash and cash equivalents	33	**7 456**	2 800
Receivables	34	**3 113**	3 618
Total current assets		**10 569**	6 418
CURRENT LIABILITIES:			
Payables	35	**3 516**	55
Total current liabilities		**3 516**	55
NET ASSETS		**7 053**	6 363
EQUITY:			
Retained earnings		**7 053**	6 363
TOTAL EQUITY		**7 053**	6 363

Total equity is attributable to the SA Government as owner

Statement of Administered Changes in Equity for the year ended 30 June 2009

	Asset revaluation reserve $'000	Retained earnings $'000	Total $'000
Balance at 30 June 2007	-	6 416	6 416
Net result for 2007-08	-	(53)	(53)
Total comprehensive result for 2007-08	-	(53)	(53)
Balance at 30 June 2008	-	6 363	6 363
Net result for 2008-09	-	690	690
Total comprehensive result for 2008-09	-	690	690
Balance at 30 June 2009	-	**7 053**	**7 053**

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

Statement of Administered Cash Flows for the year ended 30 June 2009

	Note	**2009 Inflows (Outflows) $'000**	2008 Inflows (Outflows) $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH INFLOWS:	3(d)		
Community Emergency Services Fund receipts		**217 813**	204 145
Fees and charges		**367**	352
Interest received		**2 331**	3 007
Cash generated from operations		**220 511**	207 504
CASH OUTFLOWS:			
Community Emergency Services Fund payments		**(208 124)**	(199 666)
Grants		**(2 111)**	(1 580)
Other payments		**(5 620)**	(6 963)
Cash used in operations		**(215 855)**	(208 209)
Net cash provided by (used in) operating activities	36	**4 656**	(705)
NET DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS		**4 656**	(705)
CASH AND CASH EQUIVALENTS AT 1 JULY		**2 800**	3 505
CASH AND CASH EQUIVALENTS AT 30 JUNE	33	**7 456**	2 800

NOTES TO AND FORMING PART OF THE ADMINISTERED FINANCIAL STATEMENTS

	2009	2008
29. Community Emergency Services Fund revenue - administered items	**$'000**	$'000
Fixed property collections	**86 702**	77 066
Fixed property remissions	**84 047**	82 918
Mobile collections	**30 081**	28 794
Mobile remissions	**10 526**	9 930
Pensioner concessions	**6 054**	6 080
Total Community Emergency Services Fund revenue	**217 411**	204 789

30. Community Emergency Services Fund payments - administered items		
SAFECOM	**12 662**	13 866
SA State Emergency Service	**12 035**	12 070
SA Country Fire Service	**61 515**	59 199
SA Metropolitan Fire Service	**99 910**	93 042
SA Police	**17 299**	16 877
SA Police - GRN	**687**	687
Attorney-General's - State Helicopter Rescue	**550**	537
Attorney-General's - SACAD	**2 500**	-
SA Ambulance Service	**929**	907
SA Ambulance Service - GRN	**209**	209
Department for Environment and Heritage	**2 328**	2 272
Total Community Emergency Services Fund payments	**210 624**	199 666

31. Grants - administered items		
Surf Life Saving	**532**	539
Volunteer Marine Rescue	**1 219**	725
Shark Beach Patrol	**360**	316
Total grants	**2 111**	1 580

32. Other expenses - administered items		
RevenueSA collection costs	**5 348**	5 837
DTEI collection costs	**723**	692
Administration costs	**510**	392
Total other expenses	**6 581**	6 921

33. Cash and cash equivalents - administered items		
Cash at bank	**7 456**	2 800
Total cash and cash equivalents	**7 456**	2 800

Interest rate risk

Cash on hand is non-interest bearing. Cash at bank earns a floating interest rate based on daily bank deposit rates, whilst short-term deposits are lodged with various financial institutions at their respective short-term deposit rates. The carrying amount of cash approximates fair value.

	2009	2008
34. Receivables - administered items		
Current:	**$'000**	$'000
Receivables	**3 113**	3 618
Total current receivables	**3 113**	3 618
Government/non-Government receivables		
Receivables from SA Government entities:		
Receivables	**3 113**	3 618
Total receivables - SA Government entities	**3 113**	3 618

35. Payables - administered items		
Payables comprise the following:		
Current liabilities	**2 500**	-
Accrued expenses	**1 016**	55
Total current payables	**3 516**	55
Government/non-Government payables		
Payables to SA Government entities:	**2 500**	-
Accrued expenses	**1 016**	55
Total payables - SA Government entities	**3 516**	55

36. Cash flow reconciliation - administered items

	2009	2008
Reconciliation of cash and cash equivalents	**$'000**	$'000
Cash and cash equivalents at 30 June as per:		
Statement of Administered Cash Flows	**7 456**	2 800
Statement of Administered Financial Position	**7 456**	2 800
Reconciliation of net cash provided by (used in) operating activities to net result:		
Net cash provided by (used in) operating activities	**4 656**	(705)
Changes in assets/liabilities:		
(Decrease) Increase in receivables	**(505)**	610
(Increase) Decrease in payables	**(3 461)**	42
Net result for 2008-09	**690**	(53)

GLOSSARY OF TERMS

AUSTRALIAN ACCOUNTING STANDARDS - AASB

Reference	Title
AASB 1	First-time Adoption of Australian Equivalents to International Financial Reporting Standards
AASB 2	Share-based Payment
AASB 3	Business Combinations
AASB 4	Insurance Contracts
AASB 5	Non-current Assets Held for Sale and Discontinued Operations
AASB 7	Financial Instruments: Disclosures
AASB 8	Operating Segments
AASB 101	Presentation of Financial Statements (Sept 2007)
AASB 102	Inventories
AASB 107	Statement of Cash Flows
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110	Events after the Reporting Period
AASB 111	Construction Contracts
AASB 112	Income Taxes
AASB 114	Segment Reporting
AASB 116	Property, Plant and Equipment
AASB 117	Leases
AASB 118	Revenue
AASB 119	Employee Benefits
AASB 120	Accounting for Government Grants and Disclosure of Government Assistance
AASB 121	The Effects of Changes in Foreign Exchange Rates
AASB 123	Borrowing Costs
AASB 124	Related Party Disclosures
AASB 127	Consolidated and Separate Financial Statements
AASB 128	Investments in Associates
AASB 131	Interests in Joint Ventures
AASB 132	Financial Instruments: Presentation
AASB 133	Earnings per Share
AASB 136	Impairment of Assets
AASB 137	Provisions, Contingent Liabilities and Contingent Assets
AASB 138	Intangible Assets
AASB 139	Financial Instruments: Recognition and Measurement
AASB 140	Investment Property
AASB 141	Agriculture
AASB 1004	Contributions
AASB 1023	General Insurance Contracts
AASB 1031	Materiality
AASB 1038	Life Insurance Contracts
AASB 1048	Interpretation and Application of Standards
AASB 1049	Whole of Government and General Government Sector Financial Reporting
AASB 1050	Administered Items
AASB 1051	Land Under Roads
AASB 1052	Disaggregated Disclosures

AUSTRALIAN ACCOUNTING STANDARDS – AASB – *continued*

Reference	Title
AASB 2007-8	Amendments to Australian Accounting Standards arising from AASB 101
AASB 2007-10	Further Amendments to Australian Accounting Standards arising from AASB 101
AASB 2008-12	Amendments to Australian Accounting Standards – Reclassification of Financial Assets – Effective Date and Transition

AUSTRALIAN INTERPRETATIONS

Reference	Title
Interpretation 4	Determining whether an Arrangement contains a Lease
Interpretation 113	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
Interpretation 115	Operating Leases - Incentives
Interpretation 121	Income Taxes – Recovery of Revalued Non-Depreciable Assets
Interpretation 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
Interpretation 132	Intangible Assets – Web Site Costs
Interpretation 1030	Depreciation of Long-Lived Physical Assets: Condition-Based Depreciation and Related Methods
Interpretation 1031	Accounting for the Goods and Services Tax (GST)
Interpretation 1038	Contributions by Owners Made to Wholly-Owned Public Sector Entities
Interpretation 1055	Accounting for Road Earthworks

AUSTRALIAN ACCOUNTING STANDARDS - AAS

Reference	Title
AAS 25	Financial Reporting by Superannuation Plans

TREASURER'S INSTRUCTIONS – TIs

Reference	Title
TI 1	Interpretation and Application
TI 2	Financial Management
TI 3	Appropriation
TI 4	Establishment of Merchant Facilities for Acceptance of Payments
TI 5	Debt Recovery and Write Offs
TI 6	Deposit Accounts and Banking
TI 8	Financial Authorisations
TI 9	Payroll Deductions
TI 10	Engagement of Legal Practitioners
TI 11	Payment of Creditors' Accounts
TI 12	Government Purchase Cards and Stored Value Cards
TI 13	Expenditure Incurred by Ministers and Ministerial Staff
TI 14	Ex Gratia Payments
TI 15	Grant Funding
TI 17	Evaluation of and Approvals to Proceed with Public Sector Initiatives
TI 19	Financial Reporting

TREASURER'S INSTRUCTIONS – TIs – *continued*

Reference	Title
TI 20	Guarantees and Indemnities
TI 22	Tax Equivalent Payments
TI 23	Management of Foreign Currency Exposures
TI 25	Taxation Policies
TI 28	Financial Management Compliance Program

ACCOUNTING POLICY FRAMEWORK - APF

Reference	Title
APF I	Purpose and Scope
APF II	General Purpose Financial Statements Framework
APF III	Asset Accounting Framework
APF IV	Financial Asset and Liability Framework
APF V	Income Framework
APF VI	Definitions

LEGISLATION

Reference	Title
ITAA	*Income Tax Assessment Act 1936 and/or Income Tax Assessment Act 1997*
NRMA	*Natural Resources Management Act 2004*
PCA	*Public Corporations Act 1993*
PFAA	*Public Finance and Audit Act 1987*
PSM Act	*Public Sector Management Act 1995*
WRCA	*Workers Rehabilitation and Compensation Act 1986*

ACRONYMS

Reference	Title
AASs	Australian Accounting Standards[1]
AIFRS	Australian equivalents to International Financial Reporting Standards
APF	Accounting Policy Framework
APS	Accounting Policy Statement
ATO	Australian Taxation Office
CHRIS	Complete Human Resource Information System
CPE	Computer Processing Environment
CPI	Consumer Price Index
FBT	Fringe Benefits Tax
GST	Goods and Services Tax
ICT	Information and Communications Technology
TI	Treasurer's Instruction
TVSP	Targeted Voluntary Separation Package

[1] 'Australian Accounting Standards' means accounting standards issued by the Australian Accounting Standards Board which are in force in relation to the reporting period to which the financial report relates.

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